

2007

FISCAL YEAR

TAX EXPENDITURE REPORT



ILLINOIS

DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us



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.



ON THE COVER: Illinois State Symbols

State Bird-Cardinal, State Reptile-Painted Turtle, State Soil-Drummer Silty Clay Loam, State Amphibian-Eastern Tiger Salamander, State Dance-Square Dance, State Prairie Grass-Big Bluestem, State Mineral-Fluorite, State Fish-Bluegill, State Tree-White Oak, State Flower-Violet, State Insect-Monarch Butterfly, State Fossil-Tully Monster, State Animal-White Tailed Deer



DANIEL W. HYNES

August, 2008

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 2007. Tax expenditures are tax breaks, such as exemptions, credits, or abatements, given to individuals, corporations, or other organizations. In fiscal year 2007, an estimated \$7.2 billion in forgone revenues resulted from 230 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 the issue of state income tax treatment of retirement income. Illinois provides one of the most favorable treatments for its retirees because most retirement income such as Social Security, pension benefits, and IRAs can be subtracted from their adjusted gross income tax base. Other states, including those neighboring Illinois, are also examined.

New tax expenditures included in this report are identified and described. Additional analyses list tax expenditures greater than \$100 million, 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. The fiscal year 2007 report benefits from several new tax expenditures and calculations based on a review of the methodology for many of the expenditures submitted by the Department of Revenue.

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
State Comptroller

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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 \$7.2 billion in fiscal year 2007, 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 30 were related to economic development efforts.

For fiscal year 2007, agencies identified 230 tax expenditures, 182 were associated with taxes and 48 with licenses or fees. The addition of tax expenditures serving river edge redevelopment districts added 10 new tax expenditures to the list.

WHAT’S NEW IN FISCAL YEAR 2007?

Tax Expenditures up 7.0%

Reported tax expenditures of \$7.185 billion in fiscal year 2007 were up \$469 million or 7.0% from reported tax expenditures of \$6.716 billion in fiscal year 2006. Tax expenditures from the sales tax of \$3.928 billion were up \$221 million or 6.0% from fiscal year 2006 tax expenditures of \$3.707 billion. Sales tax receipts increased 0.6% during the fiscal year. The newly reported biodiesel dis-

count and exemption accounted for \$68 million of the increase. A Department of Revenue review of its methodologies for computing the cost of tax expenditures led to significant changes in the estimates for several other major sales tax expenditures. The estimate for the manufacturing and assembling machinery and equipment

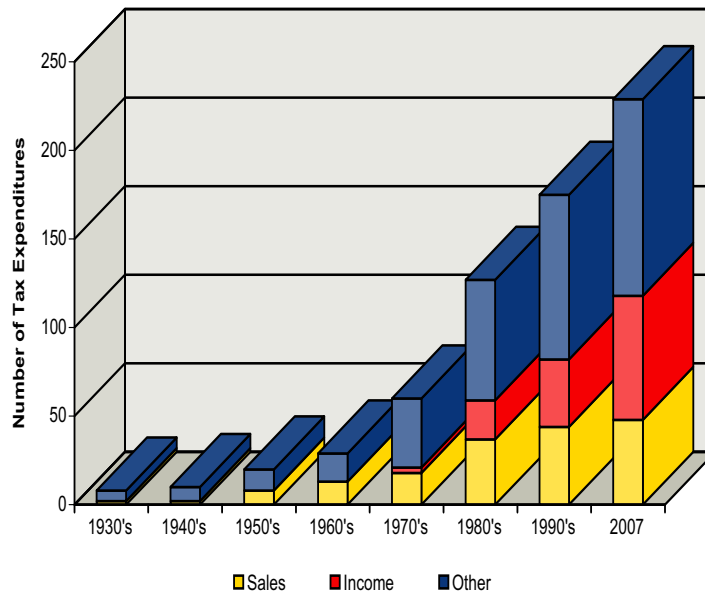
exemption was up to \$261 million (\$175 million in fiscal year 2006). The farm chemical exemption was down to \$165 million (\$221 million in fiscal year 2006), and the rolling stock exemption was up to \$108 million versus \$68 million in fiscal year 2006. The cost of the food, drugs, and medical appliances rate reduction

was up \$90 million or 6.6% from \$1.370 billion to \$1.461 billion and the estimated cost of sales to exempt organizations increased 0.8% from \$1.012 billion to \$1.020 billion.

Tax expenditures from the individual income tax of \$2.478 billion were up \$149 million or 6.4% from fiscal year 2006 expenditures of \$2.329 billion, somewhat less than the 9.0% increase in individual income tax revenues. The bulk of the increase was attributable to the retirement and social security subtraction (up \$84 million to \$983 million) and the property tax credit (up \$35 million to \$478 million). Growth in the cost of individual income tax expenditures is moderated by the flat standard exemption whose cost only increased \$10 million or 1.4% to \$713 million.

Tax expenditures from the corporate income tax were up \$53 million or 17.3% to \$356 million in fiscal year 2007. Corporate income tax receipts increased \$337 million or 18.9% during fiscal year 2007. The cost of the largest cor-

**Number of Tax Expenditures in Effect
1930 - 2007**



porate income tax expenditure, the Illinois net operating loss deduction which allows losses to be carried forward for 12 years, was basically unchanged at \$249 million. The increased cost of corporate income tax expenditures was attributable to 1) the research and development credit which was reinstated for the 2005 tax year with a \$36 million estimated cost, 2) the affordable housing donation exemption where the estimated cost grew from a negligible level in fiscal year 2006 to \$14 million in fiscal year 2007, and 3) the economic development for a growing economy (EDGE) tax credit where the estimated cost increased from \$14 million to \$25 million.

Biodiesel

The biodiesel discount and exemption from the sales tax is included for the first time in this year's tax expenditure report. Biodiesel is a renewable diesel fuel derived from biomass such as soybean oil, other vegetable oils, or ethanol that is intended for use in diesel engines. Effective June 1, 2003, the biodiesel tax expenditure includes both a discount where the sales tax applies to 80% of the proceeds of biodiesel fuel blends that are between 1% and 10% biodiesel and a sales tax exemption for biodiesel blends with more than 10% but no more than 99% biodiesel. The cost of this tax expenditure for the past two fiscal years (when it was not reported for the *Tax Expenditure Report*) was \$7.6 million for fiscal year 2005 and \$45.5 million for fiscal year 2006. The estimated cost of this tax expenditure was \$67.7 million for fiscal year 2007. When combined with the \$101.2 million cost of the gasohol tax expenditure, the total cost of tax expenditures pertaining to the purchase of alternative fuels was \$168.9 million.

Other New Tax Expenditures

With concerns about freight traffic congestion having a negative impact on the economy, a new sales tax exemption effective January 1, 2006, exempts the sale of building materials for an intermodal terminal facility. An intermodal terminal facility is a terminal with equipment allowing the transfer of goods between different modes of transportation. To take advantage of this exemption, one of the modes of transportation has to be a railroad.

Employers can use two new income tax credits to reduce their state income tax burden. The veterans' jobs credit is equal to 5% of gross wages paid to qualified veterans, but not to exceed \$600 per veteran. Qualified veterans served in Operations Desert Storm, Enduring Freedom, or Iraqi Freedom. The ex-felons' job credit is also equal to 5% of wages paid to qualified ex-felons, but not to exceed \$600 per employee for all taxable years. The felon must be hired within one year of release from an Illinois adult correctional center.

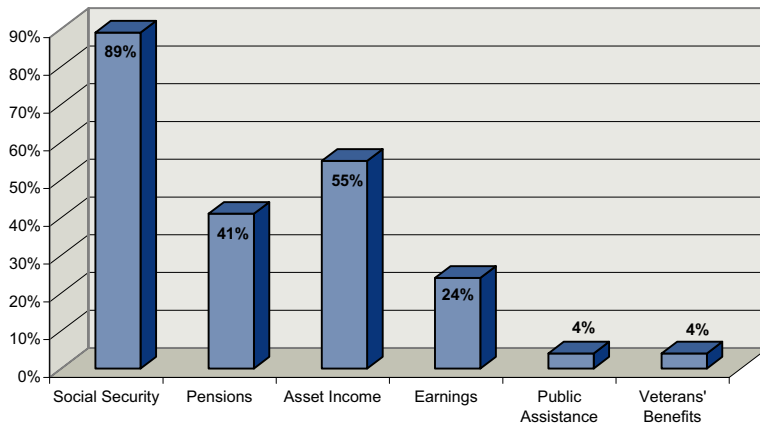
The fiscal year 2007 tax expenditure report contains the first cost estimates for three tax expenditures effective in 2004 under the gas use tax. In each case the gas was used as a production input. The estimated cost of the exemption for gas used in petroleum refinery operations was \$4.5 million. The estimated cost for gas used in electric generation was \$14.3 million. The estimated cost for gas used in fertilizer production was \$2.7 million.

The hospital provider assessment and its associated tax expenditure were reinstated in fiscal year 2007. The new assessment rate is 2.5835% of adjusted gross revenue for inpatient and outpatient services. Hospital providers exempt from the assessment include providers who are state agencies and state universities or are counties or other units of local government. The exemption applied to 26 hospitals in fiscal year 2007 at a cost of \$26.2 million.

State Income Tax Treatment of Retirement Income

Retirement income, including Social Security, pensions, and other retirement plans such as IRAs, often receives special treatment in calculating state income tax liability. The logic is that many retirees deserve a break on taxes. They often are living on fixed incomes and drawing down savings with rising medical and care expenses and little opportunity to earn additional income in case of an emergency. Compared to other states, Illinois provides one of the most favorable treatments of retirement income for its retirees.

Percentage of Seniors Receiving Income by Source 2004



Source: Social Security Administration, *Income of the Aged Chart Book*, 2004.

Sources of Retirement Income

Social security guarantees a modest base level of income for almost all senior citizens. According to Social Security Administration data for 2004, Social Security is received by 89% of senior citizens aged 65 or older with 41% receiving pensions, 55% income from assets, and 24% with earnings from employment.

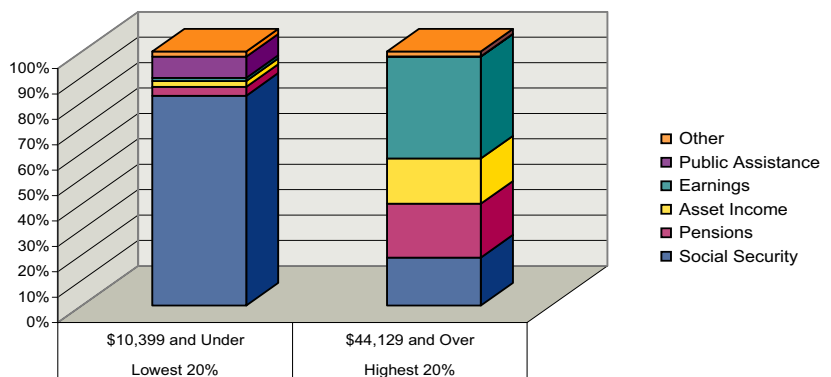
Lower income senior citizens rely on Social Security for the bulk of their income. In 2004, senior citizens in the lowest quintile of income (with incomes below \$10,399) received 82.6% of their income from Social Security, with 8.4% from public assistance and 9.0% from

other income sources. Since income for these individuals falls below the federal Social Security income tax threshold and they usually have little income outside of Social Security, they are unlikely to benefit much from state retirement income exemptions.

At the higher end of the senior citizen income scale (the top 20% where income exceeds \$44,129), the sources of income typically are more varied. For these individuals Social Security and pensions provide about 40% of income (18.9% from Social Security and 21.2% from pensions). Earnings from employment provide 40.1% of income and 17.8% is income from assets. With higher incomes, these taxpayers are far more likely to benefit from retirement income tax expenditures. The degree of benefit will depend upon the structure of their state's senior citizen tax expenditure, such as whether it applies to all senior income or just Social Security and pensions and whether there are income limits for using the benefits.

Until 1984, Social Security income was not included as part of federal adjusted gross income which many states use as the starting point for the calculation of state individual income tax liability. At that time, the federal government started to tax a share of Social Security and Railroad Retirement benefits for higher income taxpayers. The income threshold to incur Social Security tax liabilities was set at \$25,000 for individuals and \$32,000 for joint filers. The amount of these retirement benefits subject to federal income tax was

Source of Income for Low and High Income Senior Citizens 2004



Source: Social Security Administration, *Income of the Aged Chart Book*, 2004.

the lesser of one-half the retirement benefits or one-half of the amount of income over the threshold.

The tax burden on higher income Social Security beneficiaries was further increased in 1994. There was no change in taxable Social Security benefits for single filers with incomes between \$25,000 and \$34,000 and for joint filers with incomes between \$32,000 and \$44,000. Above these thresholds, the percentage of benefits subject to tax was increased from 50% to 85%.

Illinois' Treatment of Retirement Income

The calculation of Illinois' individual income tax liability starts with the taxpayer's federal adjusted gross income. The Illinois Federally Taxed Retirement and Social Security Subtractions allow Illinois taxpayers to subtract most retirement income from this tax base when computing taxable income for calculating Illinois' tax liability. Among the items that may be deducted are:

1. qualified pension plans;
2. IRAs;
3. Social Security and railroad retirement benefits;
4. government and military retirement and disability plans;
5. state and local government deferred compensation plans;
6. capital gains on employer securities received in a lump sum distribution;
7. retirement payments to retired partners;
8. group term life insurance premiums paid by a retirement plan and counted as wages; and
9. interest income realized on the redemption of U.S. retirement bonds.

The federally taxed retirement and Social Security tax expenditure is the third costliest Illinois tax expenditure following the sales tax exemptions for food, drugs and medical appliances and for sales to exempt organizations. The cost of the Illinois tax expenditure has more than tripled from \$284 million for fiscal year 1993 (the initial year of

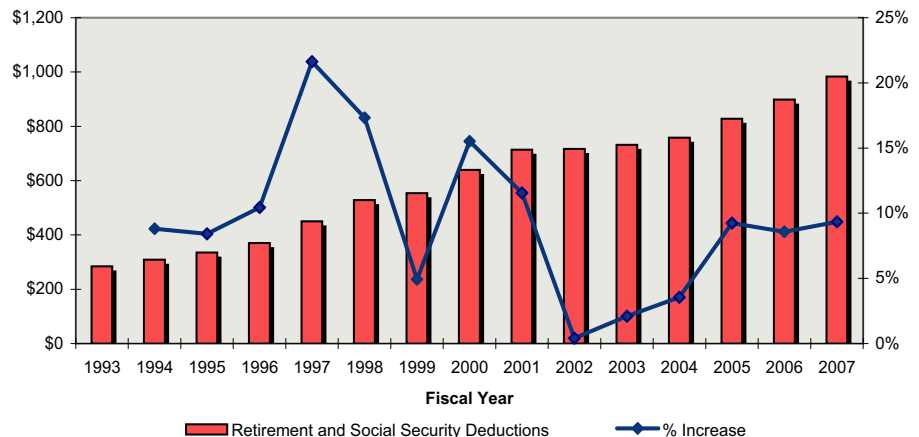
the tax expenditure report) to \$983 million for fiscal year 2007. This reflects both an aging population with a growing percentage of retirees and the impact of the increase in the portion of Social Security income subject to federal taxation. The impact of the 1994 federal tax changes is apparent in the increase in the estimated cost of the tax expenditure from \$370 million for fiscal year 1996 (based on the 1994 tax year) to \$640 million for fiscal year 2000.

State Taxation of Retirement Income

A recent survey (State Taxation of Social Security and Pensions in 2006, AARP) examined the 2006 state income tax treatment of Social Security and pension income. The nine states with no or limited individual income taxes were excluded from the survey. For the remaining forty-one states, treatment of retirement income runs the full gamut from fully taxing this income to fully exempting it. Treatments vary with respect to the taxation of Social Security and public and private pension income. Some states apply age and income limitations on the use of the exemptions, while others do not. And some states just allow blanket special exemptions for senior citizens irrespective of the source of income.

On the question of whether Social Security income should be taxed or be exempt from state taxation, the 41 states were divided with 15 that taxed Social Security income and 26 that exempted it (however, several states are phasing out the tax on this income). Social Security income is exempt from the Illinois individual income tax.

Illinois Retirement and Social Security Deductions
\$ in Millions



Source: Office of the Comptroller.

For the question of should there be age and income restrictions on which tax payers qualify for retirement income exemptions and deductions, there were 15 states that had a minimum age before a taxpayer could qualify for the tax expenditure and 21 states that had no age minimum. Illinois has no minimum age before the retirement income subtraction becomes effective. Nine states reduced tax benefits as incomes increased. Twenty-seven states, including Illinois, had no income restrictions on the preferred treatment of retirement income. The five states

Private pension income is taxable. Starting in 2008, Wisconsin will no longer tax Social Security benefits.

* Indiana – Social Security income is exempt and a \$2,000 pension exemption offset by Social Security income is available to 62+ federal civil service pensioners and 60+ military pensioners.

* Missouri – A \$6,000 pension exemption is available that is phased out for single filers with income greater than

State Tax Treatment of Retirement Income - 2006 *
(Number of States)

Social Security	
Taxed	15
Exempt	26
Illinois	Exempt

Age Requirement	
Minimum Age	15
No Minimum Age	21
No Exemption **	5
Illinois	No Minimum Age

Income	
Income Restrictions	9
No Income Restrictions	27
No Exemption **	5
Illinois	No Income Restrictions

Private Pensions	
Not Exempt	13
Partially Exempt	25
Fully Exempt	3
Illinois	Fully Exempt

Public Pensions	
Not Exempt	5
Partially Exempt	26
Fully Exempt	10
Illinois	Fully Exempt

* Excludes nine states with no or limited individual income taxes.

** Age and income requirements are only relevant when there is an exemption.

Source: AARP, *State Taxation of Social Security and Pensions in 2006*.

that do not exempt retirement income were excluded from this question.

Some states differ in their tax treatment of public pensions and private pensions. Illinois was one of three states that fully exempt private pension income. Mississippi and Pennsylvania are the other two states. Among the remaining states, 25 partially exempt retirement income from private pensions and 13 do not. Public pension income is fully exempt in 10 states, including Illinois, with 26 states providing partial exemptions and 5 fully taxing this income.

Each of Illinois' neighboring states partially taxes retirement income, although taxation of this income is being reduced as Wisconsin, Missouri, and Iowa each phase out the taxation of Social Security income after 2006:

* Wisconsin – A full exemption applies to military pensions with certain other public pension income exempt.

\$31,000 and joint filers with income greater than \$44,000. The exemption is expanded beginning with the 2007 tax year. Missouri is phasing out the taxation of Social Security benefits from 2007 to 2012.

* Iowa – Taxpayers 55 or older can claim the follow-

ing exemption from retirement income: \$6,000 for single filers and \$12,000 for joint filers. Iowa is phasing out the taxation of Social Security benefits from 2007 to 2014.

* Kentucky – Pensioners are eligible for an exemption of at least \$41,110 of retirement income.

Among popular retirement states, Florida and Nevada have no personal income tax so tax preferences for retirement income are not an issue for retirees relocating to these states. Other popular retirement states do tax retirement income. For example, Arizona exempts Social Security, but taxes most pension income, providing a \$2,500 exemption to military, federal, and Arizona local government pensions. Arkansas exempts Social Security income and provides an exemption of \$6,000 from all pension plans per taxpayer.

A REVIEW OF FISCAL YEAR 2007

TAX EXPENDITURES

The Impact of Tax Expenditures

Although tax expenditures were reported for 43 revenue sources in fiscal year 2007, the four largest tax sources accounted for \$6.914 billion or 96% of the \$7.185 billion in reported tax expenditures. Well over half of the value of tax expenditures (\$3.928 billion or 55%) were attributed to state sales taxes.

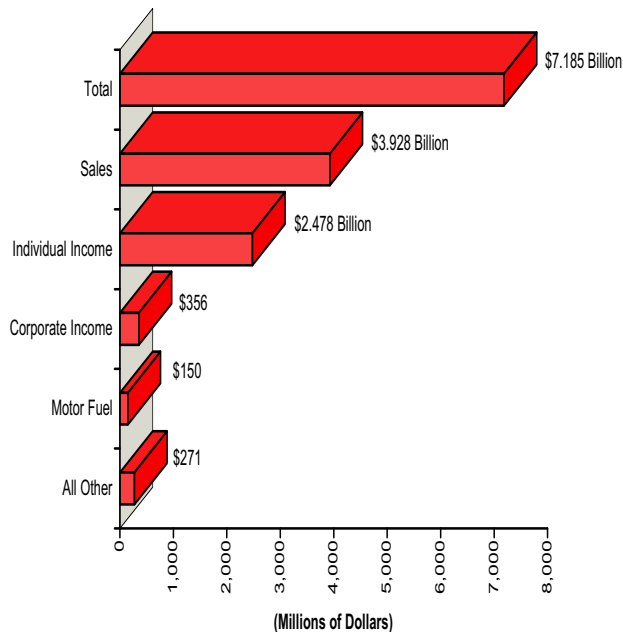
Another 39% was associated with income taxes with \$2.478 billion or 34% from the individual income tax and \$356 million or 5% from the corporate income tax. The motor fuel tax (\$150 million) accounted for 2% of reported tax expenditures leaving only \$271 million or 4% for tax expenditures from the remaining revenue sources.

Tax Expenditures Greater than \$100 Million

There were thirteen tax expenditures with estimated costs in excess of \$100 million. Eight of

the over \$100 million tax expenditures 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

Impact of Tax Expenditures



The Thirteen Largest Tax Expenditures - Fiscal Year 2007
(Millions of Dollars)

Amount	Expenditure	Applied Against
\$1,461	Food, Drugs, Medical Appliances	Sales Tax
1,020	Sales to Exempt Organizations	Sales Tax
983	Retirement and Social Security Deductions	Individual Income Tax
713	Standard Deduction	Individual Income Tax
478	Property Tax Credit	Individual Income Tax
370	Exemption for Trade-Ins	Sales Tax
261	Manufacturing Machinery Exemption	Sales Tax
249	Illinois Net Operating Loss Deduction	Corporate Income Tax
165	Farm Chemical Exemption	Sales Tax
126	Retailer's Discount	Sales Tax
122	Non Motor Vehicle Use	Motor Fuel Tax
108	Rolling Stock Exemption	Sales Tax
101	Gasohol Discount	Sales Tax
\$6.157 Billion	Total Impact of Thirteen Largest Tax Expenditures	
\$7.185 Billion	Total Impact of All Tax Expenditures	
86%	Percent of Total Impact	

of the total reported impact, and the exemption for sales to exempt organizations, primarily governmental agencies, but also charities and religious organizations. The impact of the twelve largest tax expenditures totaled \$6.2 billion or 86% of the total impact of all tax expenditures.

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 2005 tax year was \$36.0 million.

the largest single tax expenditure and represented 20%

Four Largest Tax Expenditures, Fiscal Years 1993 to 2007

Reported tax expenditures of \$7.2 billion for fiscal year 2007 were \$4.1 billion greater or 2.3 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 cost.

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 \$983 million for fiscal year 2007 was \$699 million greater or almost 3.5 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.

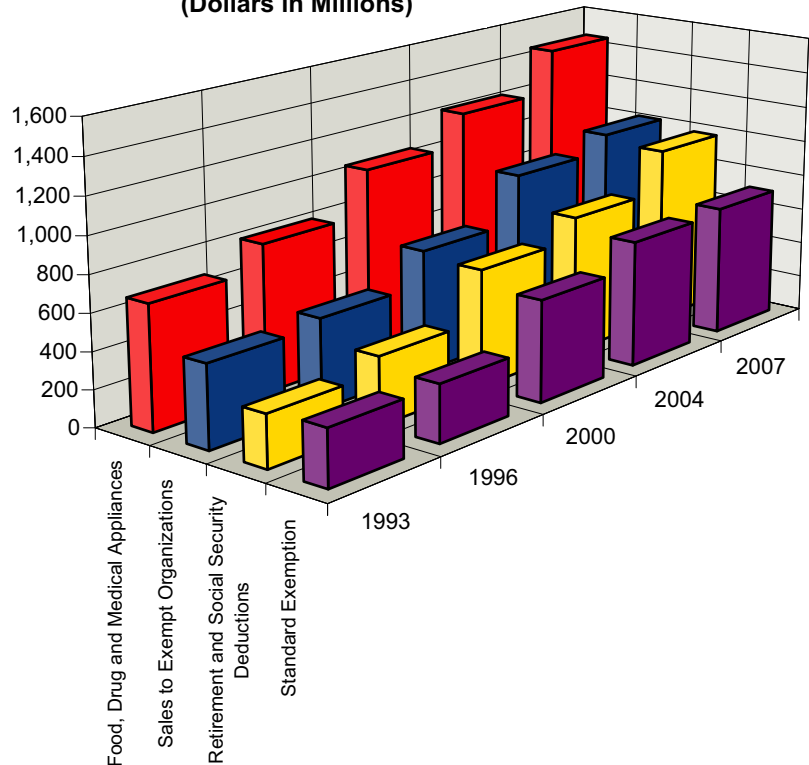
Demographers are projecting a sizable increase in Illinois' population over 65. According to the U.S. Census Bureau's interim 2005 population projections, there will be 2.4 million senior citizens in Illinois in 2030, up 58.6% from the number of seniors (1.5 million) in 2005. Over that same period, the total Illinois population is projected to increase 5.8%. 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 expenditure (to \$1,300 for the 1998 tax year,

\$1,650 for the 1999 tax year, and \$2,000 for years beginning with the 2000 tax year), its cost has increased a further \$393 million to \$713 million for fiscal 2007. Growth in this tax expenditure is limited to the rate of population growth except when the value of the deduction changes.

The largest tax expenditure, the reduced sales tax rate for food, drugs, and medical appliances, is one of two \$1 billion tax expenditures. Between fiscal 1993 and fiscal 2006, its cost increased \$786 million as it more than doubled from \$675 million to \$1.461 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 \$1.020 billion during this fourteen-year period.

Four Largest Tax Expenditures
Fiscal Years 1993 to 2007
(Dollars in Millions)



A \$7.2 Billion Impact on Reported Tax Receipts

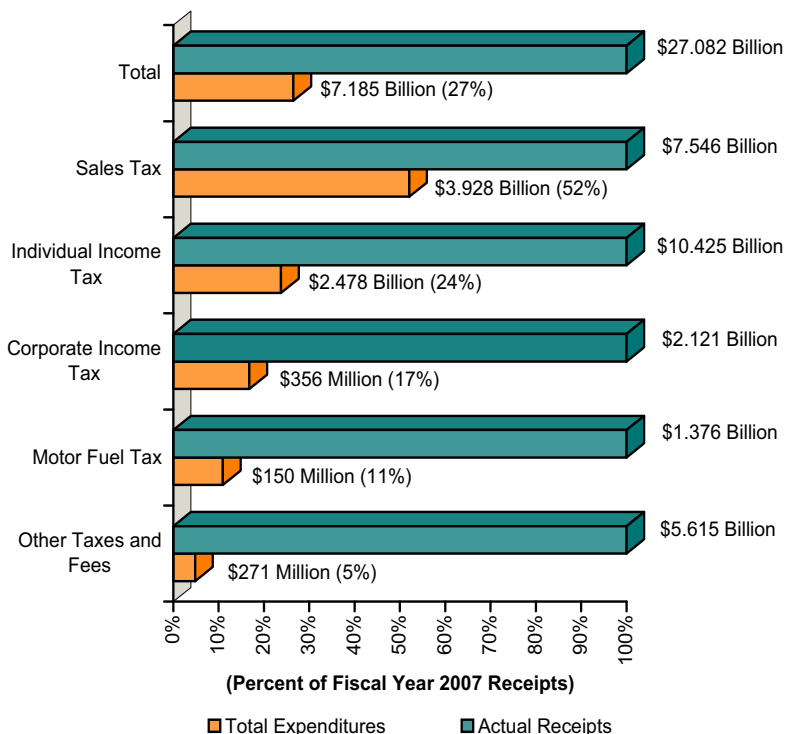
The \$7.2 billion in tax expenditures were applied against revenue sources that brought in a reported \$27.1 billion in fiscal year 2007. This amounts to 27% of reported receipts. Of the major revenue sources, tax expenditures had the greatest impact on the sales tax followed by the individual income tax, corporate income tax, and motor fuel tax.

All other expenditures had a combined impact of \$271 million, or 5% of other receipts of \$5.6 billion. Within other sources, there were several for which tax expenditures had a substantial impact. These include - fishing licenses (\$9 million impact, total receipts of \$8 million); the electricity excise tax (\$53 million in tax expenditures, total receipts of \$391 million), the gas revenue tax (\$24 million impact, total receipts of \$160 million), the insurance retaliatory tax (\$44 million in tax expenditures, total receipts of \$112 million), the underground storage tank tax (\$18 million in tax expenditures, total receipts of \$78 million), and the racing parimutuel tax (\$5 million in tax expenditures, total receipts of \$8 million).

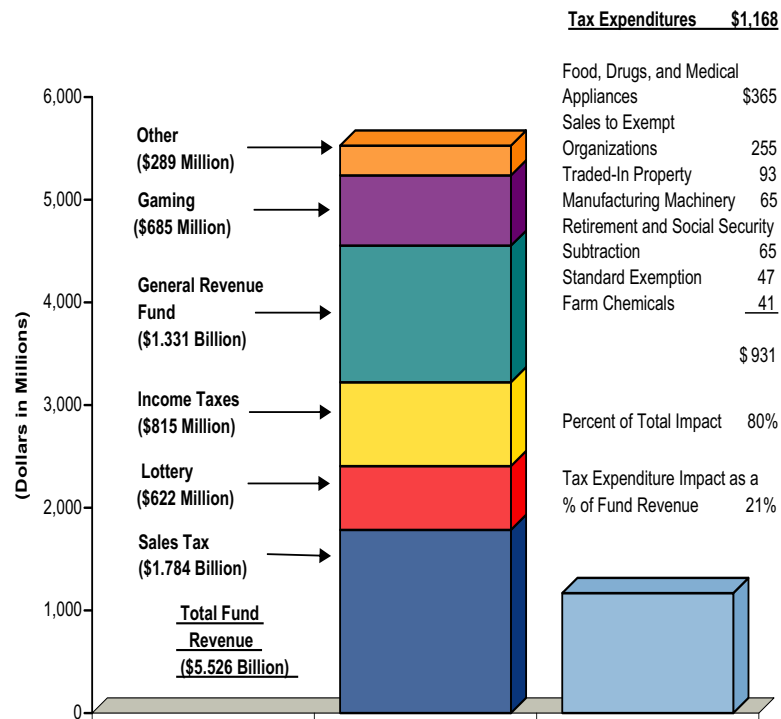
A \$1.168 Billion Impact on Education Funds

Tax expenditures of \$1.168 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 2007, the Education Funds received \$5.5 billion from dedicated sources - \$1.8 billion from the sales tax, \$622 million in lottery transfers, \$815 million from income taxes, \$685 million from gaming taxes, and \$289 million from other sources (including \$172 million from ciga-

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.

rette taxes and \$109 million from the communications excise tax) plus \$1.3 billion in General Revenue Fund transfers.

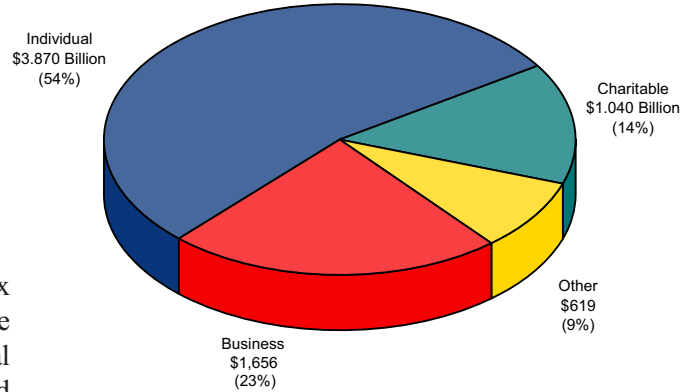
Who Received Tax Expenditures?

Tax expenditures for individuals totaled \$3.9 billion while business received \$1.7 billion, charities \$1.0 billion and other \$619 million.

Individuals received \$2.8 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 \$1.0 billion consisted primarily of \$983 million for federally taxed retirement and social security subtractions.

The impact of general business expenditures was \$1.3 billion, while agricultural expenditures were \$367 million and environmental expenditures totaled \$8 million. The net operating loss deduction, manufacturing machinery exemption, rolling stock 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 \$20 million of the \$1.0 billion worth of expenditures for charities. The largest of the \$619 million in other expenditures was the \$370 million impact of the traded-in property exemption primarily attributable to new and used car sales.

Tax Expenditures by Purpose
(Dollars in Millions)



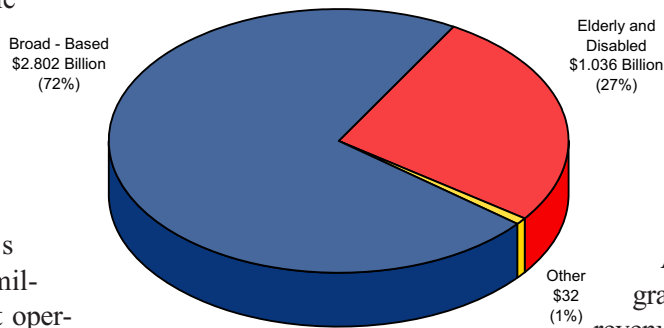
The Impact of Tax Expenditures on Revenue Sharing

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.

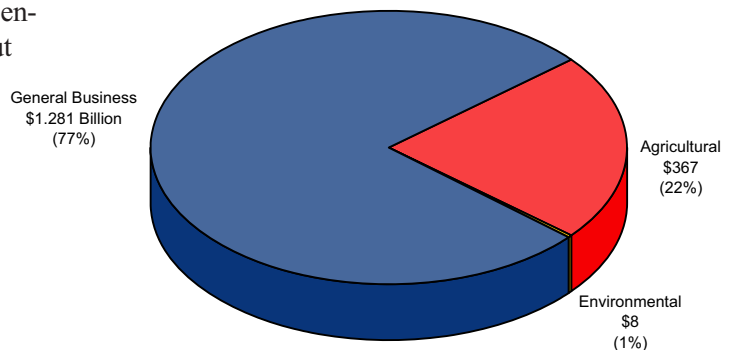
During fiscal year 2007, \$2.2 billion was distributed in income, sales, and motor fuel tax revenue sharing. Tax expenditures had an estimated \$476 million impact on these distributions.

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

Individual Expenditures
(Dollars in Millions)

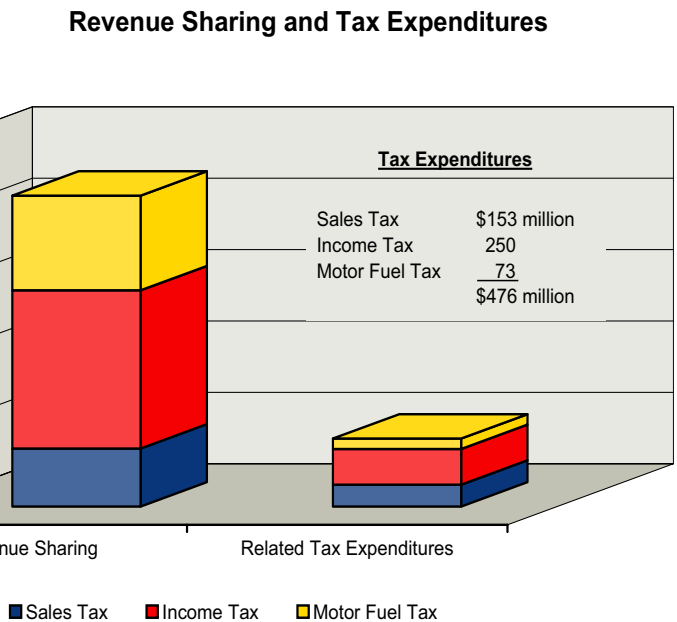


Business Expenditures
(Dollars in Millions)



shares of the State's population. The distribution is currently 1/10 of revenues net of deposits into the Refund Fund. In fiscal year 2007, the Local Government Distributive Fund received \$1.1 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 \$250 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 2007, these programs received \$406 million in direct receipts and General Revenue Fund transfers. Distributions were \$153 million less than they would have been without tax expenditures.



State motor fuel taxes are used for state transportation related purposes and shared with counties, municipalities, townships, and road districts. During fiscal year 2007, local government funds received \$663 million in motor fuel tax revenues. Based on an 11% ratio of tax expenditures to motor fuel tax receipts, distributions were \$73 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 06	FY 07
General Revenue Fund	0001	\$ 5,102,368	\$ 5,464,911
General Revenue - Common School Special Account Fund	0005	926,865	982,099
Education Assistance Fund	0007	171,198	184,739
Common School Fund	0412	1,235	1,173
Total Impact, General		\$ 6,201,666	\$ 6,632,922

Fund Group: Highway

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 148,668	\$ 150,392
Road Fund	0011	9,739	8,117
State Construction Account Fund	0902	5,251	4,256
Total Impact, Highway		\$ 163,658	\$ 162,765

Fund Group: Special State

Fund Name and Code:		FY 06	FY 07
Income Tax Refund Fund	0278	\$ 287,841	\$ 303,996
Hospital Provider Fund	0346	0	26,249
Underground Storage Tank Fund	0072	17,898	17,950
Long Term Care Provider Fund	0345	9,850	9,442
Wildlife and Fish Fund	0041	13,008	8,826
Build Illinois Fund	0960	7,471	7,570
Horse Racing Fund	0632	3,911	4,502
Public Health Laboratory Services Revolving Fund	0340	2,962	2,882
Public Utility Fund	0059	1,617	1,622
Local Tourism Fund	0969	1,196	1,211
School Infrastructure Fund	0568	1,235	1,173
Environmental Protection Permit and Inspection Fund	0944	1,200	1,000
International Tourism Fund	0621	672	681
Illinois Clean Water Fund	0731	500	500
Drivers Education Fund	0031	443	478
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	446	378
Long Term Care Monitor/Receiver Fund	0285	143	257
Metabolic Screening and Treatment Fund	0920	122	129
Corporate Franchise Tax Refund Fund	0380	126	126
Health Facility Plan Review Fund	0524	120	84
Illinois School Asbestos Abatement Fund	0175	3	3
Pesticide Control Fund	0576	3	1
Illinois Health Facilities Planning Fund	0238	30	0
Total Impact, Special State		\$ 350,797	\$ 389,060

GRAND TOTAL, IMPACT		\$ 6,716,121	\$ 7,184,747
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TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	FY 06	FY 07
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,370,499	\$ 1,460,900
Sales to Exempt Organizations	1,012,367	1,019,909
Traded-In Property Exemption	374,460	370,388
Manufacturing and Assembling Machinery and Equipment Exemption	175,020	260,785
Farm Chemicals (Includes Feed and Seed) Exemption	220,971	165,320
Retailer's Discount	126,084	126,065
Rolling Stock Exemption	68,415	108,337
Gasohol Discount	101,176	101,185
Biodiesel Discount and Exemption	0	67,700
Sales of Vehicles to Automobile Rentors Exemption	52,364	51,440
Newsprint and Ink to Newspapers and Magazines Exemption	41,600	37,823
Designated Tangible Personal Property within Enterprise Zone Exemption	24,077	36,921
Sales of Motor Vehicles to Non-Residents Exemption	36,404	33,889
Farm Machinery and Equipment Exemption	49,719	31,500
Manufacturer's Purchase Credit	29,444	28,797
All Other	24,858	27,445
Total Impact	\$ 3,707,458	\$ 3,928,404

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	FY 06	FY 07
Federally Taxed Retirement and Social Security Subtractions	\$ 899,174	\$ 983,015
Standard Exemption: Taxpayers and Dependents	703,068	712,654
Tax Credit for Residential Real Property Taxes	443,742	478,399
Other Subtractions	73,927	82,975
Earned Income Tax Credit	75,316	78,903
Education Expense Credit	70,549	71,043
Additional Exemptions: Blind and Elderly	31,920	32,889
Military Pay Subtraction	24,357	24,831
Income Tax Credits	7,372	13,773
Total Impact	\$ 2,329,425	\$ 2,478,482

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	FY 06	FY 07
Illinois Net Operating Loss Deduction	\$ 248,064	\$ 248,592
Research and Development Credit	645	35,807
Economic Development for a Growing Economy Tax Credit	13,614	24,862
Foreign Insurer Rate Reduction	28,623	18,382
Affordable Housing Donations	5	14,238
Enterprise Zone and River Edge Redevelopment Zone Investment Credit	0	7,442
High Economic Impact Business Dividend Subtraction	6,638	3,956
Film Production Services Credit	0	1,402
High Economic Impact Business Investment Credit	3,145	984
All Other	2,863	575
Total Impact	\$ 303,597	\$ 356,240

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	FY 06	FY 07
Sales for Use Other Than in Motor Vehicles Exemption	\$ 120,519	\$ 121,842
Timely Filing and Full Payment Discount	21,272	21,438
Municipal Corporation or Private Utility Local Transportation System Exemption	6,833	7,067
Aviation Purposes Exemption	44	45
Total Impact	\$ 148,668	\$ 150,392

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	FY 06	FY 07
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 39,196	\$ 45,675
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	14,177	7,734
Total Impact	\$ 53,373	\$ 53,409

Revenue Source and Annual Receipts: Insurance Retaliatory Tax

Expenditure:	FY 06	FY 07
Replacement Income Tax Credit	\$ 29,204	\$ 32,169
Fire Department Tax Credit	12,109	11,597
Total Impact	\$ 41,313	\$ 43,766

Revenue Source and Annual Receipts: Hospital Provider Assessment

Expenditure:	FY 06	FY 07
Hospital Provider Exemption	\$ 0	\$ 26,249
Total Impact	\$ 0	\$ 26,249

Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:	FY 06	FY 07
Gas Used in Production of Electric Energy	\$ 0	14,300
Gas Used in Petroleum Refinery Operation	0	4,500
Gas Used in Production of Fertilizer	0	2,700
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1,661	\$ 1,445
Cost of Collection Discount (Gas Use Tax)	669	689
Total Impact	\$ 2,330	\$ 23,634

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	FY 06	FY 07
Airport Exemption	\$ 12,799	\$ 12,427
Rail Carrier Exemption	3,219	3,638
Timely Filing and Full Payment Discount	1,285	1,305
Exemption for Ships, Barges & Vessels Conducting Interstate Commerce on Border Rivers	594	548
Liquefied Propane Gas Exemption	1	32
Total Impact	\$ 17,898	\$ 17,950

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

Expenditure:	FY 06	FY 07
Permanent Residents Exemption	\$ 9,687	\$ 10,849
Cost of Collection Discount	5,254	4,289
Total Impact	\$ 14,941	\$ 15,138

TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

Revenue Source and Annual Receipts: Vehicle Use Tax

Expenditure:	FY 06	FY 07
Rolling Stock Exemption	\$ 3,700	\$ 4,493
Family Member Preferential Tax Rate	4,009	4,057
Government, Charitable, Educational, Religious Entities Exemption	2,776	2,939
Farm Implement - Ready Mix Exemption	807	1,074
Out-of-State Resident Exemption	841	952
Estate Gift to Beneficiary Preferential Tax Rate	136	147
Surviving Spouse Exemption	126	139
Business Reorganization Preferential Tax Rate	71	93
Total Impact	\$ 12,466	\$ 13,894

Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	FY 06	FY 07
Fire Department Tax Credit	\$ 11,500	\$ 11,377
Replacement Income Tax Credit	1,734	2,322
Total Impact	\$ 13,234	\$ 13,699

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

Expenditure:	FY 06	FY 07
Senior Citizen Plate Renewal Reduction	\$ 8,594	\$ 7,839
Municipality Owned Passenger Vehicle Exemption	2,945	3,040
Disabled Veteran Vehicle Registration Exemption	284	296
Charitable Organization Vehicle Exemption	2,028	200
X-POW Vehicle Registration Exemption	111	88
Sheriff Plates	61	34
Drivers Education Vehicles	168	5
Total Impact	\$ 14,191	\$ 11,502

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:	FY 06	FY 07
Cost of Collection Discount	\$ 9,850	\$ 9,442
Total Impact	\$ 9,850	\$ 9,442

Revenue Source and Annual Receipts: Fishing Licenses

Expenditure:	FY 06	FY 07
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 13,008	\$ 8,826
Total Impact	\$ 13,008	\$ 8,826

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Expenditure:	FY 06	FY 07
Cost of Collection Discount	\$ 8,597	\$ 8,169
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	29	33
Coin-Operated Telecommunications Devices Exemption	11	0
Total Impact	\$ 8,637	\$ 8,202

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	FY 06	FY 07
Two Million Dollar Cap on Franchise Tax for Corporations	\$ 6,466	\$ 6,294
Total Impact	\$ 6,466	\$ 6,294

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

Expenditure:	FY 06	FY 07
Claims for Loss or Damage Deduction	\$ 1,366	\$ 1,456
Exempt Organization Rentals	1,309	1,398
Insurance Coverage Deduction	990	1,057
Timely Filing and Full Payment Discount	529	554
Refueling Deduction	388	414
Other/Miscellaneous Deductions	76	81
Total Impact	\$ 4,658	\$ 4,960

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

Expenditure:	FY 06	FY 07
Real Estate Tax Credit	\$ 3,911	\$ 4,502
Total Impact	\$ 3,911	\$ 4,502

Revenue Source and Annual Receipts: Sexually Transmitted Disease Test Fee

Expenditure:	FY 06	FY 07
Population With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,669	\$ 2,514
Dept. Funded HIV Counseling & Testing Site and HIV Seroprevalence Exemption	293	368
Total Impact	\$ 2,962	\$ 2,882

Revenue Source and Annual Receipts: All Other

Expenditure:	FY 06	FY 07
All Other	\$ 7,735	\$ 6,880
Total Impact	\$ 7,735	\$ 6,880

GRAND TOTAL, IMPACT	\$ 6,716,121	\$ 7,184,747
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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:		FY 06	FY 07
Road Fund	0011	\$ 8,940	\$ 7,246
State Construction Account Fund	0902	5,251	4,256

Revenue Source and Annual Receipts: Standard Identification Card Fee

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,421	\$ 1,571
Road Fund	0011	355	393

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

Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	3	4

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

Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 440	\$ 474
Drivers Education Fund	0031	440	474

Revenue Source and Annual Receipts: Annual Reports of Corporations

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 6,340	\$ 6,168
Corporate Franchise Tax Refund Fund	0380	126	126

Natural Resources

Revenue Source and Annual Receipts: Fishing Licenses

Fund Name and Code:		FY 06	FY 07
Wildlife and Fish Fund	0041	\$ 13,008	\$ 8,826

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 06</u>		<u>FY 07</u>
General Revenue Fund	0001	\$	13,234	\$	13,699

Revenue Source and Annual Receipts: Retaliatory Tax

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
General Revenue Fund	0001	\$	41,313	\$	43,766

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

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
General Revenue Fund	0001	\$	101	\$	0

Public Aid

Revenue Source and Annual Receipts: Hospital Provider Assessment

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
Hospital Provider Fund	0346	\$	0	\$	26,249

Public Health

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

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
Illinois Health Facilities Planning Fund	0238	\$	30	\$	0

Revenue Source and Annual Receipts: Vital Records Fees

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
General Revenue Fund	0001	\$	4	\$	4

Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
Metabolic Screening and Treatment Fund	0920	\$	122	\$	129

Revenue Source and Annual Receipts: Private Sewage Fee

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
General Revenue Fund	0001	\$	21	\$	21

Revenue Source and Annual Receipts: Pesticide Control Fee

Fund Name and Code:			<u>FY 06</u>		<u>FY 07</u>
Pesticide Control Fund	0576	\$	3	\$	1

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

Public Health (Continued)

Revenue Source and Annual Receipts: Recreational Area Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 41	\$ 38

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

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 99	\$ 99

Revenue Source and Annual Receipts: Long Term Care Facility Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Long Term Care Monitor/Receiver Fund	0285	\$ 143	\$ 257

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 436	\$ 368

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

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Public Health Services Revolving Fund	0340	\$ 2,962	\$ 2,882

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 1	\$ 1

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 7	\$ 7

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
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:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 2	\$ 2

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
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:		<u>FY 06</u>	<u>FY 07</u>
Health Facility Plan Review Fund	0524	\$ 120	\$ 84

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 2,780,593	\$ 2,946,305
General Revenue - Common School Special Account Fund	0005	926,865	982,099

Revenue Source and Annual Receipts: Individual Income Tax

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 1,948,838	\$ 2,073,540
Education Assistance Fund	0007	153,467	163,288
Income Tax Refund Fund	0278	227,120	241,654

Revenue Source and Annual Receipts: Corporate Income Tax

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 225,145	\$ 272,447
Education Assistance Fund	0007	17,731	21,451
Income Tax Refund Fund	0278	60,721	62,342

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

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 4,658	\$ 4,960

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Long Term Care Provider Fund	0345	\$ 9,850	\$ 9,442

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

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 5,602	\$ 5,676
International Tourism Fund	0621	672	681
Build Illinois Fund	0960	7,471	7,570
Local Tourism Fund	0969	1,196	1,211

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 06	FY 07
General Revenue Fund	0001	\$ 1,954	\$ 1,159

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 17,898	\$ 17,950

Revenue Source and Annual Receipts: Motor Fuel Taxes

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 148,668	\$ 150,392

Revenue Source and Annual Receipts: Electricity Excise Tax

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 51,772	\$ 51,807
Public Utility Fund	0059	1,601	1,602

Revenue Source and Annual Receipts: Gas Revenue Tax ¹

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 2,330	\$ 23,634

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 6,167	\$ 5,856
Common School Fund	0412	1,235	1,173
School Infrastructure Fund	0568	1,235	1,173

Revenue Source and Annual Receipts: Vehicle Use Tax

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 12,466	\$ 13,894

Revenue Source and Annual Receipts: Admission Tax

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 259	\$ 257

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

Fund Name and Code:		FY 06	FY 07
Horse Racing Fund	0632	\$ 3,911	\$ 4,502

¹ Increase in fiscal year 2007 reflects newly reported tax expenditures.

**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 06</u>	<u>FY 07</u>
Public Utility Fund	0059	\$ 16	\$ 20

Environmental Protection Agency

Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 750	\$ 600

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

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 450	\$ 400

Revenue Source and Annual Receipts: NPDES Permit Discharge Fee

Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Illinois Clean Water Fund	0731	\$ 500	\$ 500

GRAND TOTAL, IMPACT		\$ 6,716,121	\$ 7,184,747
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

		FY 06	FY 07
Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)	\$	604,017	\$ 599,343
Expenditure: Charitable Organization Vehicle Exemption			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 1,278	\$ 126
State Construction Account Fund	0902	750	74
Total		\$ 2,028	\$ 200
Expenditure: Disabled Veteran Vehicle Registration Exemption			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 179	\$ 186
State Construction Account Fund	0902	105	110
Total		\$ 284	\$ 296
Expenditure: Drivers Education Vehicles			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 106	\$ 3
State Construction Account Fund	0902	62	2
Total		\$ 168	\$ 5
Expenditure: Municipality Owned Passenger Vehicle Exemption			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 1,855	\$ 1,915
State Construction Account Fund	0902	1,090	1,125
Total		\$ 2,945	\$ 3,040
Expenditure: Senior Citizen Plate Renewal Reduction			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 5,414	\$ 4,939
State Construction Account Fund	0902	3,180	2,900
Total		\$ 8,594	\$ 7,839
Expenditure: Sheriff Plates			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 38	\$ 21
State Construction Account Fund	0902	23	13
Total		\$ 61	\$ 34
Expenditure: X-POW Vehicle Registration Exemption			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 70	\$ 56
State Construction Account Fund	0902	41	32
Total		\$ 111	\$ 88
Total Tax Impact per Revenue Source		\$ 14,191	\$ 11,502

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

Secretary of State (Concluded)

		FY 06	FY 07
Revenue Source and Annual Receipts: Standard Identification Card Fee		\$ 12,480	\$ 13,084
Expenditure: Duplicated/Corrected ID Senior Citizen/Handicapped			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,421	\$ 1,571
Road Fund	0011	355	393
Total		\$ 1,776	\$ 1,964
Total Tax Impact per Revenue Source		\$ 1,776	\$ 1,964
		FY 06	FY 07
Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License		\$ 3,811	\$ 3,627
Expenditure: Duplication of Stolen Licenses for Senior Citizens			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	3	4
Total		\$ 7	\$ 8
Total Tax Impact per Revenue Source		\$ 7	\$ 8
		FY 06	FY 07
Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee		\$ 15,703	\$ 15,948
Expenditure: Reduced Renewal Fee for Senior Citizens			
Fund Name and Code:		FY 06	FY 07
Road Fund	0011	\$ 440	\$ 474
Drivers Education Fund	0031	440	474
Total		\$ 880	\$ 948
Total Tax Impact per Revenue Source		\$ 880	\$ 948
		FY 06	FY 07
Revenue Source and Annual Receipts: Annual Reports of Corporations		\$ 194,637	\$ 207,606
Expenditure: Two Million Dollar Cap on Franchise Tax for Corporations			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 6,340	\$ 6,168
Corporate Franchise Tax Refund Fund	0380	126	126
Total		\$ 6,466	\$ 6,294
Total Tax Impact per Revenue Source		\$ 6,466	\$ 6,294
Total Tax Impact, Secretary of State		\$ 23,320	\$ 20,716
Natural Resources			
		FY 06	FY 07
Revenue Source and Annual Receipts: Fishing Licenses		\$ 9,817	\$ 7,539
Expenditure: Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount			
Fund Name and Code:		FY 06	FY 07
Wildlife and Fish Fund	0041	\$ 13,008	\$ 8,826
Total		\$ 13,008	\$ 8,826
Total Tax Impact per Revenue Source		\$ 13,008	\$ 8,826
Total Tax Impact, Natural Resources		\$ 13,008	\$ 8,826

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

Financial and Professional Regulation

	FY 06	FY 07
Revenue Source and Annual Receipts: Insurance Privilege Tax	\$ 168,231	\$ 165,899
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund	0001 \$ 11,500	\$ 11,377
Total	\$ 11,500	\$ 11,377
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund	0001 \$ 1,734	\$ 2,322
Total	\$ 1,734	\$ 2,322
Total Tax Impact per Revenue Source	\$ 13,234	\$ 13,699
<hr/>		
	FY 06	FY 07
Revenue Source and Annual Receipts: Retaliatory Tax	\$ 111,966	\$ 111,650
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund	0001 \$ 12,109	\$ 11,597
Total	\$ 12,109	\$ 11,597
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund	0001 \$ 29,204	\$ 32,169
Total	\$ 29,204	\$ 32,169
Total Tax Impact per Revenue Source	\$ 41,313	\$ 43,766
<hr/>		
	FY 06	FY 07
Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax	\$ 52	\$ 25
Expenditure: Premises with Indoor Capacity of More Than 17,000 Exemption		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund	0001 \$ 101	\$ 0
Total	\$ 101	\$ 0
Total Tax Impact per Revenue Source	\$ 101	\$ 0
Total Tax Impact, Financial and Professional Regulation	\$ 54,648	\$ 57,465

Healthcare and Family Services

	FY 06	FY 07
Revenue Source and Annual Receipts: Hospital Provider Assessment ¹	\$ 0	\$ 732,785
Expenditure: Hospital Provider Exemption		
Fund Name and Code:	FY 06	FY 07
Hospital Provider Fund	0346 \$ 0	\$ 26,249
Total	\$ 0	\$ 26,249
Total Tax Impact per Revenue Source	\$ 0	\$ 26,249
Total Tax Impact, Public Aid	\$ 0	\$ 26,249

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

		FY 06	FY 07
Revenue Source and Annual Receipts: Health Care Fac. Permit Application Fee	\$	2,289	\$ 3,122
Expenditure: Natural Disaster and Other Emergency Waiver			
Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Illinois Health Facilities Planning Fund	0238	\$ 30	\$ 0
Total		\$ 30	\$ 0
Total Tax Impact per Revenue Source		\$ 30	\$ 0
<hr/>			
Revenue Source and Annual Receipts: Vital Records Fees	\$	3,433	\$ 3,388
Expenditure: Groups Chartered by U.S. Congress Exemption			
Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2
Expenditure: U.S. Veterans Administration Exemption			
Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2
Total Tax Impact per Revenue Source		\$ 4	\$ 4
<hr/>			
		<u>FY 06</u>	<u>FY 07</u>
Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee	\$	8,517	\$ 8,287
Expenditure: State Agency Lab Exemption			
Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
Metabolic Screening and Treatment Fund	0920	\$ 122	\$ 129
Total		\$ 122	\$ 129
Total Tax Impact per Revenue Source		\$ 122	\$ 129
<hr/>			
		<u>FY 06</u>	<u>FY 07</u>
Revenue Source and Annual Receipts: Private Sewage Fee	\$	130	\$ 129
Expenditure: Plumbing License Exemption			
Fund Name and Code:		<u>FY 06</u>	<u>FY 07</u>
General Revenue Fund	0001	\$ 21	\$ 21
Total		\$ 21	\$ 21
Total Tax Impact per Revenue Source		\$ 21	\$ 21

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

Public Health (Continued)

	FY 06	FY 07
Revenue Source and Annual Receipts: Pesticide Control Fee	\$ 145	\$ 144
Expenditure: State Agency Employee Exemption		
Fund Name and Code:	FY 06	FY 07
Pesticide Control Fund 0576	\$ 3	\$ 1
Total	\$ 3	\$ 1
Total Tax Impact per Revenue Source	\$ 3	\$ 1
<hr/>		
	FY 06	FY 07
Revenue Source and Annual Receipts: Recreational Area Fee	\$ 36	\$ 34
Expenditure: Not-for-Profit and Governmental Agency Construction Application Fee Waiver		
Fund Name and Code:	FY 06	FY 07
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 06	FY 07
General Revenue Fund 0001	\$ 39	\$ 36
Total	\$ 39	\$ 36
Expenditure: Not-for-Profit Organization and Governmental Agency Original License Application Fee Waiver		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund 0001	\$ 1	\$ 1
Total	\$ 1	\$ 1
Total Tax Impact per Revenue Source	\$ 41	\$ 38
<hr/>		
	FY 06	FY 07
Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee	\$ 135	\$ 279
Expenditure: Not-for-Profit and Governmental Facility Construction Application Fee Waiver		
Fund Name and Code:	FY 06	FY 07
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2
Expenditure: Not-for-Profit and Governmental Facility License Renewal Fee Waiver		
Fund Name and Code:	FY 06	FY 07
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 06	FY 07
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2
Total Tax Impact per Revenue Source	\$ 99	\$ 99

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

Public Health (Continued)

		FY 06	FY 07
Revenue Source and Annual Receipts: Long Term Care Facility Fee	\$	864	\$ 1,171
Expenditure: Facility Fee Exemption			
Fund Name and Code:		FY 06	FY 07
Long Term Care Monitor/Receiver Fund	0285	\$ 143	\$ 257
Total		\$ 143	\$ 257
Total Tax Impact per Revenue Source		\$ 143	\$ 257
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Childhood Lead Screening Fee	\$	1,538	\$ 2,078
Expenditure: Low Income Family Waiver			
Fund Name and Code:		FY 06	FY 07
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 436	\$ 368
Total		\$ 436	\$ 368
Total Tax Impact per Revenue Source		\$ 436	\$ 368
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Automated Lab Tests - HIV (ELISA) and STD Test	\$	78	\$ 104
Expenditure: Department Funded HIV Counseling and Testing site and HIV Seroprevalence Exemption			
Fund Name and Code:		FY 06	FY 07
Public Health Laboratory Services Revolving Fund	0340	\$ 293	\$ 368
Total		\$ 293	\$ 368
Expenditure: Population With High Incidence of Sexually Transmitted Diseases Exemption			
Fund Name and Code:		FY 06	FY 07
Public Health Laboratory Services Revolving Fund	0340	\$ 2,669	\$ 2,514
Total		\$ 2,669	\$ 2,514
Total Tax Impact per Revenue Source		\$ 2,962	\$ 2,882
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Youth Camp License Application Fee	\$	3	\$ 3
Expenditure: Governmental Agency Waiver			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source		\$ 1	\$ 1

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

Public Health (Continued)

		FY 06	FY 07
Revenue Source and Annual Receipts: Water Pump Contractor Fee		\$ 18	\$ 17
Expenditure: Licensed Plumber Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 7	\$ 7
Total		\$ 7	\$ 7
Total Tax Impact per Revenue Source		\$ 7	\$ 7
		FY 06	FY 07
Revenue Source and Annual Receipts: Environmental Lead License Application Fee		\$ 246	\$ 241
Expenditure: Department of Public Health and Delegate Agency Employee Waiver			
Fund Name and Code:		FY 06	FY 07
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 10	\$ 10
Total		\$ 10	\$ 10
Total Tax Impact per Revenue Source		\$ 10	\$ 10
		FY 06	FY 07
Revenue Source and Annual Receipts: Salvage Warehouse & Salvage Warehouse Store Act		\$ 14	\$ 11
Expenditure: Not-for-Profit Organization Waiver			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 2	\$ 2
Total		\$ 2	\$ 2
Total Tax Impact per Revenue Source		\$ 2	\$ 2
		FY 06	FY 07
Revenue Source and Annual Receipts: Asbestos Abatement License Fee		\$ 540	\$ 534
Expenditure: Governmental Employee Waiver			
Fund Name and Code:		FY 06	FY 07
Illinois School Asbestos Abatement Fund	0175	\$ 3	\$ 3
Total		\$ 3	\$ 3
Total Tax Impact per Revenue Source		\$ 3	\$ 3
		FY 06	FY 07
Revenue Source and Annual Receipts: Plan Review Fee - LTC Facilities		\$ 347	\$ 385
Expenditure: Projects Costing Less than \$100,000 Waiver			
Fund Name and Code:		FY 06	FY 07
Health Facility Plan Review Fund	0524	\$ 120	\$ 84
Total		\$ 120	\$ 84
Total Tax Impact per Revenue Source		\$ 120	\$ 84
Total Tax Impact, Public Health		\$ 4,004	\$ 3,906

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

Revenue

		FY 06	FY 07
Revenue Source and Annual Receipts: Sales and Use Tax		\$ 7,503,384	\$ 7,546,094
Expenditure: Biodiesel Discount and Exemption ²			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ ---	\$ 50,775
General Revenue - Common School Special Account Fund	0005	---	16,925
Total		\$ ---	\$ 67,700
Expenditure: Building Materials within Enterprise Zone Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 3,314	\$ 4,335
General Revenue - Common School Special Account Fund	0005	1,105	1,445
Total		\$ 4,419	\$ 5,780
Expenditure: Designated Tangible Personal Property within Enterprise Zone Exemption³			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 18,058	\$ 27,691
General Revenue - Common School Special Account Fund	0005	6,019	9,230
Total		\$ 24,077	\$ 36,921
Expenditure: Farm Chemicals (Includes Feed and Seed) Exemption⁴			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 165,728	\$ 123,990
General Revenue - Common School Special Account Fund	0005	55,243	41,330
Total		\$ 220,971	\$ 165,320
Expenditure: Farm Machinery and Equipment Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 37,289	\$ 23,625
General Revenue - Common School Special Account Fund	0005	12,430	7,875
Total		\$ 49,719	\$ 31,500
Expenditure: Food, Drugs, and Medical Appliances Rate Reduction			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,027,874	\$ 1,095,675
General Revenue - Common School Special Account Fund	0005	342,625	365,225
Total		\$ 1,370,499	\$ 1,460,900

² Biodiesel was first reported by the Department of Revenue for fiscal year 2007. If reported for fiscal year 2006, its cost was \$45.5 million.

³ Tangible personal property used or consumed within an enterprise zone, including any High Impact Business, in the process of manufacturing or assembling or by producers of graphic arts. Includes sales or purchases of building material or machinery and equipment to or by a High Impact Business.

⁴ Includes race horses, semen for the artificial insemination of livestock, and birds at game birding and hunting preserves.

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

Revenue (Continued)

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

Expenditure: Gasohol Discount

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 75,882	\$ 75,889
General Revenue - Common School Special Account Fund	0005	25,294	25,296
Total		\$ 101,176	\$ 101,185

Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 2,671	\$ 2,690
General Revenue - Common School Special Account Fund	0005	890	897
Total		\$ 3,561	\$ 3,587

Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 5,041	\$ 4,818
General Revenue - Common School Special Account Fund	0005	1,680	1,606
Total		\$ 6,721	\$ 6,424

Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,326	\$ 1,336
General Revenue - Common School Special Account Fund	0005	442	445
Total		\$ 1,768	\$ 1,781

Expenditure: Manufacturer's Purchase Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 22,083	\$ 21,598
General Revenue - Common School Special Account Fund	0005	7,361	7,199
Total		\$ 29,444	\$ 28,797

Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption ⁵

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 131,265	\$ 195,589
General Revenue - Common School Special Account Fund	0005	43,755	65,196
Total		\$ 175,020	\$ 260,785

Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 31,200	\$ 28,367
General Revenue - Common School Special Account Fund	0005	10,400	9,456
Total		\$ 41,600	\$ 37,823

⁵ 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 Exemption⁶

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 6,292	\$ 7,405
General Revenue - Common School Special Account Fund	0005	2,097	2,468
Total		\$ 8,389	\$ 9,873

Expenditure: Retailer's Discount

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 94,563	\$ 94,549
General Revenue - Common School Special Account Fund	0005	31,521	31,516
Total		\$ 126,084	\$ 126,065

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 51,311	\$ 81,253
General Revenue - Common School Special Account Fund	0005	17,104	27,084
Total		\$ 68,415	\$ 108,337

Expenditure: Sales of Motor Vehicles to Non-Residents Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 27,303	\$ 25,417
General Revenue - Common School Special Account Fund	0005	9,101	8,472
Total		\$ 36,404	\$ 33,889

Expenditure: Sales of Vehicles to Automobile Rentors Exemption⁷

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 39,273	\$ 38,580
General Revenue - Common School Special Account Fund	0005	13,091	12,860
Total		\$ 52,364	\$ 51,440

Expenditure: Sales to Exempt Organizations⁸

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 759,275	\$ 764,932
General Revenue - Common School Special Account Fund	0005	253,092	254,977
Total		\$ 1,012,367	\$ 1,019,909

Expenditure: Traded-In Property Exemption

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 280,845	\$ 277,791
General Revenue - Common School Special Account Fund	0005	93,615	92,597
Total		\$ 374,460	\$ 370,388

Total Tax Impact per Revenue Source	\$ 3,707,458	\$ 3,928,404
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⁶ Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois. Tax expenditure estimate only applies to motor vehicles.

⁷ Tax Expenditure is net of Automobile Rental Tax receipts.

⁸ 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 06	FY 07
Revenue Source and Annual Receipts: Individual Income Tax ⁹		\$ 9,567,983	\$ 10,424,860
Expenditure: Additional Exemptions: Blind and Elderly			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 26,705	\$ 27,515
Education Assistance Fund	0007	2,103	2,167
Income Tax Refund Fund	0278	3,112	3,207
Total		\$ 31,920	\$ 32,889
Expenditure: Affordable Housing Donations Tax Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 308	\$ 709
Education Assistance Fund	0007	24	56
Income Tax Refund Fund	0278	36	83
Total		\$ 368	\$ 848
Expenditure: Dependent Care Assistance Program Tax Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 12	\$ 3,712
Education Assistance Fund	0007	1	292
Income Tax Refund Fund	0278	2	433
Total		\$ 15	\$ 4,437
Expenditure: Earned Income Tax Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 63,011	\$ 66,012
Education Assistance Fund	0007	4,962	5,198
Income Tax Refund Fund	0278	7,343	7,693
Total		\$ 75,316	\$ 78,903
Expenditure: Economic Development for a Growing Economy Tax Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 83	\$ 3,946
Education Assistance Fund	0007	6	311
Income Tax Refund Fund	0278	10	460
Total		\$ 99	\$ 4,717
Expenditure: Education Expense Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 59,023	\$ 59,436
Education Assistance Fund	0007	4,648	4,680
Income Tax Refund Fund	0278	6,878	6,927
Total		\$ 70,549	\$ 71,043
Expenditure: Enterprise Zone Investment Credit			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 81	\$ 657
Education Assistance Fund	0007	6	52
Income Tax Refund Fund	0278	10	77
Total		\$ 97	\$ 786

⁹ Derived from 2005 and 2006 tax year returns.

**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 Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 3,759	\$ 24
Education Assistance Fund	0007	296	2
Income Tax Refund Fund	0278	438	3
Total		\$ 4,493	\$ 29

Expenditure: Federally Taxed Retirement and Social Security Subtractions

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 752,265	\$ 822,408
Education Assistance Fund	0007	59,240	64,763
Income Tax Refund Fund	0278	87,669	95,844
Total		\$ 899,174	\$ 983,015

Expenditure: Film Production Service Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 770	\$ 120
Education Assistance Fund	0007	60	9
Income Tax Refund Fund	0278	90	14
Total		\$ 920	\$ 143

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 23	\$ 5
Education Assistance Fund	0007	2	1
Income Tax Refund Fund	0278	3	1
Total		\$ 28	\$ 7

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1	\$ 1
Education Assistance Fund	0007	0	0
Income Tax Refund Fund	0278	0	0
Total		\$ 1	\$ 1

Expenditure: Military Pay Subtraction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 20,377	\$ 20,774
Education Assistance Fund	0007	1,605	1,636
Income Tax Refund Fund	0278	2,375	2,421
Total		\$ 24,357	\$ 24,831

Expenditure: Other Subtractions¹⁰

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 61,849	\$ 69,418
Education Assistance Fund	0007	4,870	5,467
Income Tax Refund Fund	0278	7,208	8,090
Total		\$ 73,927	\$ 82,975

¹⁰ Includes subtractions for a variety of items, many of which (enterprise zone and foreign trade zone dividends, interest expenses, job training contributions, acceleration of life insurance benefits for a terminal illness, Persian Gulf War bonuses, medical care savings accounts, college savings accounts, self-employed health insurance, Roth IRA conversions, compensation of Nazi victims, and nonsalary ride sharing compensation) are tax expenditures.

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

Revenue (Continued)

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

Expenditure: Research and Development Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,038	\$ 2,300
Education Assistance Fund	0007	82	181
Income Tax Refund Fund	0278	121	268
Total		\$ 1,241	\$ 2,749

Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 588,199	\$ 596,219
Education Assistance Fund	0007	46,320	46,951
Income Tax Refund Fund	0278	68,549	69,484
Total		\$ 703,068	\$ 712,654

Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 371,242	\$ 400,237
Education Assistance Fund	0007	29,235	31,518
Income Tax Refund Fund	0278	43,265	46,644
Total		\$ 443,742	\$ 478,399

Expenditure: TECH-PREP Youth Vocational Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 92	\$ 47
Education Assistance Fund	0007	7	4
Income Tax Refund Fund	0278	11	5
Total		\$ 110	\$ 56

Total Tax Impact per Revenue Source		\$ 2,329,425	\$ 2,478,482
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	FY 06	FY 07
Revenue Source and Annual Receipts: Corporate Income Tax¹¹	\$ 1,784,316	\$ 2,120,582

Expenditure: Affordable Housing Donations

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 4	\$ 10,889
Education Assistance Fund	0007	0	857
Income Tax Refund Fund	0278	1	2,492
Total		\$ 5	\$ 14,238

Expenditure: Dependent Care Assistance Credit¹²

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 6
Education Assistance Fund	0007	0	1
Income Tax Refund Fund	0278	0	1
Total		\$ 0	\$ 8

¹¹ Derived from 2005 tax year returns.

¹² Not reported for fiscal year 2006.

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 06	FY 07
General Revenue Fund	0001	\$ 10,096	\$ 19,014
Education Assistance Fund	0007	795	1,497
Income Tax Refund Fund	0278	2,723	4,351
Total		\$ 13,614	\$ 24,862

Expenditure: Employee Child Care Tax Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 26	\$ 17
Education Assistance Fund	0007	2	1
Income Tax Refund Fund	0278	7	4
Total		\$ 35	\$ 22

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

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,244	\$ 3
Education Assistance Fund	0007	98	0
Income Tax Refund Fund	0278	336	1
Total		\$ 1,678	\$ 4

Expenditure: Enterprise Zone Investment Credit¹²

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ ---	\$ 5,692
Education Assistance Fund	0007	---	448
Income Tax Refund Fund	0278	---	1,302
Total		\$ ---	\$ 7,442

Expenditure: Environmental Remediation Tax Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 31
Education Assistance Fund	0007	0	2
Income Tax Refund Fund	0278	0	7
Total		\$ 0	\$ 40

Expenditure: Film Production Services Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 1,072
Education Assistance Fund	0007	0	84
Income Tax Refund Fund	0278	0	242
Total		\$ 0	\$ 1,402

Expenditure: Foreign Insurer Rate Reduction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 21,226	\$ 14,058
Education Assistance Fund	0007	1,672	1,107
Income Tax Refund Fund	0278	5,725	3,217
Total		\$ 28,623	\$ 18,382

¹² Not reported for fiscal year 2006.

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

Revenue (Continued)

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

Expenditure: High Economic Impact Business Interest Subtraction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 171	\$ 52
Education Assistance Fund	0007	13	4
Income Tax Refund Fund	0278	46	12
Total		\$ 230	\$ 68

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 2,332	\$ 753
Education Assistance Fund	0007	184	59
Income Tax Refund Fund	0278	629	172
Total		\$ 3,145	\$ 984

Expenditure: High Economic Impact Business Dividend Subtraction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 4,922	\$ 3,026
Education Assistance Fund	0007	388	238
Income Tax Refund Fund	0278	1,328	692
Total		\$ 6,638	\$ 3,956

Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 183,964	\$ 190,117
Education Assistance Fund	0007	14,487	14,971
Income Tax Refund Fund	0278	49,613	43,504
Total		\$ 248,064	\$ 248,592

Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 151	\$ 258
Education Assistance Fund	0007	12	20
Income Tax Refund Fund	0278	41	59
Total		\$ 204	\$ 337

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 531	\$ 8
Education Assistance Fund	0007	42	1
Income Tax Refund Fund	0278	143	2
Total		\$ 716	\$ 11

Expenditure: Research and Development Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 478	\$ 27,385
Education Assistance Fund	0007	38	2,156
Income Tax Refund Fund	0278	129	6,266
Total		\$ 645	\$ 35,807

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

Revenue (Continued)

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

Expenditure: TECH-PREP Youth Vocational Program Credit

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 65
Education Assistance Fund	0007	0	5
Income Tax Refund Fund	0278	0	15
Total		\$ 0	\$ 85
Total Tax Impact per Revenue Source		\$ 303,597	\$ 356,240

	FY 06	FY 07
Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax	\$ 28,898	\$ 30,857

Expenditure: Claims for Loss or Damage Deduction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,366	\$ 1,456
Total		\$ 1,366	\$ 1,456

Expenditure: Exempt Organization Rentals ¹³

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,309	\$ 1,398
Total		\$ 1,309	\$ 1,398

Expenditure: Insurance Coverage Deduction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 990	\$ 1,057
Total		\$ 990	\$ 1,057

Expenditure: Other/Miscellaneous Deductions

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 76	\$ 81
Total		\$ 76	\$ 81

Expenditure: Refueling Deduction

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 388	\$ 414
Total		\$ 388	\$ 414

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 529	\$ 554
Total		\$ 529	\$ 554

Total Tax Impact per Revenue Source	\$ 4,658	\$ 4,960
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	FY 06	FY 07
Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes	\$ 620,977	\$ 617,860

Expenditure: Cost of Collection Discount

Fund Name and Code:		FY 06	FY 07
Long Term Care Provider Fund	0345	\$ 9,850	\$ 9,442
Total		\$ 9,850	\$ 9,442

Total Tax Impact per Revenue Source	\$ 9,850	\$ 9,442
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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)

		FY 06	FY 07
Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax	\$	181,269	\$ 203,030
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,970	\$ 1,608
International Tourism Fund	0621	236	193
Build Illinois Fund	0960	2,627	2,145
Local Tourism Fund	0969	421	343
Total		\$ 5,254	\$ 4,289
Expenditure: Permanent Residents Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 3,632	\$ 4,068
International Tourism Fund	0621	436	488
Build Illinois Fund	0960	4,844	5,425
Local Tourism Fund	0969	775	868
Total		\$ 9,687	\$ 10,849
Total Tax Impact per Revenue Source		\$ 14,941	\$ 15,138
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Liquor Gallonage Tax	\$	152,300	\$ 155,680
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 780	\$ 871
Total		\$ 780	\$ 871
Expenditure: Non-Beverage User Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,162	\$ 276
Total		\$ 1,162	\$ 276
Expenditure: Sacramental Wine Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 12	\$ 12
Total		\$ 12	\$ 12
Total Tax Impact per Revenue Source		\$ 1,954	\$ 1,159
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Underground Storage Tank Tax	\$	74,248	\$ 78,171
Expenditure: Airport Exemption			
Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 12,799	\$ 12,427
Total		\$ 12,799	\$ 12,427
Expenditure: Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers			
Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 594	\$ 548
Total		\$ 594	\$ 548
Expenditure: Liquefied Propane Gas Exemption			
Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 1	\$ 32
Total		\$ 1	\$ 32

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

Revenue (Continued)

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

Expenditure: Rail Carrier Exemption

Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 3,219	\$ 3,638
Total		\$ 3,219	\$ 3,638

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 06	FY 07
Underground Storage Tank Fund	0072	\$ 1,285	\$ 1,305
Total		\$ 1,285	\$ 1,305

Total Tax Impact per Revenue Source \$ 17,898 \$ 17,950

FY 06 **FY 07**

Revenue Source and Annual Receipts: Motor Fuel Taxes \$ 1,371,819 \$ 1,375,535

Expenditure: Aviation Purposes Exemption

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 44	\$ 45
Total		\$ 44	\$ 45

Expenditure: Municipal Corporation or Private Utility Local Transportation System Exemption

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 6,833	\$ 7,067
Total		\$ 6,833	\$ 7,067

Expenditure: Sales for Use Other Than in Motor Vehicles Exemption

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 120,519	\$ 121,842
Total		\$ 120,519	\$ 121,842

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 06	FY 07
Motor Fuel Tax - State Fund	0012	\$ 21,272	\$ 21,438
Total		\$ 21,272	\$ 21,438

Total Tax Impact per Revenue Source \$ 148,668 \$ 150,392

FY 06 **FY 07**

Revenue Source and Annual Receipts: Electricity Excise Tax \$ 392,121 \$ 391,171

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

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 38,020	\$ 44,305
Public Utility Fund	0059	1,176	1,370
Total		\$ 39,196	\$ 45,675

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

Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 13,752	\$ 7,502
Public Utility Fund	0059	425	232
Total		\$ 14,177	\$ 7,734

Total Tax Impact per Revenue Source \$ 53,373 \$ 53,409

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

Revenue (Continued)

		FY 06	FY 07
Revenue Source and Annual Receipts: Gas Revenue Tax	\$	154,894	\$ 160,342
Expenditure: Cost of Collection Discount (Gas Use Tax)			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 669	\$ 689
Total		\$ 669	\$ 689
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 1,661	\$ 1,445
Total		\$ 1,661	\$ 1,445
Expenditure: Gas Used in Petroleum Refinery Operation ¹²			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 4,500
Total		\$ 0	\$ 4,500
Expenditure: Gas Used in Production of Electric Energy ¹²			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 14,300
Total		\$ 0	\$ 14,300
Expenditure: Gas Used in Production of Fertilizer ¹²			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 0	\$ 2,700
Total		\$ 0	\$ 2,700
Total Tax Impact per Revenue Source	\$	2,330	\$ 23,634
<hr/>			
		FY 06	FY 07
Revenue Source and Annual Receipts: Telecommunications Excise Tax	\$	614,066	\$ 668,347
Expenditure: Coin-Operated Telecommunications Devices Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 7	\$ 0
Common School Fund	0412	2	0
School Infrastructure Fund	0568	2	0
Total		\$ 11	\$ 0
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 6,139	\$ 5,833
Common School Fund	0412	1,229	1,168
School Infrastructure Fund	0568	1,229	1,168
Total		\$ 8,597	\$ 8,169
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 21	\$ 23
Common School Fund	0412	4	5
School Infrastructure Fund	0568	4	5
Total		\$ 29	\$ 33
Total Tax Impact per Revenue Source	\$	8,637	\$ 8,202

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

Revenue (Continued)

		FY 06	FY 07
Revenue Source and Annual Receipts: Vehicle Use Tax	\$	38,767	\$ 37,544
Expenditure: Business Reorganization Preferential Tax Rate			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 71	\$ 93
Total		\$ 71	\$ 93
Expenditure: Estate Gift to Beneficiary Preferential Tax Rate			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 136	\$ 147
Total		\$ 136	\$ 147
Expenditure: Family Member Preferential Tax Rate			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 4,009	\$ 4,057
Total		\$ 4,009	\$ 4,057
Expenditure: Farm Implement Exemption - Ready Mix Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 807	\$ 1,074
Total		\$ 807	\$ 1,074
Expenditure: Government, Charitable, Educational, Religious Entities Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 2,776	\$ 2,939
Total		\$ 2,776	\$ 2,939
Expenditure: Out-of-State Resident Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 841	\$ 952
Total		\$ 841	\$ 952
Expenditure: Rolling Stock Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 3,700	\$ 4,493
Total		\$ 3,700	\$ 4,493
Expenditure: Surviving Spouse Exemption			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 126	\$ 139
Total		\$ 126	\$ 139
Total Tax Impact per Revenue Source		\$ 12,466	\$ 13,894
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		FY 06	FY 07
Revenue Source and Annual Receipts: Racing Admission Tax	\$	95	\$ 91
Expenditure: Free General Admission			
Fund Name and Code:		FY 06	FY 07
General Revenue Fund	0001	\$ 259	\$ 257
Total		\$ 259	\$ 257
Total Tax Impact per Revenue Source		\$ 259	\$ 257

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

Revenue (Concluded)

Revenue Source and Annual Receipts: Racing Pari-mutuel (Privilege) Tax		\$ 10,526	\$ 8,490
Expenditure: Real Estate Tax Credit			
Fund Name and Code:		FY 06	FY 07
Horse Racing Fund	0632	\$ 3,911	\$ 4,502
Total		\$ 3,911	\$ 4,502
Total Tax Impact per Revenue Source		\$ 3,911	\$ 4,502
Total Tax Impact, Revenue		\$ 6,619,425	\$ 7,066,065

Commerce Commission

		FY 06	FY 07
Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)		\$ 9,844	\$ 9,261
Expenditure: Enterprise Zone Revenue Exemption			
Fund Name and Code:		FY 06	FY 07
Public Utility Fund	0059	\$ 16	\$ 20
Total		\$ 16	\$ 20
Total Tax Impact per Revenue Source		\$ 16	\$ 20
Total Tax Impact, Commerce Commission		\$ 16	\$ 20

Environmental Protection Agency

		FY 06	FY 07
Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee		\$ 1,201	\$ 1,200
Expenditure: State and Local Government Exemption			
Fund Name and Code:		FY 06	FY 07
Environmental Protection Permit and Inspection Fund	0944	\$ 750	\$ 600
Total		\$ 750	\$ 600
Total Tax Impact per Revenue Source		\$ 750	\$ 600

		FY 06	FY 07
Revenue Source and Annual Receipts: Water Main Construction Permit Application Fee		\$ 760	\$ 800
Expenditure: State and Local Government Exemption			
Fund Name and Code:		FY 06	FY 07
Environmental Protection Permit and Inspection Fund	0944	\$ 450	\$ 400
Total		\$ 450	\$ 400
Total Tax Impact per Revenue Source		\$ 450	\$ 400

		FY 06	FY 07
Revenue Source and Annual Receipts: NPDES Permit Discharge Fee		\$ 22,970	\$ 18,000
Expenditure: State Government and School District Exemption			
Fund Name and Code:		FY 06	FY 07
Illinois Clean Water Fund	0731	\$ 500	\$ 500
Total		\$ 500	\$ 500
Total Tax Impact per Revenue Source		\$ 500	\$ 500
Total Tax Impact, Environmental Protection Agency		\$ 1,700	\$ 1,500

GRAND TOTAL, IMPACT	\$ 6,716,121	\$ 7,184,747
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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
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: Individual Income Tax

Expenditure:

Ex-Felons Jobs Credit
River Edge Redevelopment Zone Site Remediation Tax Credit
Veterans Jobs Credit

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:

Attorney-In-Fact Subtraction
Bonus Depreciation Adjustment
Ex-Felons Jobs Credit
Interest Expense Subtraction
River Edge Redevelopment Zone Site Remediation Tax Credit
Veterans Jobs Credit

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

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Revenue (Concluded)

Revenue Source 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 Liquefaction Process

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:

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

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

*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.

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
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

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

Revenue (Continued)

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

Expenditure:	<u>Year Effective</u>
Semen for Artificial Insemination of Livestock	1994
Manufacturer's Purchase Credit	1995
Race Horses	1995
Leased Property to Hospitals or Government Bodies	1996
Game or Game Birds sold at Hunting Area	2000
Biodiesel Discount and Exemption	2003
Building Materials with Intermodal Terminal Facility Redevelopment Project Area Exemption	2006
Building Materials within River Edge Redevelopment Zone Exemption	2007

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	<u>Year Effective</u>
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: Enterprise Zone and Foreign Trade Zone	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
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

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
Ride Sharing	2003
Film Production Services Credit	2005
80/20 Rules	2005
River Edge Redevelopment Zone Dividend Subtraction	2007
River Edge Redevelopment Zone Site Remediation Tax Credit	2007
Veterans Jobs Credit	2007
Ex-Felons Jobs Credit	2007
Jobs Tax Credit: River Edge Redevelopment Zone	2007
River Edge Redevelopment Zone Investment Credit	2007

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: Enterprise Zone and Foreign Trade Zone	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
Jobs Tax Credit: River Edge Redevelopment Zone	2007
River Edge Redevelopment Zone Charitable Contribution Subtraction	2007
River Edge Redevelopment Zone Interest Subtraction	2007
River Edge Redevelopment Zone Dividends Subtraction	2007
River Edge Redevelopment Zone Investment Credit	2007
Ex-Felons Jobs Credit	2007
Veterans Jobs Credit	2007
River Edge Redevelopment Zone Site Remediation Tax Credit	2007

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

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Agricultural Expenditures		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Sales Tax		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 220,971	\$ 165,320
Gasohol Discount	101,176	101,185
Biodiesel Discount and Exemption	0	67,700
Farm Machinery and Equipment Exemption	49,719	31,500
Total	\$ 371,866	\$ 365,705
Tax: Other		
Farm Implement - Ready Mix Exemption	\$ 807	\$ 1,074
Total	\$ 807	\$ 1,074
Total, Agricultural Expenditures	\$ 372,673	\$ 366,779
Environmental Expenditures		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Income Tax		
Environmental Remediation Tax Credit	\$ 4,493	\$ 69
Total	\$ 4,493	\$ 69
Tax: Other		
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 14,177	\$ 7,734
Total	\$ 14,177	\$ 7,734
Total, Environmental Expenditures	\$ 18,670	\$ 7,803
Business Expenditures		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Sales Tax		
Manufacturing and Assembling Machinery and Equipment Exemption	\$ 175,020	\$ 260,785
Retailer's Discount	126,084	126,065
Rolling Stock Exemption	68,415	108,337
Sales of Vehicles to Automobile Rentors Exemption	52,364	51,440
Newsprint and Ink to Newspapers and Magazines Exemption	41,600	37,823
Designated Tangible Personal Property within Enterprise Zone Exemption	24,077	36,921
Manufacturer's Purchase Credit	29,444	28,797
Interim Use Prior to Sale Exemption	6,721	6,424
Building Materials within Special Zone Exemption	4,419	5,780
Graphic Arts Machinery and Equipment Exemption	3,561	3,587
Total	\$ 531,705	\$ 665,959
Tax: Individual Income Tax		
Income Tax Credits	\$ 2,496	\$ 8,459
Total	\$ 2,496	\$ 8,459

TAX EXPENDITURES BY PURPOSE

(IN THOUSANDS)

Business Expenditures (Concluded)		
	Fiscal Year 2006	Fiscal Year 2007
	Annual Impact	Annual Impact
Tax: Corporate Income Tax		
Illinois Net Operating Loss Deduction	\$ 248,064	\$ 248,592
Research and Development Credit	645	35,807
Economic Development for a Growing Economy Tax Credit	13,614	24,862
Foreign Insurer Rate Reduction	28,623	18,382
Enterprise Zone and River Edge Redevelopment Zone Investment Credit	0	7,442
High Economic Impact Business Dividend Subtraction	6,638	3,956
Film Production Services Credit	0	1,402
High Economic Impact Business Investment Credit	3,145	984
Job Training Contribution Subtraction	204	337
TECH-PREP Youth Vocational Program Credit	0	85
High Economic Impact Business Interest Subtraction	230	68
Jobs Tax Credit	716	11
Special Zone Dividend, Interest, and Charitable Contribution Subtractions	1,678	4
Total	\$ 303,557	\$ 341,932
Tax: Other¹		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 120,519	\$ 121,842
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	39,196	45,675
Timely Filing and Full Payment Discount - MFT	21,272	21,438
Gas Used in Production of Electric Energy	0	14,300
Airport Exemption	12,799	12,427
Cost of Collection Discount - Cigarettes	9,850	9,442
Cost of Collection Discount - Telecommunications	8,597	8,169
Two Million Dollar Cap on Franchise Tax for Corporations	6,466	6,294
Real Estate Tax Credit	3,911	4,502
Gas Used in Petroleum Refinery Operation	0	4,500
Cost of Collection Discount - Hotel	5,254	4,289
Rail Carrier Exemption	3,219	3,638
Gas Used in Production of Fertilizer	0	2,700
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	1,661	1,445
Timely Filing and Full Payment Discount -UST	1,285	1,305
Cost of Collection Discount - Liquor	780	871
Cost of Collection Discount (Gas Use Tax)	669	689
Timely Filing and Full Payment Discount - ART	529	554
Exemption for Vessels Conducting Interstate Commerce on Border Rivers	594	548
Business Reorganization Preferential Tax Rate	71	93
Aviation Purposes Exemption	44	45
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	29	33
Enterprise Zone Revenue Exemption	16	20
Total	\$ 236,761	\$ 264,819
Total, Business Expenditures	\$ 1,074,519	\$ 1,281,169

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

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Individual Expenditures - Broad Based		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Sales Tax		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,370,499	\$ 1,460,900
Total	\$ 1,370,499	\$ 1,460,900
Tax: Individual Income Tax		
Standard Exemption: Taxpayers and Dependents	\$ 703,068	\$ 712,654
Tax Credit for Residential Real Property Taxes	443,742	478,399
Earned Income Tax Credit	75,316	78,903
Education Expense Credit	70,549	71,043
Total	\$ 1,292,675	\$ 1,340,999
Total, Individual Expenditures - Broad Based	\$ 2,663,174	\$ 2,801,899
Individual Expenditures - Elderly and Disabled		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Individual Income Tax		
Federally Taxed Retirement and Social Security Subtractions	\$ 899,174	\$ 983,015
Additional Exemptions: Blind and Elderly	31,920	32,889
Total	\$ 931,094	\$ 1,015,904
Tax: Other		
Disabled, Under 16, 65 & Over, Fee Fishing Area, Owner/Tenant Discount	\$ 13,008	\$ 8,826
Senior Citizen Plate Renewal Reduction	8,594	7,839
Duplicated/Corrected ID Senior Citizen/Handicapped	1,776	1,964
Reduced Renewal Fee for Senior Citizens	880	948
Disabled Veteran Vehicle Registration Exemption	284	296
Duplication of Stolen Licenses for Senior Citizens	7	8
Total	\$ 24,549	\$ 19,881
Total, Individual Expenditures - Elderly and Disabled	\$ 955,643	\$ 1,035,785
Individual Expenditures - Other		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Individual Income Tax		
Military Pay Subtraction	\$ 24,357	\$ 24,831
Dependent Care Assistance Program Tax Credit	15	4,437
Total	\$ 24,372	\$ 29,268
Tax: Other		
Pop. With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,669	\$ 2,514
Dept. Funded HIV Counseling/Testing Site and HIV Seroprevalence Exemption	293	368
X-POW Vehicle Registration Exemption	111	88
Dependent Care Assistance Credit	0	8
Total	\$ 3,073	\$ 2,978
Total, Individual Expenditures - Other	\$ 27,445	\$ 32,246

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Charitable Expenditures		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Sales Tax		
Sales to Exempt Organizations ²	\$ 1,012,367	\$ 1,019,909
Total	\$ 1,012,367	\$ 1,019,909
Tax: Corporate Income Tax		
Affordable Housing Donations	\$ 5	\$ 14,238
Employee Child Care Tax Credit	35	22
Total	\$ 40	\$ 14,260
Tax: Other		
Government, Charitable, Educational, Religious Entities Exemption	\$ 2,776	\$ 2,939
Exempt Organization Rentals	1,309	1,398
Affordable Housing Donations Tax Credit	368	848
Low Income Family Waiver	436	368
Charitable Organization Vehicle Exemption	2,028	200
Other	142	139
Total	\$ 7,059	\$ 5,892
Total, Charitable Expenditures	\$ 1,019,466	\$ 1,040,061

Other Expenditures		
	Fiscal Year 2006 Annual Impact	Fiscal Year 2007 Annual Impact
Tax: Sales Tax		
Traded-In Property Exemption	\$ 374,460	\$ 370,388
Sales of Motor Vehicles to Non-Residents Exemption	36,404	33,889
Property Acquired by Non-Resident before Relocating in Illinois Exemption	8,389	9,873
Legal Tender, Medallions, and Bullion Exemption	1,768	1,781
Total	\$ 421,021	\$ 415,931
Tax: Individual Income Tax		
Other Subtractions	\$ 73,927	\$ 82,975
Total	\$ 73,927	\$ 82,975
Tax: Hospital Provider Assessment		
Hospital Provider Exemption	\$ 0	\$ 26,249
Total	\$ 0	\$ 26,249
Tax: Other		
Other	\$ 89,583	\$ 93,850
Total	\$ 89,583	\$ 93,850
Total, Other Expenditures	\$ 584,531	\$ 619,005

² The Department of Revenue estimates that of the \$1.020 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 website: To access the detailed submissions:

- Go to the Comptroller's website:
<http://www.ioc.state.il.us/>
- Move the mouse pointer over the Departments button 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.

TAX EXPENDITURE REPORT • FISCAL YEAR ENDED JUNE 30, 2007

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