

2014

DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us

TAX EXPENDITURE REPORT

Fiscal Year Ended June 30, 2006



Comptroller Daniel W. Hynes is the Chief Fiscal Officer for the State of Illinois, managing its financial accounts, processing approximately 15 million transactions a year, and performing a watchdog role to assure that all payments meet the requirements of the law. The Comptroller's Office also provides timely and accurate fiscal information and analysis to the Governor, the Illinois General Assembly, and Local Government Officials so they can make informed budget decisions. In addition, the Office oversees the state's private cemetery and funeral home industry.



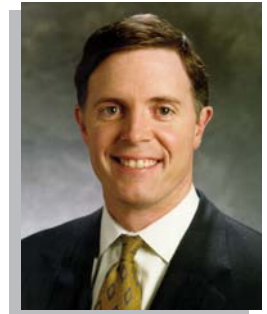
COVER PHOTO:

Courtesy of Heather Bradley, Photographer,
Communications Department, Illinois Secretary of State

STEPHEN A. DOUGLAS

Sculptor: Gilbert P. Riswold

The "Little Giant's" statue was funded through the same 1913 appropriation as the Abraham Lincoln statue and was produced for about \$25,000. Dedication of the Stephen A. Douglas statue—Lincoln's Democrat rival—took place on Oct. 5, 1918. The statue stands near the east entrance of the Capitol Building. Engraved on the base of the statue is Douglas' dying message to his children: "...to obey the laws and support the Constitution of the United States."



DANIEL W. HYNES

June, 2007

A Message to Illinois Taxpayers

One of the functions of this Office is to collect tax expenditure information from state agencies. This report is a compilation of the information collected for fiscal year 2006. Tax expenditures are tax breaks, such as exemptions, credits, or abatements, given to individuals, corporations, or other organizations. In fiscal year 2006, an estimated \$6.7 billion in forgone revenues resulted from 214 tax and fee breaks reported by state agencies.

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

The special study contained in this edition of the *Tax Expenditure Report* reviews a number of targeted business incentives provided by the State of Illinois. While reports such as this one can show the estimated amount of revenue lost to the state by business tax expenditures, other monitoring is needed to measure the actual performance of business incentives. Two products, an Annual Report of Recaptures Provision by Program and an Annual Progress Report by each recipient, provide updates on the status of assisted projects and data on new and retained jobs and wages.

New tax expenditures included in this report are identified and described. Additional analyses list the twelve largest tax expenditures, examine growth trends for the four largest tax expenditures, compare the value of tax expenditures with receipts from major revenue sources, and distinguish between tax expenditures that primarily benefit individuals and tax expenditures that primarily benefit businesses.

If you have any comments or suggestion regarding this report, or any other report of this Office, please contact us at (217)782-6000, (312)814-2451, or www.ioc.state.il.us.

Sincerely,

Daniel W. Hynes
Comptroller

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INTRODUCTION

What is a Tax Expenditure?

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

The total impact of tax expenditures in Illinois (as reported by state agencies) was estimated at \$6.7 billion in fiscal year 2006, with the major portion derived from income and sales tax expenditures.

Tax expenditures have been used since the early 1930s; however, it was the decade of the 1980s that saw an explosive growth in their use. During that decade, 67 of the existing tax expenditures were enacted. Of these, at least 28 were related to economic development efforts.

For fiscal year 2006, agencies identified 214 tax expenditures, 166 were associated with taxes and 48 with licenses or fees.

WHAT’S NEW IN FISCAL YEAR 2006?

Tax Expenditures up 2.2%

Reported tax expenditures of \$6.716 billion in fiscal year 2006 were up \$144 million or 2.2% from reported tax expenditures of \$6.572 billion in fiscal year 2005. Tax expenditures from the sales tax of \$3.707 billion were up \$42 million or 1.1% from fiscal year 2005 tax expenditures of \$3.665 billion. Sales tax receipts increased 7.6% during the fiscal year. The primary factors limiting the increase in sales tax expenditures were

the \$92 million or 19.7% decrease in the cost of the traded-in property exemption due to reduced trades following great financing options in fiscal year 2005 and a reduced value for trade-ins and the elimination of the Commercial Distribution Fee exemption which had a cost of \$34 million in fiscal year 2005. The percentage

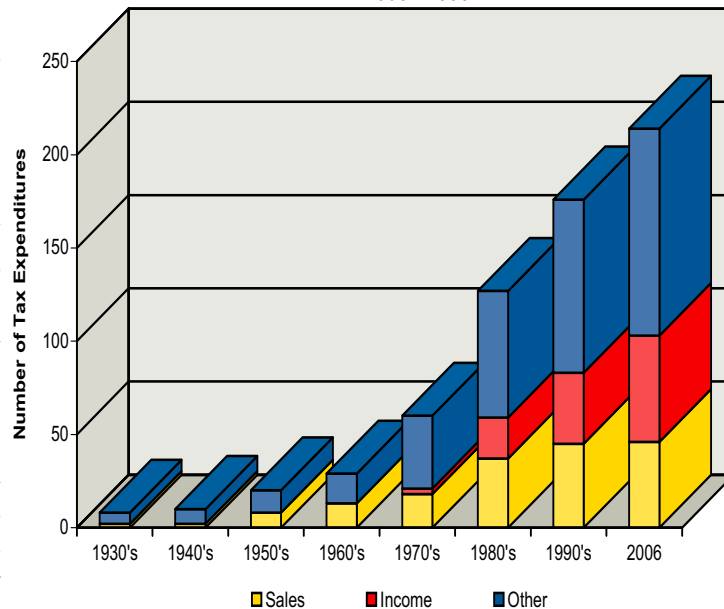
cost increases for the two largest tax expenditures were more in line with the increase in sales tax receipts. The cost of the food, drugs, and medical appliances rate reduction was up \$70 million or 5.4% from \$1.300 billion to \$1.370 billion and the estimated cost of sales to exempt organi-

zations increased 4.7% from \$967 million to \$1.012 billion.

Tax expenditures from the individual income tax of \$2.329 billion were up \$123 million or 5.6% from fiscal year 2005 expenditures of \$2.206 billion somewhat less than the 7.8% increase in individual income tax revenues. The bulk of the increase was attributable to the retirement and social security subtraction (up \$71 million to \$899 million) and the property tax credit (up \$30 million to \$444 million). Growth in the cost of individual income tax expenditures is moderated by the flat standard exemption whose cost only increased \$7 million or 1.1% to \$703 million.

Tax expenditures from the corporate income tax were up \$103 million or 51.5% to \$304 million in fiscal year 2006 following a \$33 million or 14.3% decrease to \$200 million in fiscal year 2005. Corporate income tax receipts increased \$236 million or 15.3% during fiscal

Number of Tax Expenditures in Effect
1930 - 2006



year 2006. The cost of the largest corporate income tax expenditure, the Illinois net operating loss deduction which allows losses to be carried forward for 12 years, increased \$85 million or 52.0% to \$248 million. Increased corporate profits have allowed companies to draw down the losses that had accumulated during the 2001 recession. Prior to the 2003 tax year, they could have offset these losses against prior year profits. With the elimination of carry backs, companies incurring losses must now wait until their profit picture improves before applying their loss credits. The second largest corporate income tax expenditure, the foreign insurer rate reduction, reduces taxes on out-of-state insurers to the rates for the state in which they are domiciled. Its cost increased \$12 million or 67.6% to \$29 million.

Hospital Provider Exemption

The cost of tax expenditures in fiscal year 2006 was deflated by absence of the hospital provider assessment and its associated tax expenditure. This assessment generated \$637 million in receipts in fiscal year 2005 from hospitals. A \$131 million tax expenditure was created for exempt hospitals that were not subject to the assessment.

A Hospital Provider assessment has been approved that will restore this revenue source and the associated tax expenditure in fiscal year 2007. The new assessment rate is 2.5835% of adjusted gross revenue for inpatient and outpatient services. The previous assessment rate was \$84.19 per occupied bed day. Hospital providers exempt from the assessment include providers who are state agencies and state universities, counties or other units of local government, providers whose hospital

does not charge for its services, licensed psychiatric and rehabilitation hospitals, and hospitals with an average inpatient stay of more than 25 days.

River Edge Redevelopment Zone

A new type of tax preference area, River Edge Redevelopment Zones, was established in fiscal year 2006 whose associated tax expenditures will be included in future Tax Expenditure reports. These zones are to be selected from environmentally challenged areas bordering rivers with economic development potential that are hindered by high redevelopment costs. Municipalities apply to have an area designated a zone and approved zones become eligible for tax expenditures similar to those available for enterprise zones. These include a sales tax exemption on building materials, an investment and a jobs tax credit, and an environmental remediation tax credit for certain clean up costs. In addition, investors in these zones may be eligible for property tax relief and state grants.

Expanded Individual Income Tax Reporting

Prior to the fiscal year 2006 *Tax Expenditure Report*, smaller credits against the individual income tax had been lumped together. With this report cost estimates are now available for ten smaller individual income tax credits including the affordable housing donation, dependent care assistance, economic development for a growing economy, enterprise zone investment, environmental remediation, film production service, high economic impact business investment, jobs, research and development, and the TECH-PREP youth vocational credits.

SPECIAL STUDY : THE EFFECTIVENESS OF TARGETED BUSINESS INCENTIVES

When grants of public funds or tax incentives are used to foster economic development, the question follows: Did the use of public resources have the intended effect? If the incentive is targeted for a particular project, the investor submits an application for the tax relief including pertinent information about the economic benefits the investment is expected to generate. Information in the application determines whether the business incentive is granted. Governments can require later reports to determine whether an investment that receives targeted grants or tax relief attains the goals promised at the time the incentives were offered.

Illinois offers a variety of targeted incentive programs through the Department of Commerce and Economic Opportunity (DCEO) including some of the tax credits and exemptions listed in the *Tax Expenditure Report* as well as grants and loan subsidies.

- The Public Infrastructure Loan and Grant Program authorizes DCEO to provide subsidized loans and grants to local governments to expand and improve public infrastructure for business projects expected to have a significant employment impact.
- The Economic Development for a Growing Economy (EDGE) tax credit offers special incentives to companies to locate or expand projects that have export potential. The investment in Illinois is in lieu of competing locations in other states. Qualifying companies can receive tax credits from DCEO up to the state income taxes withheld for the employees holding the new jobs. Small companies must make at least a \$1 million investment and generate at least five new jobs. For larger companies, the investment must be at least \$5 million and at least 25 jobs must be created.
- The Employer Training Investment Program/ Incentive Program (ETIP/IP) grants are available for training full-time employees as part of expansions, new investments, or retention activities in Illinois. According to DCEO, priority is given to manufacturing businesses that promote high skill, high wage jobs for emerging and high tech occupations.
- The Enterprise Zone Expanded Machinery and Equipment Exemption creates a sales tax exemp-

tion for businesses certified by DCEO which create 200 jobs, retain at least 2,000 jobs or 90% of existing jobs. The exemption applies to the purchase of taxed items used within the enterprise zone for manufacturing and assembling operations. Exempt items include repair or replacement parts, fuels, materials and supplies for the maintenance, repair, or operation of manufacturing and assembling machinery and equipment.

- The Enterprise Zone State Utility Tax Exemption creates a utility tax exemption for businesses certified by DCEO that create 200 jobs or retain 1,000 existing jobs in an enterprise zone. The business is exempt from utility taxes on gas, electricity, and telecommunications in the enterprise zone.
- The High Impact Business Program is designed to provide tax incentives similar to those offered within an enterprise zone to companies that propose to make a substantial capital investment that will create or retain a significant number of jobs. The project must involve a minimum investment of \$12 million creating 500 jobs or \$30 million retaining 1,500 jobs. This program has been expanded to include the major energy related investments of new electric generating facilities, new coal mines, or new coal gasification facilities.
- The Large Business Development Assistance Program makes grants to major business expansion or relocation projects that create or retain large numbers of Illinois jobs. Grants may be used for bondable business activities including financing the purchase of land or buildings, building construction or renovation, and certain types of machinery and equipment.

In addition to these targeted incentive programs, DCEO administers the Illinois Capital Access Program that provides a type of loan portfolio insurance allowing financial institutions to make loans to small and new businesses that do not qualify under conventional lending practices. Assistance to small businesses is also provided through the Participation Loan Program and the Revolving Line of Credit Program. DCEO distributes federal funds for economic development through the Community Development Assistance Program for Economic Development and, in cooperation with

statewide Community Action Agencies and Illinois Ventures for Community Action, administers the Community Services Block Grant (CSBG) loan program.

State development assistance is also available through other state agencies including the Illinois State Treasurer’s Office, the Illinois Finance Authority, and the Illinois Departments of Agriculture and Transportation, in addition to the tax exemptions and credits administered by the Department of Revenue including the Film Production Tax Credit administered in conjunction with the Illinois Film Office. Finally, the incentive package for an investment project can be supplemented by property, sales, and utility tax relief, loans, and grants from local governments.

Monitoring Targeted Business Incentives

Just as a private investor is concerned about the actual return on an investment, not the amount that was promised at the time the investment was made, the state is concerned with the actual economic impact when it provides resources for economic development projects.

For discretionary business assistance programs, DCEO must document the need for state assistance. There are essentially two types of need, locational and financial. The statutes and the rules that govern the Large Business Development, High Impact Business, and EDGE programs require that the business demonstrate a locational

need (i.e., the company has multi-state options for its project and needs these programs to “level the playing field”). For other business assistance programs, such as the Participation Loan and Capital Access programs, the applicant must demonstrate a financial gap (i.e., the project cannot be financed without state assistance).

In several cases, a reporting requirement was included in the original legislation establishing an incentive. Enterprise Zones file annual reports with DCEO setting out the magnitude of investments, jobs created and jobs retained within each zone. Recipients of EDGE credits are required to report annually on whether they have complied with the terms of the EDGE agreement and provide payroll information to determine the size of the credit. Job training programs also require evidence of the subsidized job training expenditures. Local governments that establish Tax Increment Finance (TIF) zones must report on the status of their zones to the State Comptroller each year.

A more comprehensive procedure for monitoring targeted tax incentives was established through the Corporate Accountability in Tax Expenditures Act of 2003. This Act sets out standard definitions and a series of reports for monitoring the extent to which companies are able to meet their target incentive objectives. Its goal is to increase transparency and accountability and to ensure taxpayers get the greatest return on investment from assisted business investments.

Annual Report of Recaptures Provision by Program For January 1, 2004 to December 31, 2006					
Program	# of companies that have received benefits since 1/1/04	# of recipients in violation of the development agreement as 12/31/06	# of completed recapture efforts since 1/1/04	# of recapture efforts initiated since 1/1/04	# of waivers granted since 1/1/04
Business Development Public Infrastructure Program	9	1	0	1	0
Corporate Headquarters Relocation Program	2	0	0	0	0
EDGE Tax Credit	139	0	0	0	0
Employee Training Investment Program	100	6	12	18	0
Enterprise Zone Expanded Machinery and Equipment Exemption	11	0	0	0	0
Enterprise Zone State Utility Tax Exemption	12	0	0	0	0
High Impact Business Designation	7	0	0	0	0
Large Business Development Assistance Program	36	1	4	5	0
Total	316	8	16	24	0

One product of the Corporate Accountability in Tax Expenditures Act is an Annual Report of Recaptures Provision by Program report. The first three reports covering calendar 2004 through 2006 reported that the eight incentive programs examined provided benefits to

316 companies. As of the end of calendar 2006, 8 were in violation of their development agreement.

A second product is an Annual Progress Report by each recipient from the targeted incentive programs. The

Selected Questions

Corporate Accountability for Tax Expenditures Act 93-552

Annual Project Progress Reports for 2006

III. Did the recipient's use of the State Funding reduce employment at any other site in Illinois?

IV. Job Creation and Retention Data

Program Type

Agreement Number

Assistance Amount

Report Header Definitions	
Wages	Average Annual Salary by Classifications
Full-Time	Permanent Full-Time
+/-	Gain or (Loss)

Number of Employees At the Time of Application

Job Classification	Avg Annual Salary	Positions	Full-Time	Part-Time	Temporary
Totals:					

Number of Employees As of the Date of the Report (12/31/2006)

Job Classification	Avg Annual Salary	Positions	Full-Time	+/-	Part-Time	+/-	Temporary	+/-
Totals:								

Number of Jobs Stated in the Agreement that would be Created at the Site as a Result of Assistance

Job Classification	Avg Annual Salary	Positions	Full-Time	Part-Time	Temporary
Totals:					

Number of Jobs Stated in the Agreement that would be Retained at the Site as a Result of Assistance

Job Classification	Avg Annual Salary	Positions	Full-Time	Part-Time	Temporary
Totals:					

Number of Full-Time Permanent Employees Anticipated To Be Hired at this Site on 12/31/2006

Job Classification	Anticipated Starting Dates	Number of Positions to be Hired in this Category	Average Annual Wage per New Employee	Total New Payroll to be Created
Totals:				

report (see Selected Questions on page 5) provides an update on the employment situation at the project site since the date the application was submitted including data on new and retained jobs, full-time, part-time, and temporary jobs, and wage data by job classification for the project. Companies file online and update prior entries to ease reporting compliance. The reports are available at the Illinois Corporate Accountability portal, <http://corpacctportal.illinois.gov/>.

Concern that business incentives encourage urban sprawl and lead to developments that are not accessible to low income Illinoisans inspired the Business Location Efficiency Incentive Act effective in 2007. Based on location-efficiency reports prepared by the incentive applicant, DCEO can provide an increased or extended tax credit to an applicant's project that is in an area with affordable housing or that is accessible to mass transit.

Economic Development Accountability Reports in Other States

The 1995 Minnesota Business Subsidy Law was the first economic development accountability law passed in the United States. In the ensuing 12 years, the concept has spread with the Good Jobs First Web site identifying 12 states including Illinois that have incentive-subsidy disclosure laws. Among the states requiring comprehensive disclosure for all significant incentive projects, Illinois is joined in the list by Connecticut, Maine, Minnesota, and North Dakota. Other states have more limited disclosure requirements such as Louisiana, which has disclosure for its industrial property tax exemption, and Ohio, which requires reporting on enterprise zones.

The Clawback Option

When state financial assistance for an investment project is predicated on the business participant meeting specified investment and employment goals, the question then arises: What recourse should the state take if these goals are not met? If the assistance program includes a clawback option, the state has the opportunity to ask for a refund of the development assistance. For example, the Illinois Corporate Accountability in Tax Expenditures law extended clawbacks to previously exempt programs and added a provision that EDGE corporate income tax credits be recaptured if a recipient company shuts down the project within 5 years.

Clawback provisions are common among the states, although it is not clear how often states actually exercise this option. The Good Jobs First database gives examples from 20 states where clawback provisions exist. DCEO reports eight efforts to initiate the recapture of benefits during calendar years 2004 and 2005. A recent example where efforts are being made to recapture the value of past incentives is the Whirlpool plant in Herrin, Illinois, which recently closed.

There would be little argument with a clawback if the recipient received the aid under false pretenses and did not intend to provide the promised economic benefits. Invoking a clawback becomes more problematic if unforeseen circumstances lead to the failure to meet the investment goals. A clawback may even exacerbate a difficult financial situation. If the aid recipient failed to meet the goals due to unforeseen circumstances, the cost of the clawback might force the company to make additional employment and investment cuts.

A REVIEW OF FISCAL YEAR 2006

TAX EXPENDITURES

The Impact of Tax Expenditures

Although tax expenditures were reported for 44 revenue sources in fiscal year 2006, the four largest tax sources accounted for \$6.489 billion or 97% of the \$6.716 billion in reported tax expenditures. Well over half of the value of tax expenditures (\$3.707 billion or 55%) were attributed to state sales taxes.

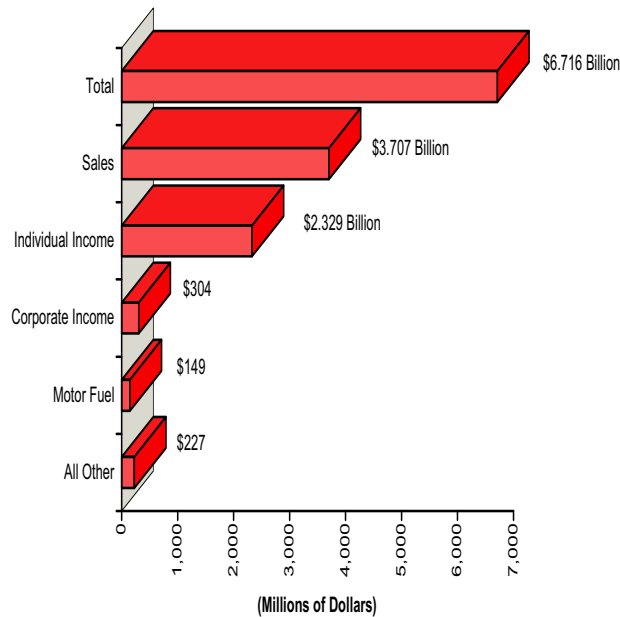
Another 39% was associated with income taxes with \$2.329 billion or 35% from the individual income tax and \$304 million or 4% from the corporate income tax. The motor fuel tax (\$149 million) accounted for 2% of reported tax expenditures leaving only \$227 million or 3% for tax expenditures from the remaining revenue sources.

Tax Expenditures Greater Than \$100 Million

There were twelve tax expenditures with estimated costs in excess of \$100 million. Seven of the over \$100 million tax expendi-

tures were from the sales tax, with three from the individual income tax, and one each from the corporate income tax and the motor fuel tax. Two tax expenditures had a cost of over \$1 billion: the food, drug, and medical appliance rate reduction, was the largest single tax expendi-

Impact of Tax Expenditures



The Twelve Largest Tax Expenditures - Fiscal Year 2006
(Millions of Dollars)

Amount	Expenditure	Applied Against
\$1,370	Food, Drugs, Medical Appliances	Sales Tax
1,012	Sales to Exempt Organizations	Sales Tax
899	Retirement and Social Security Deductions	Individual Income Tax
703	Standard Deduction	Individual Income Tax
444	Property Tax Credit	Individual Income Tax
374	Exemption for Trade-Ins	Sales Tax
248	Illinois Net Operating Loss Deduction	Corporate Income Tax
221	Farm Chemical Exemption	Sales Tax
175	Manufacturing Machinery Exemption	Sales Tax
126	Retailer's Discount	Sales Tax
121	Non Motor Vehicle Use	Motor Fuel Tax
101	Gasohol Discount	Sales Tax
\$5.794 Billion	Total Impact of Twelve Largest Tax Expenditures	
\$6.716 Billion	Total Impact of All Tax Expenditures	
86%	Percent of Total Impact	

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 expenditures that also apply to the additional portion of sales tax collections distributed to local governments.

One prominent tax expenditure has been designed to exclusively impact local government revenues. The investment tax credit is applied against the personal property replacement income tax which is 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 2004 tax year was \$25.5 million.

Four Largest Tax Expenditures, Fiscal Years 1993 to 2006

Reported tax expenditures of \$6.7 billion for fiscal year 2006 were \$3.6 billion or 2.2 times the \$3.1 billion reported for fiscal year 1993, the first year that the *Tax Expenditure Report* was issued. The change in the value of reported tax expenditures reflects improved reporting, new tax expenditures, as well as the impact of inflation and economic growth. Of particular interest are the trends in growth for the 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 IRA, disability, social security, and railroad retirement income that is subject to the federal income tax. The estimated cost of this tax expenditure of \$899 million for fiscal year 2006 was \$615 million greater or over 3 times its cost of \$284 million in fiscal year 1993. The substantial growth in this expenditure in part reflects the increase in income that has become subject to the federal tax, such as the increase in the maximum percentage of federally taxable social security income from 50% to 85% effective for the 1994 tax year.

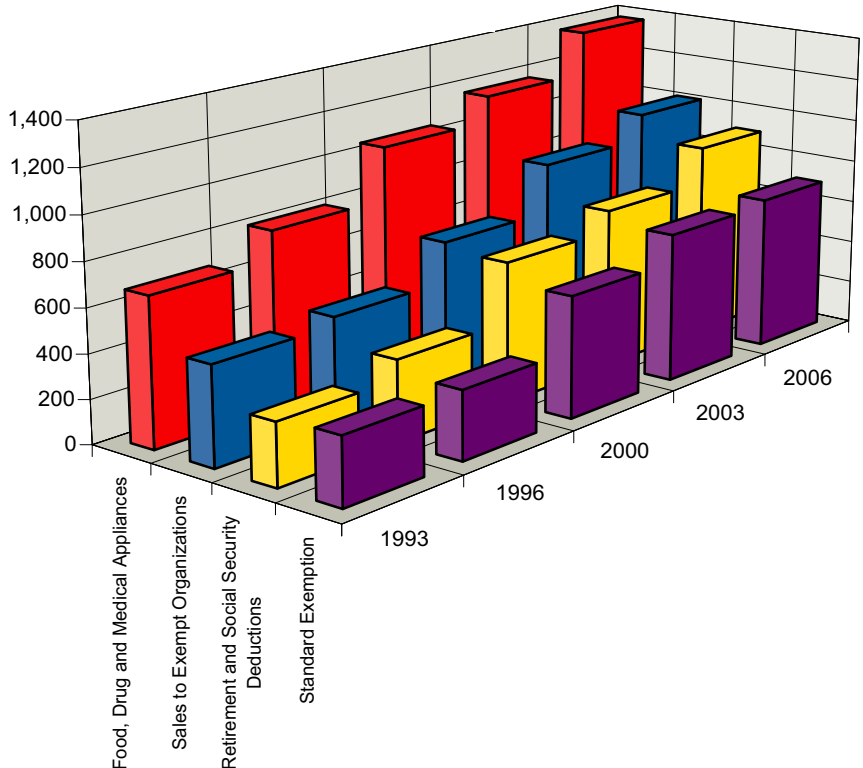
Demographers are projecting a sizable increase in Illinois' population over 65. According to the U.S. Census Bureau's interim population projections from the 2000 census, there will be 2.4 million senior citizens in Illinois in 2030, up 60.8% from the number of seniors (1.5 million) in 2000. Over that same period, the total Illinois population is projected to increase 8.2%. The result should be a continued rapid increase in the cost of the retirement income tax expenditure.

The \$1,000 standard deduction from the state individual income tax had been one of the slowest growing tax expenditures increasing only \$14 million from \$306 million to \$320 million between fiscal year 1993 and fiscal year 1998. With the doubling in the value of this tax expen-

diture (to \$1,300 for the 1998 tax year, \$1,650 for the 1999 tax year, and \$2,000 for years beginning with the 2000 tax year), its cost has increased a further \$383 million to \$703 million for fiscal 2006.

The largest tax expenditure, the reduced sales tax rate for food, drugs, and medical appliances, is one of two \$1 billion tax expenditure. Between fiscal 1993 and fiscal 2006, its cost increased \$695 million as it more than doubled from \$675 million to \$1.370 billion reflecting inflation and increased consumer purchases of exempted items. The other billion dollar tax expenditure from the sales tax is the exemption for sales to exempt organizations such as local governments and charities which also more than doubled from \$450 million to \$1.012 billion during this thirteen-year period.

**Four Largest Tax Expenditures
Fiscal Years 1993 to 2006
(Dollars in Millions)**



A \$6.7 Billion Impact on Reported Tax Receipts

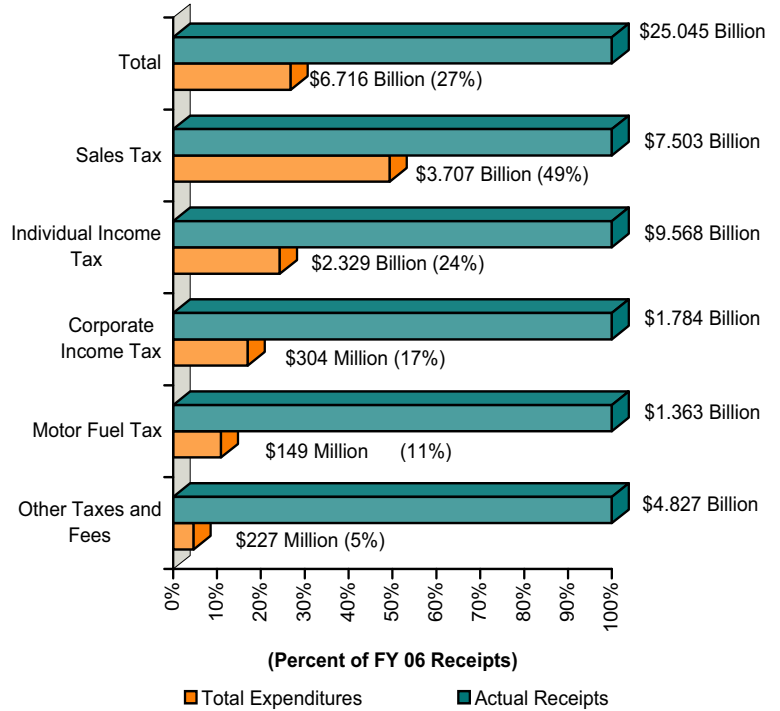
The \$6.7 billion in tax expenditures were applied against revenue sources that brought in a reported \$25.0 billion in fiscal year 2006. This amounts to 27% of reported receipts. Of the major revenue sources, tax expenditures had the greatest impact on the sales tax followed by the individual income tax, corporate income tax, and motor fuel tax.

All other expenditures had a combined impact of \$227 million, or 5% of other receipts of \$4.8 billion. Within other sources, there were several for which tax expenditures had a substantial impact. These include - fishing licenses (\$13 million impact, total receipts of \$10 million); the electricity excise tax (\$53 million in tax expenditures, total receipts of \$392 million), the insurance retaliatory tax (\$41 million in tax expenditures, total receipts of \$112 million), the underground storage tank tax (\$18 million in tax expenditures, total receipts of \$74 million), and the racing parimutuel tax (\$4 million in tax expenditures, total receipts of \$11 million).

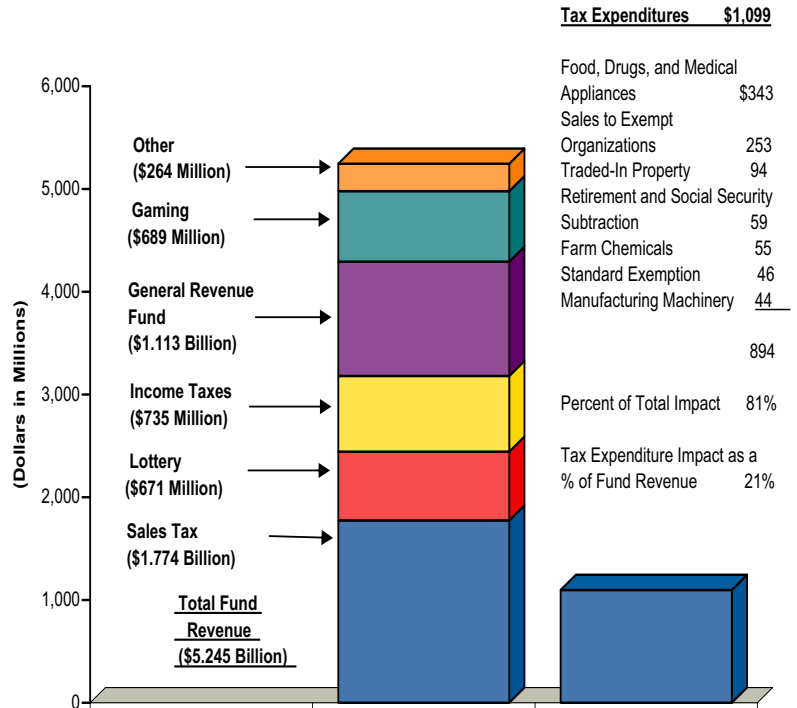
A \$1.099 Billion Impact on Education Funds

Tax expenditures of \$1.099 billion from monies that would have been deposited into the Education Funds were the equivalent of 21% of revenues. The Common School, General Revenue - Common School Special Account, and Education Assistance Funds receive dedicated lottery, income tax, gaming taxes, and sales tax monies as well as General Revenue Fund transfers and portions of certain other dedicated revenues (cigarette tax, public utility tax, bingo tax, etc.) for use exclusively for elementary, secondary, and higher education. In fiscal year 2006, the Education Funds received \$5.2 billion from dedicated sources - \$1.8 billion from the sales tax, \$671 million in lottery transfers, \$735 million from income taxes, \$689 million from gaming taxes, and \$264 million from other

Impact of Tax Expenditures on Tax Receipts



Education Funds Receipts and Tax Expenditures*



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

sources (including \$154 million from cigarette taxes and \$101 million from the communications excise tax) plus \$1.1 billion in General Revenue Fund transfers.

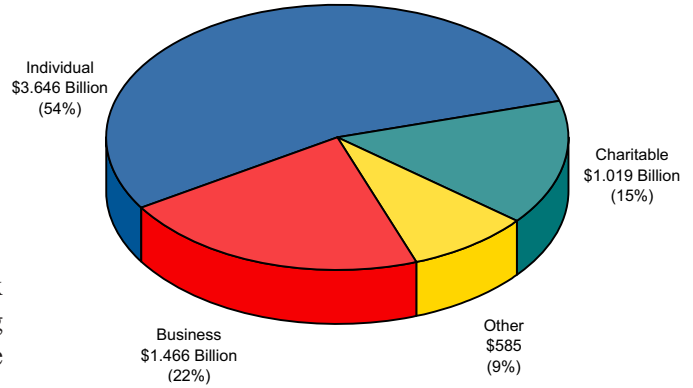
Who Received Tax Expenditures?

Tax expenditures for individuals totaled \$3.6 billion while business received \$1.5 billion, charities \$1.0 billion and other \$585 million.

Individuals received \$2.7 billion in broad-based tax expenditures. The two largest were the food and drug rate reduction and the standard exemption from the individual income tax. Other broadbased tax expenditures included the property tax credit, the earned income credit, and the education expense credit. The expenditures for the elderly and disabled of \$956 million consisted primarily of \$899 million for federally taxed retirement and social security subtractions.

The impact of general business expenditures was \$1.1 billion, while agricultural expenditures were \$373 million and environmental expenditures totaled \$19 million. The net operating loss deduction, manufacturing machinery exemption, retailer's sales tax discount, and sales of motor fuel for use other than in motor vehicles were the largest general business expenditures. Sales to exempt organizations were all but \$7 million of the \$1.0 billion worth of expenditures for charities. The largest of the \$585 million in other expenditures was the \$374 million impact of the traded-in property exemption primarily attributable to new and used car sales.

Tax Expenditures by Purpose
(Dollars in Millions)



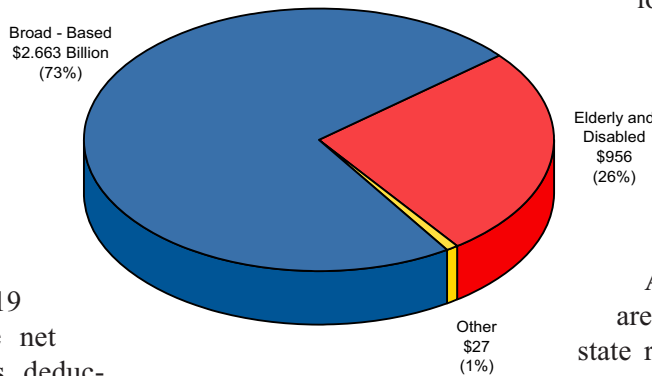
The Impact of Tax Expenditures on Revenue Sharing

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

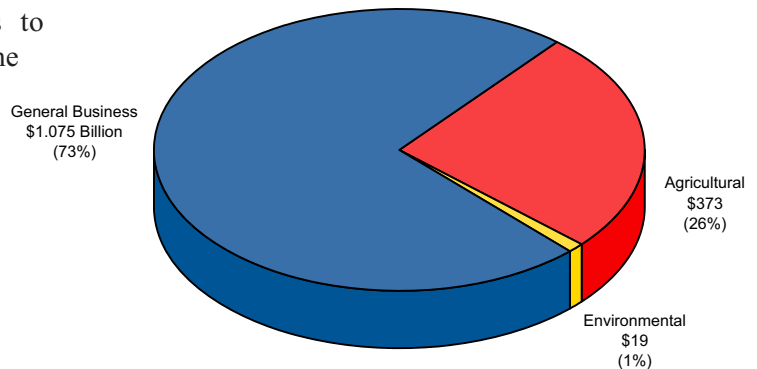
During fiscal year 2006, \$2.0 billion was distributed in income, sales, and motor fuel tax revenue sharing. Tax expenditures had an estimated \$440 million impact on these distributions.

A fixed percent of net income tax revenues are granted to counties and municipalities as state revenue sharing. Distribution is based on

Individual Expenditures
(Dollars in Millions)



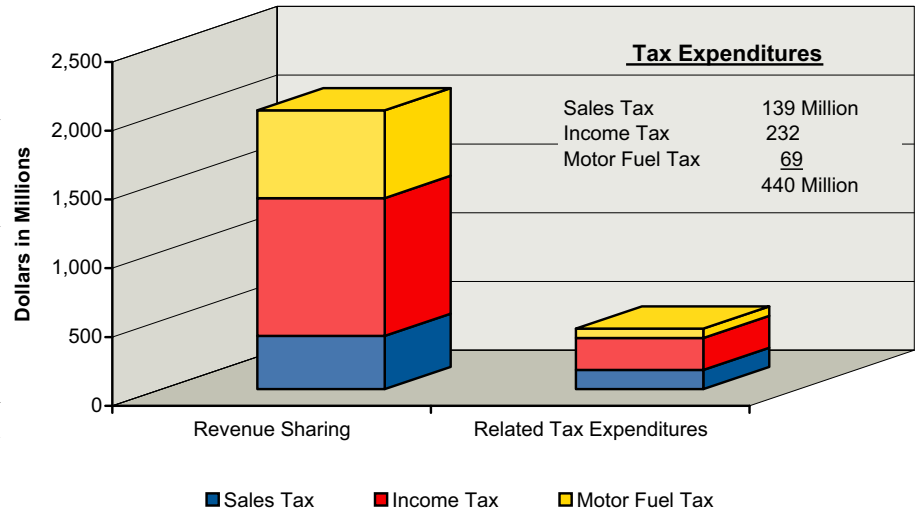
Business Expenditures
(Dollars in Millions)



their shares of the state's population. The distribution is currently 1/10 of revenues net of deposits into the Refund Fund. In fiscal year 2006, the Local Government Distributive Fund received \$1.0 billion in transfers from the General Revenue Fund related to income tax receipts. Based on a 23% ratio of tax expenditures to combined income tax receipts, distributions were \$232 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. The Illinois Tax Increment Fund receives 0.27% of state sales taxes. In fiscal year 2006, these programs received \$388 million in direct receipts and General Revenue Fund transfers. Distributions were \$139 million less than they would have been without tax expenditures.

Revenue Sharing and Tax Expenditures



State motor fuel taxes are used for state purposes and shared with counties, municipalities, townships, and road districts. During fiscal year 2006, local government funds received \$638 million in motor fuel tax revenues. Based on an 11% ratio of tax expenditures to motor fuel tax receipts, distributions were \$69 million less than they would have been without tax expenditures.

TAX EXPENDITURES BY FUND GROUP AND FUND

(IN THOUSANDS)

Fund Group: General

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 4,879,024	\$ 5,102,368
General Revenue - Common School Special Account Fund	0005	916,247	926,865
Education Assistance Fund	0007	156,085	171,198
Common School Fund	0412	1,259	1,235
Total Impact, General		\$ 5,952,615	\$ 6,201,666

Fund Group: Highway

Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 144,692	\$ 148,668
Road Fund	0011	7,902	9,739
State Construction Account Fund	0902	4,146	5,251
Total Impact, Highway		\$ 156,740	\$ 163,658

Fund Group: Special State

Fund Name and Code:		FY 05	FY 06
Income Tax Refund Fund	0278	\$ 268,754	\$ 287,841
Underground Storage Tank Fund	0072	17,411	17,898
Wildlife and Fish Fund	0041	13,008	13,008
Long Term Care Provider Fund	0345	9,944	9,850
Build Illinois Fund	0960	6,764	7,471
Horse Racing Fund	0632	3,940	3,911
Public Health Laboratory Services Revolving Fund	0340	3,339	2,962
Public Utility Fund	0059	1,601	1,617
School Infrastructure Fund	0568	1,259	1,235
Environmental Protection Permit and Inspection Fund	0944	1,200	1,200
Local Tourism Fund	0969	1,082	1,196
International Tourism Fund	0621	609	672
Illinois Clean Water Fund	0731	500	500
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	499	446
Drivers Education Fund	0031	489	443
Long Term Care Monitor/Receiver Fund	0285	451	143
Corporate Franchise Tax Refund Fund	0380	93	126
Metabolic Screening and Treatment Fund	0920	118	122
Health Facility Plan Review Fund	0524	124	120
Illinois Health Facilities Planning Fund	0238	30	30
Illinois School Asbestos Abatement Fund	0175	3	3
Pesticide Control Fund	0576	2	3
Hospital Provider Fund	0346	131,000	0
Total Impact, Special State		\$ 462,220	\$ 350,797

GRAND TOTAL, IMPACT		\$ 6,571,575	\$ 6,716,121
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TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	FY 05	FY 06
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,300,284	\$ 1,370,499
Sales to Exempt Organizations	967,380	1,012,367
Traded-In Property Exemption	466,366	374,460
Farm Chemicals (Includes Feed and Seed) Exemption	212,472	220,971
Manufacturing and Assembling Machinery and Equipment Exemption	164,666	175,020
Retailer's Discount	118,671	126,084
Gasohol Discount	77,658	101,176
Rolling Stock Exemption	49,981	68,415
Sales of Vehicles to Automobile Rentors Exemption	43,263	52,364
Farm Machinery and Equipment Exemption	47,806	49,719
Newsprint and Ink to Newspapers and Magazines Exemption	41,600	41,600
Sales of Motor Vehicles to Non-Residents Exemption	68,879	36,404
Manufacturer's Purchase Credit	24,998	29,444
Designated Tangible Personal Property within Enterprise Zone Exemption	25,344	24,077
Commercial Distribution Fee (CDF) Exemption	34,487	0
All Other	20,967	24,858
Total Impact	\$ 3,664,822	\$ 3,707,458

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	FY 05	FY 06
Federally Taxed Retirement and Social Security Subtractions	\$ 828,265	\$ 899,174
Standard Exemption: Taxpayers and Dependents	695,676	703,068
Tax Credit for Residential Real Property Taxes	413,605	443,742
Earned Income Tax Credit	70,927	75,316
Other Subtractions	67,128	73,927
Education Expense Credit	67,904	70,549
Additional Exemptions: Blind and Elderly	31,434	31,920
Military Pay Subtraction	22,838	24,357
Income Tax Credits	8,686	7,372
Total Impact	\$ 2,206,463	\$ 2,329,425

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	FY 05	FY 06
Illinois Net Operating Loss Deduction	\$ 163,186	\$ 248,064
Foreign Insurer Rate Reduction	17,083	28,623
Economic Development for a Growing Economy Tax Credit	9,082	13,614
High Economic Impact Business Dividend Subtraction	6,363	6,638
High Economic Impact Business Investment Credit	1,562	3,145
All Other	3,177	3,513
Total Impact	\$ 200,453	\$ 303,597

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	FY 05	FY 06
Sales for Use Other Than in Motor Vehicles Exemption	\$ 116,891	\$ 120,519
Timely Filing and Full Payment Discount	20,971	21,272
Municipal Corporation or Private Utility Local Transportation System Exemption	6,787	6,833
Aviation Purposes Exemption	43	44
Total Impact	\$ 144,692	\$ 148,668

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	FY 05	FY 06
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 36,853	\$ 39,196
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	16,062	14,177
Total Impact	\$ 52,915	\$ 53,373

Revenue Source and Annual Receipts: Insurance Retaliatory Tax

Expenditure:	FY 05	FY 06
Replacement Income Tax Credit	\$ 25,024	\$ 29,204
Fire Department Tax Credit	12,145	12,109
Total Impact	\$ 37,169	\$ 41,313

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	FY 05	FY 06
Airport Exemption	\$ 12,612	\$ 12,799
Rail Carrier Exemption	2,992	3,219
Timely Filing and Full Payment Discount	1,310	1,285
Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	496	594
Liquefied Propane Gas Exemption	1	1
Total Impact	\$ 17,411	\$ 17,898

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

Expenditure:	FY 05	FY 06
Permanent Residents Exemption	\$ 8,618	\$ 9,687
Cost of Collection Discount	4,910	5,254
Total Impact	\$ 13,528	\$ 14,941

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

Expenditure:	FY 05	FY 06
Senior Citizen Plate Renewal Reduction	\$ 8,364	\$ 8,594
Municipality Owned Passenger Vehicle Exemption	2,370	2,945
Charitable Organization Vehicle Exemption	204	2,028
Disabled Veteran Vehicle Registration Exemption	132	284
Drivers Education Vehicles	6	168
X-POW Vehicle Registration Exemption	98	111
Sheriff Plates	33	61
Total Impact	\$ 11,207	\$ 14,191

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	FY 05	FY 06
Fire Department Tax Credit	\$ 11,816	\$ 11,500
Replacement Income Tax Credit	1,148	1,734
Total Impact	\$ 12,964	\$ 13,234

Revenue Source and Annual Receipts: Fishing Licenses

Expenditure:	FY 05	FY 06
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 13,008	\$ 13,008
Total Impact	\$ 13,008	\$ 13,008

Revenue Source and Annual Receipts: Vehicle Use Tax

Expenditure:	FY 05	FY 06
Family Member Preferential Tax Rate	\$ 4,143	\$ 4,009
Rolling Stock Exemption	2,683	3,700
Government, Charitable, Educational, Religious Entities Exemption	2,762	2,776
Out-of-State Resident Exemption	891	841
Farm Implement - Ready Mix Exemption	1,135	807
Estate Gift to Beneficiary Preferential Tax Rate	131	136
Surviving Spouse Exemption	131	126
Business Reorganization Preferential Tax Rate	72	71
Commercial Distribution Fee Exemption	8,756	0
Total Impact	\$ 20,704	\$ 12,466

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:	FY 05	FY 06
Cost of Collection Discount	\$ 9,944	\$ 9,850
Total Impact	\$ 9,944	\$ 9,850

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Expenditure:	FY 05	FY 06
Cost of Collection Discount	\$ 8,759	\$ 8,597
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	31	29
Coin-Operated Telecommunications Devices Exemption	11	11
Total Impact	\$ 8,801	\$ 8,637

Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	FY 05	FY 06
Two Million Dollar Cap on Franchise Tax for Corporations	\$ 4,743	\$ 6,466
Total Impact	\$ 4,743	\$ 6,466

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

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

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
Claims for Loss or Damage Deduction	\$ 1,270	\$ 1,366
Exempt Organization Rentals	1,217	1,309
Insurance Coverage Deduction	921	990
Timely Filing and Full Payment Discount	498	529
Refueling Deduction	361	388
Other/Miscellaneous Deductions	<u>71</u>	<u>76</u>
Total Impact	\$ 4,338	\$ 4,658

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

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
Real Estate Tax Credit	\$ 3,940	\$ 3,911
Total Impact	\$ 3,940	\$ 3,911

Revenue Source and Annual Receipts: Sexually Transmitted Disease Test Fee

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
Population With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,893	\$ 2,669
Dept. Funded HIV Counseling & Testing Site and HIV Seroprevalence Exemption	446	293
Total Impact	\$ 3,339	\$ 2,962

Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 1,700	\$ 1,661
Cost of Collection Discount (Gas Use Tax)	<u>705</u>	<u>669</u>
Total Impact	\$ 2,405	\$ 2,330

Revenue Source and Annual Receipts: Health Provider Assessment

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
Hospital Provider Exemption	\$ 131,000	\$ 0
Total Impact	\$ 131,000	\$ 0

Revenue Source and Annual Receipts: All Other

Expenditure:	<u>FY 05</u>	<u>FY 06</u>
All Other	\$ 7,729	\$ 7,735
Total Impact	\$ 7,729	\$ 7,735

GRAND TOTAL, IMPACT	\$ 6,571,575	\$ 6,716,121
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SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Road Fund	0011	\$ 7,061	\$ 8,940
State Construction Account Fund	0902	4,146	5,251

Revenue Source and Annual Receipts: Standard Identification Card Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 693	\$ 1,421
Road Fund	0011	350	355

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	3	3

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Road Fund	0011	\$ 487	\$ 440
Drivers Education Fund	0031	486	440

Revenue Source and Annual Receipts: Annual Reports of Corporations

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 4,650	\$ 6,340
Corporate Franchise Tax Refund Fund	0380	93	126

Natural Resources

Revenue Source and Annual Receipts: Fishing Licenses

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Wildlife and Fish Fund	0041	\$ 13,008	\$ 13,008

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

Financial and Professional Regulation

Revenue Source and Annual Receipts: Insurance Privilege Tax

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 12,964	\$ 13,234

Revenue Source and Annual Receipts: Retaliatory Tax

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 37,169	\$ 41,313

Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 101	\$ 101

Healthcare and Family Services

Revenue Source and Annual Receipts: Hospital Provider Assessment

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 131,000	\$ 0

Public Health

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Illinois Health Facilities Planning Fund	0238	\$ 30	\$ 30

Revenue Source and Annual Receipts: Vital Records Fees

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 4	\$ 4

Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Metabolic Screening and Treatment Fund	0920	\$ 118	\$ 122

Revenue Source and Annual Receipts: Private Sewage Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
General Revenue Fund	0001	\$ 21	\$ 21

Revenue Source and Annual Receipts: Pesticide Control Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Pesticide Control Fund	0576	\$ 2	\$ 3

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

Public Health (Continued)

Revenue Source and Annual Receipts: Recreational Area Fee

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 40	\$ 41

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 99	\$ 99

Revenue Source and Annual Receipts: Long Term Care Facility Fee

Fund Name and Code:		FY 05	FY 06
Long Term Care Monitor/Receiver Fund	0285	\$ 451	\$ 143

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Fund Name and Code:		FY 05	FY 06
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 489	\$ 436

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

Fund Name and Code:		FY 05	FY 06
Public Health Services Revolving Fund	0340	\$ 3,339	\$ 2,962

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1	\$ 1

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 13	\$ 7

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

Fund Name and Code:		FY 05	FY 06
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 10	\$ 10

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2	\$ 2

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Fund Name and Code:		FY 05	FY 06
Illinois School Asbestos Abatement Fund	0175	\$ 3	\$ 3

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

Public Health (Concluded)

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

Fund Name and Code:		FY 05	FY 06
Health Facility Plan Review Fund	0524	\$ 124	\$ 120

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2,748,575	\$ 2,780,593
General Revenue - Common School Special Account Fund	0005	916,247	926,865

Revenue Source and Annual Receipts: Individual Income Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,840,853	\$ 1,948,838
Education Assistance Fund	0007	144,964	153,467
Income Tax Refund Fund	0278	220,646	227,120

Revenue Source and Annual Receipts: Corporate Income Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 141,224	\$ 225,145
Education Assistance Fund	0007	11,121	17,731
Income Tax Refund Fund	0278	48,108	60,721

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 4,338	\$ 4,658

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Fund Name and Code:		FY 05	FY 06
Long Term Care Provider Fund	0345	\$ 9,944	\$ 9,850

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 5,073	\$ 5,602
International Tourism Fund	0621	609	672
Build Illinois Fund	0960	6,764	7,471
Local Tourism Fund	0969	1,082	1,196

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND

(IN THOUSANDS)

Revenue (Concluded)

Revenue Source and Annual Receipts: Liquor Gallonage Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2,211	\$ 1,954

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 17,411	\$ 17,898

Revenue Source and Annual Receipts: Motor Fuel Taxes

Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 144,692	\$ 148,668

Revenue Source and Annual Receipts: Electricity Excise Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 51,327	\$ 51,772
Public Utility Fund	0059	1,588	1,601

Revenue Source and Annual Receipts: Gas Revenue Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2,405	\$ 2,330

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 6,283	\$ 6,167
Common School Fund	0412	1,259	1,235
School Infrastructure Fund	0568	1,259	1,235

Revenue Source and Annual Receipts: Vehicle Use Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 20,704	\$ 12,466

Revenue Source and Annual Receipts: Admission Tax

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 274	\$ 259

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

Fund Name and Code:		FY 05	FY 06
Horse Racing Fund	0632	\$ 3,940	\$ 3,911

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

Commerce Commission

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Public Utility Fund	0059	\$ 13	\$ 16

Environmental Protection Agency

Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 750	\$ 750

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

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 450	\$ 450

Revenue Source and Annual Receipts: NPDES Permit Discharge Fee

Fund Name and Code:		<u>FY 05</u>	<u>FY 06</u>
Illinois Clean Water Fund	0731	\$ 500	\$ 500

GRAND TOTAL, IMPACT	\$	6,571,575	\$	6,716,121
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

		FY 05	FY 06
Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)		\$ 570,661	\$ 604,017
Expenditure: Charitable Organization Vehicle Exemption			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 129	\$ 1,278
State Construction Account Fund	0902	75	750
Total		\$ 204	\$ 2,028
Expenditure: Disabled Veteran Vehicle Registration Exemption			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 83	\$ 179
State Construction Account Fund	0902	49	105
Total		\$ 132	\$ 284
Expenditure: Drivers Education Vehicles			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 4	\$ 106
State Construction Account Fund	0902	2	62
Total		\$ 6	\$ 168
Expenditure: Municipality Owned Passenger Vehicle Exemption			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 1,493	\$ 1,855
State Construction Account Fund	0902	877	1,090
Total		\$ 2,370	\$ 2,945
Expenditure: Senior Citizen Plate Renewal Reduction			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 5,269	\$ 5,414
State Construction Account Fund	0902	3,095	3,180
Total		\$ 8,364	\$ 8,594
Expenditure: Sheriff Plates			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 21	\$ 38
State Construction Account Fund	0902	12	23
Total		\$ 33	\$ 61
Expenditure: X-POW Vehicle Registration Exemption			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 62	\$ 70
State Construction Account Fund	0902	36	41
Total		\$ 98	\$ 111
Total Tax Impact per Revenue Source		\$ 11,207	\$ 14,191

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

Secretary of State (Concluded)

		FY 05	FY 06
Revenue Source and Annual Receipts: Standard Identification Card Fee		\$ 7,448	\$ 12,480
Expenditure: Duplicated/Corrected ID Senior Citizen/Handicapped			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 693	\$ 1,421
Road Fund	0011	350	355
Total		\$ 1,043	\$ 1,776
Total Tax Impact per Revenue Source		\$ 1,043	\$ 1,776
		FY 05	FY 06
Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License		\$ 3,755	\$ 3,811
Expenditure: Duplication of Stolen Licenses for Senior Citizens			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	3	3
Total		\$ 7	\$ 7
Total Tax Impact per Revenue Source		\$ 7	\$ 7
		FY 05	FY 06
Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee		\$ 15,963	\$ 15,703
Expenditure: Reduced Renewal Fee for Senior Citizens			
Fund Name and Code:		FY 05	FY 06
Road Fund	0011	\$ 487	\$ 440
Drivers Education Fund	0031	486	440
Total		\$ 973	\$ 880
Total Tax Impact per Revenue Source		\$ 973	\$ 880
		FY 05	FY 06
Revenue Source and Annual Receipts: Annual Reports of Corporations		\$ 196,675	\$ 194,637
Expenditure: Two Million Dollar Cap on Franchise Tax for Corporations			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 4,650	\$ 6,340
Corporate Franchise Tax Refund Fund	0380	93	126
Total		\$ 4,743	\$ 6,466
Total Tax Impact per Revenue Source		\$ 4,743	\$ 6,466
Total Tax Impact, Secretary of State		\$ 17,973	\$ 23,320

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

Natural Resources

	FY 05	FY 06
Revenue Source and Annual Receipts: Fishing Licenses	\$ 7,053	\$ 9,817
Expenditure: Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount		
Fund Name and Code:	FY 05	FY 06
Wildlife and Fish Fund 0041	\$ 13,008	\$ 13,008
Total	\$ 13,008	\$ 13,008
Total Tax Impact per Revenue Source	\$ 13,008	\$ 13,008
Total Tax Impact, Natural Resources	\$ 13,008	\$ 13,008

Financial and Professional Regulation

	FY 05	FY 06
Revenue Source and Annual Receipts: Insurance Privilege Tax	\$ 170,722	\$ 168,231
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 11,816	\$ 11,500
Total	\$ 11,816	\$ 11,500
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 1,148	\$ 1,734
Total	\$ 1,148	\$ 1,734
Total Tax Impact per Revenue Source	\$ 12,964	\$ 13,234
Revenue Source and Annual Receipts: Retaliatory Tax		
	\$ 138,865	\$ 111,966
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 12,145	\$ 12,109
Total	\$ 12,145	\$ 12,109
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 25,024	\$ 29,204
Total	\$ 25,024	\$ 29,204
Total Tax Impact per Revenue Source	\$ 37,169	\$ 41,313
Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax		
	\$ 43	\$ 52
Expenditure: Premises with Indoor Capacity of More Than 17,000 Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 101	\$ 101
Total	\$ 101	\$ 101
Total Tax Impact per Revenue Source	\$ 101	\$ 101
Total Tax Impact, Financial and Professional Regulation	\$ 50,234	\$ 54,648

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

Healthcare and Family Services

	FY 05	FY 06
Revenue Source and Annual Receipts: Hospital Provider Assessment ¹	\$ 637,040	\$ 0
Expenditure: Hospital Provider Exemption		
Fund Name and Code:	FY 05	FY 06
Hospital Provider Fund 0346	\$ 131,000	\$ 0
Total	\$ 131,000	\$ 0
Total Tax Impact per Revenue Source	\$ 131,000	\$ 0
Total Tax Impact, Public Aid	\$ 131,000	\$ 0

Public Health

	FY 05	FY 06
Revenue Source and Annual Receipts: Health Care Fac. Permit Application Fee	\$ 2,277	\$ 2,289
Expenditure: Natural Disaster and Other Emergency Waiver		
Fund Name and Code:	FY 05	FY 06
Illinois Health Facilities Planning Fund 0238	\$ 30	\$ 30
Total	\$ 30	\$ 30
Total Tax Impact per Revenue Source	\$ 30	\$ 30

Revenue Source and Annual Receipts: Vital Records Fees	\$ 3,429	\$ 3,433
Expenditure: Groups Chartered by U.S. Congress Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2

Expenditure: U.S. Veterans Administration Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2
Total Tax Impact per Revenue Source	\$ 4	\$ 4

	FY 05	FY 06
Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee	\$ 8,317	\$ 8,517
Expenditure: State Agency Lab Exemption		
Fund Name and Code:	FY 05	FY 06
Metabolic Screening and Treatment Fund 0920	\$ 118	\$ 122
Total	\$ 118	\$ 122
Total Tax Impact per Revenue Source	\$ 118	\$ 122

¹ The Hospital Provider Assessment was not collected during fiscal year 2006.

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

Public Health (Continued)

		FY 05	FY 06
Revenue Source and Annual Receipts: Private Sewage Fee		\$ 134	\$ 130
Expenditure: Plumbing License Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 21	\$ 21
Total		\$ 21	\$ 21
Total Tax Impact per Revenue Source		\$ 21	\$ 21
<hr/>			
		FY 05	FY 06
Revenue Source and Annual Receipts: Pesticide Control Fee		\$ 138	\$ 145
Expenditure: State Agency Employee Exemption			
Fund Name and Code:		FY 05	FY 06
Pesticide Control Fund	0576	\$ 2	\$ 3
Total		\$ 2	\$ 3
Total Tax Impact per Revenue Source		\$ 2	\$ 3
<hr/>			
		FY 05	FY 06
Revenue Source and Annual Receipts: Recreational Area Fee		\$ 32	\$ 36
Expenditure: Not-for-Profit and Governmental Agency Construction Application Fee Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Expenditure: Not-for-Profit Organization and Governmental Agency License Renewal Fee Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 38	\$ 39
Total		\$ 38	\$ 39
Expenditure: Not-for-Profit Organization and Governmental Agency Original License Application Fee Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source		\$ 40	\$ 41
<hr/>			
		FY 05	FY 06
Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee		\$ 121	\$ 135
Expenditure: Not-for-Profit and Governmental Facility Construction Application Fee Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2

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

Public Health (Continued)

Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee (Concluded)

Expenditure: Not-for-Profit and Governmental Facility License Renewal Fee Waiver

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 95	\$ 95
Total		\$ 95	\$ 95

Expenditure: Not-for-Profit Organization and Governmental Facility License Original License Fee Waiver

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2

Total Tax Impact per Revenue Source	\$	99	\$	99
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	FY 05	FY 06
Revenue Source and Annual Receipts: Long Term Care Facility Fee	\$ 882	\$ 864

Expenditure: Facility Fee Exemption

Fund Name and Code:		FY 05	FY 06
Long Term Care Monitor/Receiver Fund	0285	\$ 451	\$ 143
Total		\$ 451	\$ 143

Total Tax Impact per Revenue Source	\$	451	\$	143
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	FY 05	FY 06
Revenue Source and Annual Receipts: Childhood Lead Screening Fee	\$ 1,225	\$ 1,538

Expenditure: Low Income Family Waiver

Fund Name and Code:		FY 05	FY 06
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 489	\$ 436
Total		\$ 489	\$ 436

Total Tax Impact per Revenue Source	\$	489	\$	436
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	FY 05	FY 06
Revenue Source and Annual Receipts: Automated Lab Tests - HIV (ELISA) and STD Test	\$ 59	\$ 78

Expenditure: Department Funded HIV Counseling and Testing site and HIV Seroprevalence Exemption

Fund Name and Code:		FY 05	FY 06
Public Health Laboratory Services Revolving Fund	0340	\$ 446	\$ 293
Total		\$ 446	\$ 293

Expenditure: Population With High Incidence of Sexually Transmitted Diseases Exemption

Fund Name and Code:		FY 05	FY 06
Public Health Laboratory Services Revolving Fund	0340	\$ 2,893	\$ 2,669
Total		\$ 2,893	\$ 2,669

Total Tax Impact per Revenue Source	\$	3,339	\$	2,962
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**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Public Health (Continued)

		FY 05	FY 06
Revenue Source and Annual Receipts: Youth Camp License Application Fee		\$ 3	\$ 3
Expenditure: Governmental Agency Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source		\$ 1	\$ 1
		FY 05	FY 06
Revenue Source and Annual Receipts: Water Pump Contractor Fee		\$ 65	\$ 18
Expenditure: Licensed Plumber Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 13	\$ 7
Total		\$ 13	\$ 7
Total Tax Impact per Revenue Source		\$ 13	\$ 7
		FY 05	FY 06
Revenue Source and Annual Receipts: Environmental Lead License Application Fee		\$ 266	\$ 246
Expenditure: Department of Public Health and Delegate Agency Employee Waiver			
Fund Name and Code:		FY 05	FY 06
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 10	\$ 10
Total		\$ 10	\$ 10
Total Tax Impact per Revenue Source		\$ 10	\$ 10
		FY 05	FY 06
Revenue Source and Annual Receipts: Salvage Warehouse and Salvage Warehouse Store Act		\$ 12	\$ 14
Expenditure: Not-for-Profit Organization Waiver			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2
Total Tax Impact per Revenue Source		\$ 2	\$ 2
		FY 05	FY 06
Revenue Source and Annual Receipts: Asbestos Abatement License Fee		\$ 535	\$ 540
Expenditure: Governmental Employee Waiver			
Fund Name and Code:		FY 05	FY 06
Illinois School Asbestos Abatement Fund	0175	\$ 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 (Concluded)

	FY 05	FY 06
Revenue Source and Annual Receipts: Plan Review Fee - LTC Facilities	\$ 361	\$ 347
Expenditure: Projects Costing Less than \$100,000 Waiver		
Fund Name and Code:	FY 05	FY 06
Health Facility Plan Review Fund 0524	\$ 124	\$ 120
Total	\$ 124	\$ 120
Total Tax Impact per Revenue Source	\$ 124	\$ 120
Total Tax Impact, Public Health	\$ 4,746	\$ 4,004

Revenue

	FY 05	FY 06
Revenue Source and Annual Receipts: Sales and Use Tax	\$ 6,974,245	\$ 7,503,384
Expenditure: Building Materials within Enterprise Zone Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 3,187	\$ 3,314
General Revenue - Common School Special Account Fund 0005	1,062	1,105
Total	\$ 4,249	\$ 4,419
Expenditure: Commercial Distribution Fee (CDF) Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 25,865	\$ 0
General Revenue - Common School Special Account Fund 0005	8,622	0
Total	\$ 34,487	\$ 0
Expenditure: Designated Tangible Personal Property within Enterprise Zone Exemption ²		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 19,008	\$ 18,058
General Revenue - Common School Special Account Fund 0005	6,336	6,019
Total	\$ 25,344	\$ 24,077
Expenditure: Farm Chemicals (Includes Feed and Seed) Exemption ³		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 159,354	\$ 165,728
General Revenue - Common School Special Account Fund 0005	53,118	55,243
Total	\$ 212,472	\$ 220,971
Expenditure: Farm Machinery and Equipment Exemption		
Fund Name and Code:	FY 05	FY 06
General Revenue Fund 0001	\$ 35,854	\$ 37,289
General Revenue - Common School Special Account Fund 0005	11,952	12,430
Total	\$ 47,806	\$ 49,719

² Tangible personal property used or consumed within an enterprise zone, including any High Impact Business, in the process of manufacturing or assembling or by producers of graphic arts. Includes sales or purchases of building material or machinery and equipment to or by a High Impact Business.

³ Includes race horses, semen for the artificial insemination of livestock, and birds at game birding and hunting preserves.

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

Revenue (Continued)

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

Expenditure: Food, Drugs, and Medical Appliances Rate Reduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 975,213	\$ 1,027,874
General Revenue - Common School Special Account Fund	0005	325,071	342,625
Total		\$ 1,300,284	\$ 1,370,499

Expenditure: Gasohol Discount

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 58,244	\$ 75,882
General Revenue - Common School Special Account Fund	0005	19,414	25,294
Total		\$ 77,658	\$ 101,176

Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 0	\$ 2,671
General Revenue - Common School Special Account Fund	0005	0	890
Total		\$ 0	\$ 3,561

Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 5,214	\$ 5,041
General Revenue - Common School Special Account Fund	0005	1,738	1,680
Total		\$ 6,952	\$ 6,721

Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,275	\$ 1,326
General Revenue - Common School Special Account Fund	0005	425	442
Total		\$ 1,700	\$ 1,768

Expenditure: Manufacturer's Purchase Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 18,715	\$ 22,083
General Revenue - Common School Special Account Fund	0005	6,283	7,361
Total		\$ 24,998	\$ 29,444

Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption ⁴

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 123,499	\$ 131,265
General Revenue - Common School Special Account Fund	0005	41,167	43,755
Total		\$ 164,666	\$ 175,020

Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 31,200	\$ 31,200
General Revenue - Common School Special Account Fund	0005	10,400	10,400
Total		\$ 41,600	\$ 41,600

⁴ Includes the Photo Processing Machinery and Equipment exemption.

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

Revenue (Continued)

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

Expenditure: Property Acquired by Non-Resident before Relocating in Illinois Exemption⁵

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 6,050	\$ 6,292
General Revenue - Common School Special Account Fund	0005	2,016	2,097
Total		\$ 8,066	\$ 8,389

Expenditure: Retailer's Discount

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 89,003	\$ 94,563
General Revenue - Common School Special Account Fund	0005	29,668	31,521
Total		\$ 118,671	\$ 126,084

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 37,486	\$ 51,311
General Revenue - Common School Special Account Fund	0005	12,495	17,104
Total		\$ 49,981	\$ 68,415

Expenditure: Sales of Motor Vehicles to Non-Residents Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 51,659	\$ 27,303
General Revenue - Common School Special Account Fund	0005	17,220	9,101
Total		\$ 68,879	\$ 36,404

Expenditure: Sales of Vehicles to Automobile Rentors Exemption⁶

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 32,447	\$ 39,273
General Revenue - Common School Special Account Fund	0005	10,816	13,091
Total		\$ 43,263	\$ 52,364

Expenditure: Sales to Exempt Organizations⁷

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 725,527	\$ 759,275
General Revenue - Common School Special Account Fund	0005	241,853	253,092
Total		\$ 967,380	\$ 1,012,367

Expenditure: Traded-In Property Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 349,775	\$ 280,845
General Revenue - Common School Special Account Fund	0005	116,591	93,615
Total		\$ 466,366	\$ 374,460

Total Tax Impact per Revenue Source		\$ 3,664,822	\$ 3,707,458
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⁵ Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois. Tax expenditure estimate only applies to motor vehicles.

⁶ Tax Expenditure is net of Automobile Rental Tax receipts.

⁷ 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.

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

Revenue (Continued)

		FY 05	FY 06
Revenue Source and Annual Receipts: Individual Income Tax⁸		\$ 8,872,485	\$ 9,567,983
Expenditure: Additional Exemptions: Blind and Elderly			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 26,226	\$ 26,705
Education Assistance Fund	0007	2,065	2,103
Income Tax Refund Fund	0278	3,143	3,112
Total		\$ 31,434	\$ 31,920
Expenditure: Affordable Housing Donations Tax Credit⁹			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 308
Education Assistance Fund	0007	...	24
Income Tax Refund Fund	0278	...	36
Total		\$ 0	\$ 368
Expenditure: Dependent Care Assistance Program Tax Credit⁹			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 12
Education Assistance Fund	0007	...	1
Income Tax Refund Fund	0278	...	2
Total		\$ 0	\$ 15
Expenditure: Earned Income Tax Credit			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 59,174	\$ 63,011
Education Assistance Fund	0007	4,660	4,962
Income Tax Refund Fund	0278	7,093	7,343
Total		\$ 70,927	\$ 75,316
Expenditure: Economic Development for a Growing Economy Tax Credit⁹			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 83
Education Assistance Fund	0007	...	6
Income Tax Refund Fund	0278	...	10
Total		\$ 0	\$ 99
Expenditure: Education Expense Credit			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 56,653	\$ 59,023
Education Assistance Fund	0007	4,461	4,648
Income Tax Refund Fund	0278	6,790	6,878
Total		\$ 67,904	\$ 70,549
Expenditure: Enterprise Zone Investment Credit⁹			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 81
Education Assistance Fund	0007	...	6
Income Tax Refund Fund	0278	...	10
Total		\$ 0	\$ 97

⁸ Derived from 2005 tax year returns.

⁹ Included within Income Tax Credits in the fiscal year 2005 Tax Expenditure report.

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

Revenue (Continued)

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

Expenditure: Environmental Remediation Tax Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 3,759
Education Assistance Fund	0007	...	296
Income Tax Refund Fund	0278	...	438
Total		\$ 0	\$ 4,493

Expenditure: Federally Taxed Retirement and Social Security Subtractions

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 691,022	\$ 752,265
Education Assistance Fund	0007	54,417	59,240
Income Tax Refund Fund	0278	82,826	87,669
Total		\$ 828,265	\$ 899,174

Expenditure: Film Production Service Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 770
Education Assistance Fund	0007	...	60
Income Tax Refund Fund	0278	...	90
Total		\$ 0	\$ 920

Expenditure: High Economic Impact Business Investment Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 23
Education Assistance Fund	0007	...	2
Income Tax Refund Fund	0278	...	3
Total		\$ 0	\$ 28

Expenditure: Income Tax Credits¹⁰

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 7,246	\$...
Education Assistance Fund	0007	571	...
Income Tax Refund Fund	0278	869	...
Total		\$ 8,686	\$ 0

Expenditure: Jobs Tax Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 1
Education Assistance Fund	0007	...	0
Income Tax Refund Fund	0278	...	0
Total		\$ 0	\$ 1

Expenditure: Military Pay Subtraction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 19,054	\$ 20,377
Education Assistance Fund	0007	1,500	1,605
Income Tax Refund Fund	0278	2,284	2,375
Total		\$ 22,838	\$ 24,357

¹⁰ Replaced by entries for specific credits.

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

Revenue (Continued)

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

Expenditure: Other Subtractions¹¹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 56,005	\$ 61,849
Education Assistance Fund	0007	4,410	4,870
Income Tax Refund Fund	0278	6,713	7,208
Total		\$ 67,128	\$ 73,927

Expenditure: Research and Development Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 1,038
Education Assistance Fund	0007	...	82
Income Tax Refund Fund	0278	...	121
Total		\$ 0	\$ 1,241

Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 580,402	\$ 588,199
Education Assistance Fund	0007	45,706	46,320
Income Tax Refund Fund	0278	69,568	68,549
Total		\$ 695,676	\$ 703,068

Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 345,071	\$ 371,242
Education Assistance Fund	0007	27,174	29,235
Income Tax Refund Fund	0278	41,360	43,265
Total		\$ 413,605	\$ 443,742

Expenditure: TECH-PREP Youth Vocational Credit⁹

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$...	\$ 92
Education Assistance Fund	0007	...	7
Income Tax Refund Fund	0278	...	11
Total		\$ 0	\$ 110

Total Tax Impact per Revenue Source	\$ 2,206,463	\$ 2,329,425
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FY 05	FY 06
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Revenue Source and Annual Receipts: Corporate Income Tax¹²	\$ 1,548,141	\$ 1,784,316
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Expenditure: Affordable Housing Donations

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 190	\$ 4
Education Assistance Fund	0007	15	0
Income Tax Refund Fund	0278	64	1
Total		\$ 269	\$ 5

¹¹ Includes subtractions for a variety of items, many of which (enterprise zone and foreign trade zone dividends, interest expenses, job training contributions, acceleration of life insurance benefits for a terminal illness, Persian Gulf War bonuses, medical care savings accounts, college savings accounts, self-employed health insurance, Roth IRA conversions, compensation of Nazi victims, and nonsalary ride sharing compensation) are tax expenditures.

¹² Derived from 2004 tax year returns.

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

Revenue (Continued)

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

Expenditure: Economic Development for a Growing Economy Tax Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 6,398	\$ 10,096
Education Assistance Fund	0007	504	795
Income Tax Refund Fund	0278	2,180	2,723
Total		\$ 9,082	\$ 13,614

Expenditure: Employee Child Care Tax Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 109	\$ 26
Education Assistance Fund	0007	8	2
Income Tax Refund Fund	0278	37	7
Total		\$ 154	\$ 35

Expenditure: Enterprise Zone Dividend, Interest, and Charitable Contribution Subtractions ¹²

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,734	\$ 1,244
Education Assistance Fund	0007	136	98
Income Tax Refund Fund	0278	590	336
Total		\$ 2,460	\$ 1,678

Expenditure: Foreign Insurer Rate Reduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 12,035	\$ 21,226
Education Assistance Fund	0007	948	1,672
Income Tax Refund Fund	0278	4,100	5,725
Total		\$ 17,083	\$ 28,623

Expenditure: High Economic Impact Business Interest Subtraction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 93	\$ 171
Education Assistance Fund	0007	7	13
Income Tax Refund Fund	0278	31	46
Total		\$ 131	\$ 230

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,100	\$ 2,332
Education Assistance Fund	0007	87	184
Income Tax Refund Fund	0278	375	629
Total		\$ 1,562	\$ 3,145

Expenditure: High Economic Impact Business Dividend Subtraction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 4,483	\$ 4,922
Education Assistance Fund	0007	353	388
Income Tax Refund Fund	0278	1,527	1,328
Total		\$ 6,363	\$ 6,638

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

Revenue (Continued)

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

Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 114,967	\$ 183,964
Education Assistance Fund	0007	9,054	14,487
Income Tax Refund Fund	0278	39,165	49,613
Total		\$ 163,186	\$ 248,064

Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 110	\$ 151
Education Assistance Fund	0007	9	12
Income Tax Refund Fund	0278	38	41
Total		\$ 157	\$ 204

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 5	\$ 531
Education Assistance Fund	0007	0	42
Income Tax Refund Fund	0278	1	143
Total		\$ 6	\$ 716

Expenditure: Research and Development Credit

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 0	\$ 478
Education Assistance Fund	0007	0	38
Income Tax Refund Fund	0278	0	129
Total		\$ 0	\$ 645

Total Tax Impact per Revenue Source	\$ 200,453	\$ 303,597
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	FY 05	FY 06
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Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax	\$ 28,051	\$ 28,898
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Expenditure: Claims for Loss or Damage Deduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,270	\$ 1,366
Total		\$ 1,270	\$ 1,366

Expenditure: Exempt Organization Rentals ¹³

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,217	\$ 1,309
Total		\$ 1,217	\$ 1,309

Expenditure: Insurance Coverage Deduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 921	\$ 990
Total		\$ 921	\$ 990

¹³ Includes government, charitable, religious, and not-for-profit senior citizen entities.

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

Revenue (Continued)

Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax (Concluded)

Expenditure: Other/Miscellaneous Deductions

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 71	\$ 76
Total		\$ 71	\$ 76

Expenditure: Refueling Deduction

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 361	\$ 388
Total		\$ 361	\$ 388

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 498	\$ 529
Total		\$ 498	\$ 529

Total Tax Impact per Revenue Source	\$	4,338	\$	4,658
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	FY 05	FY 06
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Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes	\$	638,018	\$	620,977
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Expenditure: Cost of Collection Discount

Fund Name and Code:		FY 05	FY 06
Long Term Care Provider Fund	0345	\$ 9,944	\$ 9,850
Total		\$ 9,944	\$ 9,850

Total Tax Impact per Revenue Source	\$	9,944	\$	9,850
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	FY 05	FY 06
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Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax	\$	160,995	\$	181,269
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Expenditure: Cost of Collection Discount

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,841	\$ 1,970
International Tourism Fund	0621	221	236
Build Illinois Fund	0960	2,455	2,627
Local Tourism Fund	0969	393	421
Total		\$ 4,910	\$ 5,254

Expenditure: Permanent Residents Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 3,232	\$ 3,632
International Tourism Fund	0621	388	436
Build Illinois Fund	0960	4,309	4,844
Local Tourism Fund	0969	689	775
Total		\$ 8,618	\$ 9,687

Total Tax Impact per Revenue Source	\$	13,528	\$	14,941
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**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Revenue (Continued)

		FY 05	FY 06
Revenue Source and Annual Receipts: Liquor Gallonage Tax		\$ 147,238	\$ 152,300
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,031	\$ 780
Total		\$ 1,031	\$ 780
Expenditure: Non-Beverage User Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,168	\$ 1,162
Total		\$ 1,168	\$ 1,162
Expenditure: Sacramental Wine Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 12	\$ 12
Total		\$ 12	\$ 12
Total Tax Impact per Revenue Source		\$ 2,211	\$ 1,954
FY 05			
FY 06			
Revenue Source and Annual Receipts: Underground Storage Tank Tax		\$ 71,941	\$ 74,248
Expenditure: Airport Exemption			
Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 12,612	\$ 12,799
Total		\$ 12,612	\$ 12,799
Expenditure: Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers			
Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 496	\$ 594
Total		\$ 496	\$ 594
Expenditure: Liquefied Propane Gas Exemption			
Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 1	\$ 1
Total		\$ 1	\$ 1
Expenditure: Rail Carrier Exemption			
Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 2,992	\$ 3,219
Total		\$ 2,992	\$ 3,219
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 05	FY 06
Underground Storage Tank Fund	0072	\$ 1,310	\$ 1,285
Total		\$ 1,310	\$ 1,285
Total Tax Impact per Revenue Source		\$ 17,411	\$ 17,898
Revenue Source and Annual Receipts: Motor Fuel Taxes		\$ 1,362,654	\$ 1,371,819
Expenditure: Aviation Purposes Exemption			
Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 43	\$ 44
Total		\$ 43	\$ 44

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

Revenue (Continued)

Revenue Source and Annual Receipts: Motor Fuel Taxes (Concluded)

Expenditure: Municipal Corporation or Private Utility Local Transportation System Exemption

Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 6,787	\$ 6,833
Total		\$ 6,787	\$ 6,833

Expenditure: Sales for Use Other Than in Motor Vehicles Exemption

Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 116,891	\$ 120,519
Total		\$ 116,891	\$ 120,519

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 05	FY 06
Motor Fuel Tax - State Fund	0012	\$ 20,971	\$ 21,272
Total		\$ 20,971	\$ 21,272

Total Tax Impact per Revenue Source		\$ 144,692	\$ 148,668
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		FY 05	FY 06
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Revenue Source and Annual Receipts: Electricity Excise Tax		\$ 353,324	\$ 392,121
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Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 35,747	\$ 38,020
Public Utility Fund	0059	1,106	1,176
Total		\$ 36,853	\$ 39,196

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 15,580	\$ 13,752
Public Utility Fund	0059	482	425
Total		\$ 16,062	\$ 14,177

Total Tax Impact per Revenue Source		\$ 52,915	\$ 53,373
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		FY 05	FY 06
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Revenue Source and Annual Receipts: Gas Revenue Tax		\$ 163,137	\$ 154,894
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Expenditure: Cost of Collection Discount (Gas Use Tax)

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 705	\$ 669
Total		\$ 705	\$ 669

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

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,700	\$ 1,661
Total		\$ 1,700	\$ 1,661

Total Tax Impact per Revenue Source		\$ 2,405	\$ 2,330
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**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Revenue (Continued)

		FY 05	FY 06
Revenue Source and Annual Receipts: Telecommunications Excise Tax	\$	628,649	\$ 614,066
Expenditure: Coin-Operated Telecommunications Devices Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 7	\$ 7
Common School Fund	0412	2	2
School Infrastructure Fund	0568	2	2
Total		\$ 11	\$ 11
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 6,255	\$ 6,139
Common School Fund	0412	1,252	1,229
School Infrastructure Fund	0568	1,252	1,229
Total		\$ 8,759	\$ 8,597
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 21	\$ 21
Common School Fund	0412	5	4
School Infrastructure Fund	0568	5	4
Total		\$ 31	\$ 29
Total Tax Impact per Revenue Source		\$ 8,801	\$ 8,637
FY 05			
FY 06			
Revenue Source and Annual Receipts: Vehicle Use Tax	\$	37,139	\$ 38,767
Expenditure: Business Reorganization Preferential Tax Rate			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 72	\$ 71
Total		\$ 72	\$ 71
Expenditure: Commercial Distribution Fee Exemption			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 8,756	\$ 0
Total		\$ 8,756	\$ 0
Expenditure: Estate Gift to Beneficiary Preferential Tax Rate			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 131	\$ 136
Total		\$ 131	\$ 136
Expenditure: Family Member Preferential Tax Rate			
Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 4,143	\$ 4,009
Total		\$ 4,143	\$ 4,009

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

Revenue (Continued)

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

Expenditure: Farm Implement Exemption - Ready Mix Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 1,135	\$ 807
Total		\$ 1,135	\$ 807

Expenditure: Government, Charitable, Educational, Religious Entities Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2,762	\$ 2,776
Total		\$ 2,762	\$ 2,776

Expenditure: Out-of-State Resident Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 891	\$ 841
Total		\$ 891	\$ 841

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 2,683	\$ 3,700
Total		\$ 2,683	\$ 3,700

Expenditure: Surviving Spouse Exemption

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 131	\$ 126
Total		\$ 131	\$ 126

Total Tax Impact per Revenue Source	\$ 20,704	\$ 12,466
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	FY 05	FY 06
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Revenue Source and Annual Receipts: Admission Tax	\$ 108	\$ 95
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Expenditure: Free General Admission

Fund Name and Code:		FY 05	FY 06
General Revenue Fund	0001	\$ 274	\$ 259
Total		\$ 274	\$ 259

Total Tax Impact per Revenue Source	\$ 274	\$ 259
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Revenue Source and Annual Receipts: Racing Pari-mutuel (Privilege) Tax	\$ 11,632	\$ 10,526
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Expenditure: Real Estate Tax Credit

Fund Name and Code:		FY 05	FY 06
Horse Racing Fund	0632	\$ 3,940	\$ 3,911
Total		\$ 3,940	\$ 3,911

Total Tax Impact per Revenue Source	\$ 3,940	\$ 3,911
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Total Tax Impact, Revenue	\$ 6,352,901	\$ 6,619,425
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**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Commerce Commission

	FY 05	FY 06
Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)	\$ 9,288	\$ 9,844
Expenditure: Enterprise Zone Revenue Exemption		
Fund Name and Code:	FY 05	FY 06
Public Utility Fund	0059 \$ 13	\$ 16
Total	\$ 13	\$ 16
Total Tax Impact per Revenue Source	\$ 13	\$ 16
Total Tax Impact, Commerce Commission	\$ 13	\$ 16

Environmental Protection Agency

	FY 05	FY 06
Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee	\$ 1,500	\$ 1,500
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 05	FY 06
Environmental Protection Permit and Inspection Fund	0944 \$ 750	\$ 750
Total	\$ 750	\$ 750
Total Tax Impact per Revenue Source	\$ 750	\$ 750

	FY 05	FY 06
Revenue Source and Annual Receipts: Water Main Construction Permit Application Fee	\$ 900	\$ 900
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 05	FY 06
Environmental Protection Permit and Inspection Fund	0944 \$ 450	\$ 450
Total	\$ 450	\$ 450
Total Tax Impact per Revenue Source	\$ 450	\$ 450

	FY 05	FY 06
Revenue Source and Annual Receipts: NPDES Permit Discharge Fee	\$ 20,000	\$ 20,000
Expenditure: State Government and School District Exemption		
Fund Name and Code:	FY 05	FY 06
Illinois Clean Water Fund	731 \$ 500	\$ 500
Total	\$ 500	\$ 500
Total Tax Impact per Revenue Source	\$ 500	\$ 500
Total Tax Impact, Environmental Protection Agency	\$ 1,700	\$ 1,700

GRAND TOTAL, IMPACT	\$ 6,571,575	\$ 6,716,121
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TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Secretary of State

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

Expenditure:

Congressional Medal of Honor Recipients Vehicles

Treasurer

Revenue Source and Annual Receipts: Estate and Generation Skipping Transfer Tax

Expenditure:

Exclusion Amount

Natural Resources

Revenue Source and Annual Receipts: Watercraft Registration Fee

Expenditure:

Canoe or Kayak Owned by Non-Profit Organization

Revenue Source and Annual Receipts: Camping and Beach Fees

Expenditure:

Disabled Persons, Former POWs, and Illinois Residents Over 62

Revenue Source and Annual Receipts: Inland Trout Stamp

Expenditure:

Disabled, Under 16

Revenue Source and Annual Receipts: Hunting Licenses and Permits

Expenditure:

Disabled, 65 or Over, Landowners/Tenants

Revenue Source and Annual Receipts: Sportsman License

Expenditure:

Disabled, 65 or Over, Landowners/Tenants

Revenue Source and Annual Receipts: Trapping License

Expenditure:

Owners, Bona Fide Tenants and Their Children

Revenue Source and Annual Receipts: Salmon Stamp

Expenditure:

Disabled, Under 16

Revenue Source and Annual Receipts: Habitat Stamps

Expenditure:

Under 16

Revenue Source and Annual Receipts: Waterfowl Stamps

Expenditure:

Disabled, Landowners/Tenants

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Healthcare and Family Services

Revenue Source and Annual Receipts: Long Term Care Provider Assessment

Expenditure:

100% Contribution Homes Exemption

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:

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
Machinery/Equipment for Operation of High Economic Impact Service Facility
Occasional Sales
Photo Processing Machinery and Equipment Exemption
Property Used in the Operation of Pollution Control Facilities
Sales by Exempt Organizations ¹
Sales of Fuel to Vessels on Bordering Rivers
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities
Sales Through Penny Bulk Vending Machines
Specified Photoprocessing Charges Exemption
Use by Nonresidents While Temporarily Passing Through Illinois

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:

Attorney-In-Fact Subtraction
Bonus Depreciation Adjustment
Dependent Care Assistance Credit
Enterprise Zone Investment Credit
Environmental Remediation Tax Credit
Interest Expense Subtraction
Transportation Employee Credit
TECH-PREP Youth Vocational Program Credit

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Revenue (Concluded)

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

Expenditure:

Loaner Vehicles on Warranty

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:

Prison and Mental Health Facility Exemption

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:

Sales to Municipal Transit Systems

Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:

Gas Used in Production of Electric Energy
Gas Used in Production of Fertilizer
Gas Used in Liquefaction Process
Gas Used in Petroleum Refinery Operation

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Expenditure:

State Universities Exemption

Revenue Source and Annual Receipts: Real Estate Transfer Tax

Expenditure:

Exempted Deeds or Trust Documents

Revenue Source and Annual Receipts: Riverboat Gambling Admission Tax

Expenditure:

Tax Free Admission Passes

Revenue Source and Annual Receipts: Aircraft/Watercraft Use Tax

Expenditure:

Watercraft Temporarily Used in Illinois Exemption
Surviving Spouse Exemption
Sales to Exempt Organizations
Rolling Stock Exemption

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

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Secretary of State

Revenue Source and Annual Receipts: 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 and Annual Receipts: Standard Identification Card Fee

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

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

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

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

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

Revenue Source and Annual Receipts: Annual Reports of Corporations

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

Treasurer

Revenue Source and Annual Receipts: Estate and Generation Skipping Tax

Expenditure:	<u>Year Effective</u>
Exclusion Amount	2003

Natural Resources

Revenue Source and Annual Receipts: Watercraft Registration Fee

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

Revenue Source and Annual Receipts: Camping and Beach Fees

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

Revenue Source and Annual Receipts: Inland Trout Stamp

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

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Natural Resources (Concluded)

Revenue Source and Annual Receipts: Hunting Licenses and Permits *

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

Revenue Source and Annual Receipts: Fishing Licenses

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

Revenue Source and Annual Receipts: Sportsman License

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

Revenue Source and Annual Receipts: Trapping License *

Expenditure:	Year Effective
Owners, Bona Fide Tenants and Their Children	Unknown

Revenue Source and Annual Receipts: Salmon Stamp

Expenditure:	Year Effective
Disabled, Under 16	1976

Revenue Source and Annual Receipts: Habitat Stamps

Expenditure:	Year Effective
Under 16	1993

Revenue Source and Annual Receipts: Waterfowl Stamps

Expenditure:	Year Effective
Disabled, Landowners/Tenants	1975

Financial and Professional Regulation

Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	Year Effective
Fire Department Tax Credit	1937
Replacement Corporate Income Tax Credit	1980

Revenue Source and Annual Receipts: Retaliatory Tax

Expenditure:	Year Effective
Fire Department Tax Credit	1937
Replacement Income Tax Credit	1980

Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax

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

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Healthcare and Family Services

Revenue Source and Annual Receipts: Long Term Care Provider Assessment

Expenditure:	Year Effective
100% Contribution Homes Exemption	1994

Revenue Source and Annual Receipts: Hospital Provider Assessment

Expenditure:	Year Effective
Hospital Provider Exemption	2004

Public Health

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

Expenditure:	Year Effective
Natural Disaster and Other Emergency Waiver	1975

Revenue Source and Annual Receipts: Vital Records Fees

Expenditure:	Year Effective
U.S. Veterans Administration Exemption	1935
Groups Chartered by U. S. Congress Exemption	2001

Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee

Expenditure:	Year Effective
State Agency Lab Exemption	1990

Revenue Source and Annual Receipts: Private Sewage Fee

Expenditure:	Year Effective
Plumbing License Exemption	1973

Revenue Source and Annual Receipts: Pesticide Control Fee

Expenditure:	Year Effective
State Agency Employee Exemption	1975

Revenue Source and Annual Receipts: Recreational Area Fee

Expenditure:	Year Effective
Not-for-Profit and Governmental Agency Original License Application Fee Waiver	1972
Not-for-Profit and Governmental Agency Construction Application Fee Waiver	1972
Not-for-Profit and Governmental Agency License Renewal Waiver	1972

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Public Health (Concluded)

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

Expenditure:	Year Effective
Not-for-Profit and Governmental Facility Original License Fee Waiver	1974
Not-for-Profit and Governmental Facility Construction Application Fee Waiver	1974
Not-for-Profit and Governmental Facility License Renewal Fee Waiver	1974

Revenue Source and Annual Receipts: Long Term Care Facility Fee

Expenditure:	Year Effective
Fac. Lic. for Intermediate Care for Developmentally Disabled &/or Skilled Under 22 Beds Only	2004

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Expenditure:	Year Effective
Low Income Family Waiver	1993

Revenue Source and Annual Receipts: HIV (ELISA) Test and STD Test

Expenditure:	Year Effective
Department Funded HIV Counseling and Testing Site and HIV Seroprevalence Exemption	1996
Population With High Incidence of Sexually Transmitted Diseases Exemption	1996

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Expenditure:	Year Effective
Governmental Agency Exemption	1973

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Expenditure:	Year Effective
Licensed Plumber Exemption	1999

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

Expenditure:	Year Effective
Department of Public Health and Delegate Agency Employee Waiver	1993

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

Expenditure:	Year Effective
Not-for-Profit Organization Waiver	1972

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Expenditure:	Year Effective
Governmental Employee Waiver	1984

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

Expenditure:	Year Effective
Projects Costing Less than \$100,000 Waiver	1998

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	Year Effective
Feed and Seed Exemption	1933
Occasional Sales	1933
Charitable, Religious, Governmental, and Educational Exemption	1953
Demonstration Use Prior to Resale	1955
Interim Use Prior to Sale Exemption	1955
Property Acquired by Non-Resident before Relocating in Illinois Exemption	1955
Traded-In Property 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
Sales Through Penny Bulk Vending Machines	1972
Sales of Motor Vehicles to Non-Residents Exemption	1974
Farm Chemicals Exemption	1975
Nutrition Program for the Elderly Exemption	1975
Manufacturing and Assembling Machinery and Equipment Exemption	1979
Farm Machinery and Equipment Exemption	1980
Food, Drugs, and Medical Appliances Rate Reduction	1980
Gasohol Discount	1980
Low Sulfur Dioxide Emission Coal Fueled Device Exemption	1980
Graphic Arts Machinery and Equipment Exemption	1981
Building Materials within Enterprise Zone Exemption	1982
Teacher Sponsored Student Organization Exemption	1983
Sales to County Fair Association Exemption	1983
Property Used in the Operation of Pollution Control Facilities	1985
Designated Personal Property within Enterprise Zone Exemption	1985
Legal Tender, Medallions, and Bullion Exemption	1985
Building Materials to High Economic Impact Business Exemption	1986

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

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

Expenditure:	Year Effective
Photo Processing Machinery and Equipment Exemption	1988
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
Fuel and Petroleum Products for International Flight Exemption	1989
Machinery/Equipment for Operation of High Economic Impact Service Facility	1989
Nursing Homes Food Drugs and Medical Appliances Exemption	1991
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities	1991
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities	1991
Semen for Artificial Insemination of Livestock	1994
Manufacturer's Purchase Credit	1995
Race Horses	1995
Disaster Relief Donation and Infrastructure Repair Exemption	1996
Leased Property to Hospitals or Government Bodies	1996
Game or Game Birds sold at Hunting Area	2000

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	Year Effective
Standard Exemption: Taxpayers and Dependents	1970
Military Pay Subtraction	1971
Federally Taxed Retirement	1972
Enterprise Zone Dividends Subtraction	1983
Enterprise Zone Investment Credit	1983
Interest Expense Subtraction	1984
Federally Taxed Social Security Subtraction	1985
Job Training Contribution Subtraction	1986
Jobs Tax Credit	1986
Foreign Trade Zone Dividends Subtraction	1986
High Impact Business Investment Credit	1986
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
Medical Care Savings Account Subtraction	1995
TECH-PREP Youth Vocational Program Credit	1995

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

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

Expenditure:	Year Effective
Self-Employed Health Insurance Subtraction	1996
Environmental Remediation Tax Credit	1998
IRA Converted to Roth IRA Subtraction	1999
Compensation of Nazi Victims	1999
Earned Income Tax Credit	2000
Education Expense Credit	2000
Economic Development for a Growing Economy Tax Credit	2000
Affordable Housing Donations	2001
Bonus Depreciation	2002
Capital Gain or Loss - Bonus Depreciation	2002
College Savings Pool Account	2002
Transportation Employee Credit	2003
Ride Sharing	2003
Film Production Services Credit	2005
80/20 Rules	2005

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	Year Effective
Enterprise Zone Charitable Contribution Subtraction	1983
Enterprise Zone Dividends Subtraction	1983
Enterprise Zone Interest Subtraction	1983
Enterprise Zone Investment Credit	1983
Interest Expense Subtraction	1984
High Economic Impact Business Dividend Subtraction	1986
High Economic Impact Business Interest Subtraction	1986
High Economic Impact Business Investment Credit	1986
Illinois Net Operating Loss Deduction	1986
Jobs Tax Credit	1986
Job Training Contribution Subtraction	1986
Research and Development Credit	1991
Dependent Care Assistance Credit	1995
TECH-PREP Youth Vocational Program Credit	1995
Environmental Remediation Tax Credit	1998
Attorney-In-Fact Subtraction	2000
Foreign Insurer Rate Reduction	2000
Economic Development for a Growing Economy Tax Credit	2000
Employee Child Care Tax Credit	2001
Affordable Housing Donations	2001
Bonus Depreciation	2002
Capital Gain or Loss - Bonus Depreciation	2002
Film Production Services Credit	2005

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

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

Expenditure:	Year Effective
Claims for Loss or Damage Deduction	1982
Exempt Organization Rentals	1982
Insurance Coverage Deduction	1982
Other/Miscellaneous Deduction	1982
Refueling Deduction	1982
Timely Filing and Full Payment Discount	1982
Loaner Vehicles on Warranty	1999

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

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

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

Expenditure:	Year Effective
Permanent Residents Exemption	1962
Cost of Collection Discount	1988

Revenue Source and Annual Receipts: Liquor Gallonage Tax

Expenditure:	Year Effective
Non-Beverage User Exemption	1935
Sacramental Wine Exemption	1935
Cost of Collection Discount	2003

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	Year Effective
Airport Exemption	1990
Liquefied Propane Gas Exemption	1990
Rail Carrier Exemption	1990
Timely Filing and Full Payment Discount	1990
Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	1997

Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	Year Effective
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

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	Year Effective
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 and Annual Receipts: Gas Revenue Tax

Expenditure:	Year Effective
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1986
Gas Used in Liquefaction Process	2004
Gas Used in Petroleum Refinery Operation	2004
Gas Used in Production of Electric Energy	2004
Cost of Collection Discount (Gas Use Tax)	2004
Gas Used in Production of Fertilizer	2004

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Expenditure:	Year Effective
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1986
State Universities Exemption	1986
Coin-Operated Telecommunications Devices Exemption	1990
Cost of Collection Discount	2004

Revenue Source and Annual Receipts: Vehicle Use Tax

Expenditure:	Year Effective
Out-of-State Resident Exemption	1980
Rolling Stock Exemption	1980
Government, Charitable, Educational, Religious Entities Exemption	1980
Farm Implement - Ready Mix 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

Revenue Source and Annual Receipts: Real Estate Transfer Tax

Expenditure:	Year Effective
Other Exempted Deeds or Trust Documents	1968
Mortgage Foreclosure Exemption	1986
Homeownership Made Easy Act	1990
Corporate Franchise Tax Exemption	2005

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Concluded)

Revenue Source and Annual Receipts: Riverboat Gambling Admission Tax

Expenditure:	Year Effective
Tax Free Admission Passes	1991

Revenue Source and Annual Receipts: Racing Admission Tax

Expenditure:	Year Effective
Free General Admission	1975

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

Expenditure:	Year Effective
Real Estate Tax Credit	2000

Revenue Source and Annual Receipts: Aircraft/Watercraft Use Tax

Expenditure:	Year Effective
Surviving Spouse Exemption	2004
Rolling Stock Exemption	2004
Sales to Exempt Organizations	2004
Watercraft Temporarily Used in Illinois Exemption	2004

Commerce Commission

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

Expenditure:	Year Effective
Enterprise Zone Revenue Exemption	1988

Environmental Protection Agency

Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee

Expenditure:	Year Effective
State and Local Government Exemption	1991

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

Expenditure:	Year Effective
State and Local Government Exemption	1990

Revenue Source and Annual Receipts: NPDES Permit Discharge Fee

Expenditure:	Year Effective
State Government and School District Exemption	2004

* 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.

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Agricultural Expenditures		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Sales Tax		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 212,472	\$ 220,971
Gasohol Discount	77,658	101,176
Farm Machinery and Equipment Exemption	47,806	49,719
Total	\$ 337,936	\$ 371,866
Tax: Other		
Farm Implement - Ready Mix Exemption	\$ 1,135	\$ 807
Total	\$ 1,135	\$ 807
Total, Agricultural Expenditures	\$ 339,071	\$ 372,673

Environmental Expenditures		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Individual Income Tax		
Environmental Remediation Tax Credit ¹	\$...	\$ 4,493
Total	\$...	\$ 4,493
Tax: Other		
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 16,062	\$ 14,177
Total	\$ 16,062	\$ 14,177
Total, Environmental Expenditures	\$ 16,062	\$ 18,670

Business Expenditures		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Sales Tax		
Manufacturing and Assembling Machinery and Equipment Exemption	\$ 164,666	\$ 175,020
Retailer's Discount	118,671	126,084
Rolling Stock Exemption	49,981	68,415
Sales of Vehicles to Automobile Rentors Exemption	43,263	52,364
Newsprint and Ink to Newspapers and Magazines Exemption	41,600	41,600
Manufacturer's Purchase Credit	24,998	29,444
Designated Tangible Personal Property within Enterprise Zone Exemption	25,344	24,077
Interim Use Prior to Sale Exemption	6,952	6,721
Graphic Arts Machinery and Equipment Exemption	0	3,561
Building Materials within Enterprise Zone Exemption	4,249	4,419
Commercial Distribution Fee (CDF) Exemption	34,487	0
Total	\$ 514,211	\$ 531,705
Tax: Individual Income Tax		
Income Tax Credits ¹	\$ 8,686	\$ 2,496
Total	\$ 8,686	\$ 2,496

¹ Environmental Remediation Tax Credit was included in Business Expenditures in Fiscal Year 2005.

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Business Expenditures (Concluded)		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Corporate Income Tax		
Illinois Net Operating Loss Deduction	\$ 163,186	\$ 248,064
Foreign Insurer Rate Reduction	17,083	28,623
Economic Development for a Growing Economy Tax Credit	9,082	13,614
High Economic Impact Business Dividend Subtraction	6,363	6,638
Enterprise Zone Dividend, Interest, and Charitable Contribution Subtractions	2,460	1,678
High Economic Impact Business Investment Credit	1,562	3,145
Job Training Contribution Subtraction	157	204
High Economic Impact Business Interest Subtraction	131	230
Jobs Tax Credit	6	716
Research and Development Credit	0	645
Total	\$ 200,030	\$ 303,557
Tax: Other²		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 116,891	\$ 120,519
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	36,853	39,196
Timely Filing and Full Payment Discount	20,971	21,272
Airport Exemption	12,612	12,799
Cost of Collection Discount - Cigarettes	9,944	9,850
Cost of Collection Discount - Telecommunications	8,759	8,597
Two Million Dollar Cap on Franchise Tax for Corporations	4,743	6,466
Cost of Collection Discount - Hotel	4,910	5,254
Real Estate Tax Credit	3,940	3,911
Rail Carrier Exemption	2,992	3,219
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	1,700	1,661
Timely Filing and Full Payment Discount	1,310	1,285
Cost of Collection Discount - Liquor	1,031	780
Cost of Collection Discount (Gas Use Tax)	705	669
Exemption for Vessels Conducting Interstate Commerce on Border Rivers	496	594
Timely Filing and Full Payment Discount	498	529
Business Reorganization Preferential Tax Rate	72	71
Aviation Purposes Exemption	43	44
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	31	29
Enterprise Zone Revenue Exemption	13	16
Commercial Distribution Fee Exemption	8,756	0
Total	\$ 237,270	\$ 236,761
Total, Business Expenditures	\$ 960,197	\$ 1,074,519

² Refer to Appendix D for specific receipt sources for other tax expenditures.

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Individual Expenditures - Broad Based		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Sales Tax		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,300,284	\$ 1,370,499
Total	\$ 1,300,284	\$ 1,370,499
Tax: Individual Income Tax		
Standard Exemption: Taxpayers and Dependents	\$ 695,676	\$ 703,068
Tax Credit for Residential Real Property Taxes	413,605	443,742
Earned Income Tax Credit	70,927	75,316
Education Expense Credit	67,904	70,549
Total	\$ 1,248,112	\$ 1,292,675
Total, Individual Expenditures - Broad Based	\$ 2,548,396	\$ 2,663,174
Individual Expenditures - Elderly and Disabled		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Individual Income Tax		
Federally Taxed Retirement and Social Security Subtractions	\$ 828,265	\$ 899,174
Additional Exemptions: Blind and Elderly	31,434	31,920
Total	\$ 859,699	\$ 931,094
Tax: Other		
Disabled, Under 16, 65 & Over, Fee Fishing Area, Owner/Tenant Discount	\$ 13,008	\$ 13,008
Senior Citizen Plate Renewal Reduction	8,364	8,594
Reduced Renewal Fee for Senior Citizens	973	880
Duplicated/Corrected ID Senior Citizen/Handicapped	1,043	1,776
Disabled Veteran Vehicle Registration Exemption	132	284
Duplication of Stolen Licenses for Senior Citizens	7	7
Total	\$ 23,527	\$ 24,549
Total, Individual Expenditures - Elderly and Disabled	\$ 883,226	\$ 955,643
Individual Expenditures - Other		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Individual Income Tax		
Military Pay Subtraction	\$ 22,838	\$ 24,357
Dependent Care Assistance Program Tax Credit	...	15
Total	\$ 22,838	\$ 24,372
Tax: Other		
Pop. With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,893	\$ 2,669
Dept. Funded HIV Counseling/Testing Site and HIV Seroprevalence Exemption	446	293
X-POW Vehicle Registration Exemption	98	111
Total	\$ 3,437	\$ 3,073
Total, Individual Expenditures - Other	\$ 26,275	\$ 27,445

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Charitable Expenditures		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Sales Tax		
Sales to Exempt Organizations ³	\$ 967,380	\$ 1,012,367
Total	\$ 967,380	\$ 1,012,367
Tax: Corporate Income Tax		
Affordable Housing Donations	\$ 269	\$ 5
Employee Child Care Tax Credit	154	35
Total	\$ 423	\$ 40
Tax: Other		
Government, Charitable, Educational, Religious Entities Exemption	\$ 2,762	\$ 2,776
Charitable Organization Vehicle Exemption	204	2,028
Exempt Organization Rentals	1,217	1,309
Low Income Family Waiver	489	436
Affordable Housing Donations Tax Credit	...	368
Other	141	142
Total	\$ 4,813	\$ 7,059
Total, Charitable Expenditures	\$ 972,616	\$ 1,019,466

Other Expenditures		
	Fiscal Year 2005 Annual Impact	Fiscal Year 2006 Annual Impact
Tax: Sales Tax		
Traded-In Property Exemption	\$ 466,366	\$ 374,460
Sales of Motor Vehicles to Non-Residents Exemption	68,879	36,404
Property Acquired by Non-Resident before Relocating in Illinois Exemption	8,066	8,389
Legal Tender, Medallions, and Bullion Exemption	1,700	1,768
Total	\$ 545,011	\$ 421,021
Tax: Individual Income Tax		
Other Subtractions	\$ 67,128	\$ 73,927
Total	\$ 67,128	\$ 73,927
Tax: Hospital Provider Assessment		
Hospital Provider Exemption	\$ 131,000	\$ 0
Total	\$ 131,000	\$ 0
Tax: Other		
Other	\$ 82,593	\$ 89,583
Total	\$ 82,593	\$ 89,583
Total, Other Expenditures	\$ 825,732	\$ 584,531

³ The Department of Revenue estimates that of the \$1.012 billion in sales to exempt organizations, governments account for 69.6%, charities 14.3%, religious 14.3%, and private education 1.8%.

Tax Expenditures Included in This Report

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

- 1) state levied taxes accruing to the state (this excludes tax expenditures related to locally levied taxes that are collected by the state and tax expenditures for state levied taxes like the personal property replacement taxes and local share of the state sales taxes that are automatically distributed to local governments);
- 2) authorized directly by state law (tax expenditures arising from the adoption of federal income tax provisions as the starting point for state income tax computations need not be reported); and
- 3) in excess of \$1 million in fiscal year 2006 or fiscal year 2007 (however, some agencies did report smaller tax expenditures and the receipting agencies were asked to list any tax expenditures for which detailed cost estimates were not provided either because the tax expenditures were less than \$1 million or were not calculable).

Limitations on Using Tax Expenditure Data

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

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

exemption in place. Further, adding the impacts of the various tax expenditures may overstate the total cost of the tax expenditures, as some transactions may be exempt under multiple tax expenditures.

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

State Versus Federal Law

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

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

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

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

Overlapping Taxes

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

For More Detailed Information

Agency Tax Expenditure Report submissions are available on the State Comptroller's Web site: To access the detailed submissions:

- Go to the Comptroller's website:
<http://www.ioc.state.il.us/>
- Move the mouse pointer over the Departments button in the upper right hand corner of the page, and then click on the Research and Fiscal Info button.
- Click on the Detailed Tax Expenditure Data button.

- Use the drop down box to select the agency of interest. Then select the appropriate fiscal year, and click on the Select Agency button.
- Reports can be created for all receipts for the agency or a selected group of receipts. If Select Receipts is chosen, use the drop down boxes to choose the first and last of the desired group of receipts.
- Three standardized reports can be created. The Tax Expenditure Detail report contains the detailed agency submissions. The Tax Expenditure by Fund report provides cost estimates by fund and the Total Tax Expenditure Cost report lists total cost estimates.
- The above reports can be printed as HTML files.

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