

# State of Illinois

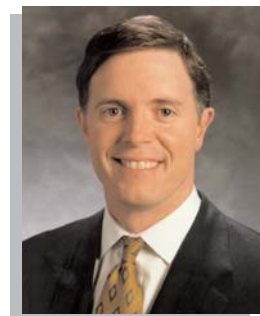


# Tax Expenditure Report

Fiscal Year 2003

Comptroller Daniel W. Hynes is the Chief Fiscal Officer for the State of Illinois, managing its financial accounts, processing more than 18 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.





DANIEL W. HYNES

June, 2004

## *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 2003. Tax expenditures are tax breaks, such as exemptions, credits, or abatements, given to individuals, corporations, or other organizations. In fiscal year 2003, an estimated \$5.8 billion in forgone revenues resulted from 215 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 series of special studies included in the *Tax Expenditure Report* continues this year with an analysis of the impact on state revenues of recently enacted changes in the state budget for fiscal year 2004. Tax expenditures are normally modifications to the basic state tax code that reduce state revenues. This study shows that tax expenditures can be modified or eliminated by the General Assembly in order to increase state revenues.

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

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

Sincerely,

Daniel W. Hynes  
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 \$5.8 billion in fiscal year 2003, with the major portion derived from income and sales tax expenditures.

Tax expenditures have been used since the early 1930’s; however, it was the decade of the 1980’s that saw an explosive growth in their use. During that decade, 79 tax expenditures were enacted. Of these, at least 37 were related to economic development efforts.

For fiscal year 2003, agencies identified 215 tax expenditures, 167 were associated with taxes and 48 with licenses or fees.

## WHAT’S NEW IN FISCAL YEAR 2003?

### Tax Expenditures Up 0.8%

Reported tax expenditures of \$5.822 billion in fiscal year 2003 were up \$44 million or 0.8% from reported tax expenditures of \$5.778 billion in fiscal year 2002. Modest increases were reported for tax expenditures from both the sales and personal income tax. Tax expenditures from the sales tax of \$3.305 billion were up \$60 million or 1.8% from fiscal year 2002 tax expenditures of \$3.245 billion. The estimated cost of the largest tax expenditure, the food, drugs, and medical appliances rate reduction, was up only \$9 million from

\$1.160 billion to \$1.169 billion. The allocation by fund of tax expenditures from the sales tax was modified as the 0.4% sales tax deposited into the Local Government Distributive Fund was eliminated in fiscal year 2003. The fiscal year 2002 \$13 million impact of tax expenditures on this fund was divided between the General

Revenue and General Revenue – Common School Special Account Funds in fiscal year 2003.

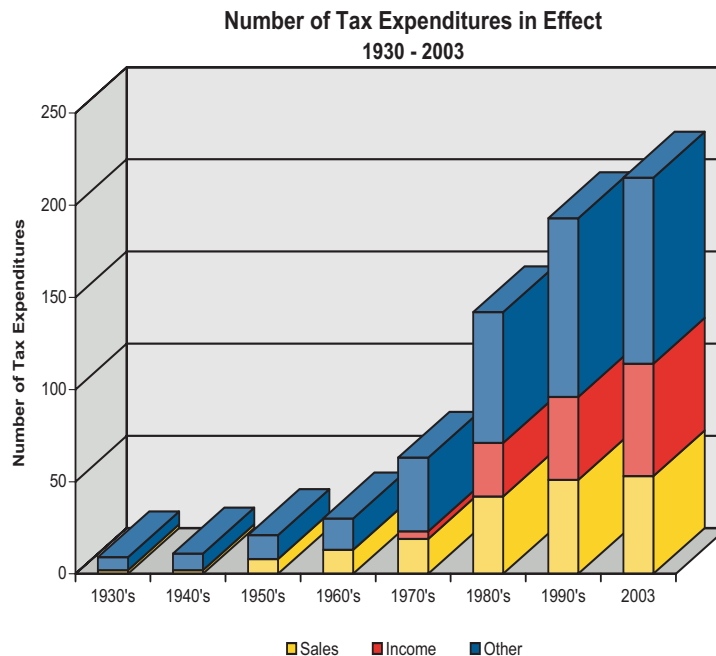
Tax expenditures from the individual income tax of \$1.995 billion were up \$44 million or 2.3% from fiscal year 2002 expenditures of \$1.951 billion. The

cost of the retirement and social security subtraction increased from \$717 million to \$732 million. The property tax credit was \$356 million versus \$337 million in fiscal year 2002. There was little change among other major individual income tax deductions and credits. The cost of the standard exemption was down \$6 million to \$680 million, while the education tax credit was down \$1 million to \$66 million and the earned income credit was up \$7 million to \$51 million.

In contrast to the sales and individual income tax, the cost of tax expenditures from the corporate income tax was down sharply in fiscal year 2003. The total impact of \$172 million was down \$52 million or 23.2% from the cost of \$224 million in fiscal 2002. The largest portion of the decline was due to the drop in the Illinois net operating loss deduction from \$145 million in fiscal year 2002 to \$103 million in fiscal year 2003.

## Trends In Tax Expenditures

During the eleven years the Illinois *Tax Expenditure Report* has been published, there has been little change



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in the structure of Illinois tax expenditures. During this period, noteworthy additions to the list of tax expenditures have included the manufacturer's purchase credit applied against sales tax liability, and the earned income, education expense, and EDGE credits applied against the income taxes. This followed a period during the 1980's when the creation of tax expenditures, including expenditures for enterprise zones and high economic impact businesses, training and research credits, and equipment purchase exemptions, was a major tool for economic development.

This report shows fiscal year 2003 continued the trend of limited modifications of the tax expenditure structure. New tax expenditures in fiscal years 2002 and 2003 included taxpayers' contributions to College Savings Pool accounts established and administered by the State Treasurer which are exempt from the state

income tax beginning with the 2002 tax year and a cost of collection discount for electronic liquor tax filers.

Also new are tax adjustments arising from Illinois decoupling from Federal bonus depreciation. The state will gain tax revenue when bonus depreciation is added back when computing state tax liability. The tax expenditure, which in this case should be considered a tax adjustment, occurs after the bonus depreciation years. At that point businesses can take additional depreciation off their Illinois return since the asset will now have a higher basis for Illinois tax reporting purposes than for federal taxes.

The following special report will show that a new trend may have begun during fiscal year 2004 with the elimination and reduction of tax expenditures serving as a tool to help the state resolve its financial difficulties.



# *SPECIAL STUDY: TAX EXPENDITURES AND THE FISCAL YEAR 2004 BUDGET*

The multi-faceted plan to close the budget gap for the fiscal year 2004 budget included the elimination or modification of several long-standing tax expenditures as well as major increases in state fees and gambling taxes. The table lists 23 revenue generating modifications to the tax code. Fourteen tax expenditures included in this report were terminated, and four tax expenditures had major modifications. In addition, two new tax expenditures, the transportation employee and the film production services credits, were created. This special report describes these changes to Illinois' tax expenditure structure.

insurers. Illinois domiciled insurance companies benefit because the retaliatory taxes they would owe other states are reduced. For a foreign insurer, the sum of the rates of their Illinois corporate and personal property tax replacement income taxes is reduced to the rate of tax imposed on, and measured by, net income by the state or country in which the foreign insurer is domiciled. The reduction may not reduce the corporate income tax and personal property tax replacement income tax to an amount that causes the total amount of income, insurance privilege and fire insurance taxes due

## **Changes to Existing Tax Expenditures:**

### **Income Taxes**

A number of corporate income tax incentives were either eliminated or modified. These include incentives that were intended both to encourage investment in Illinois and to offset other tax or mandated payments.

The two investment incentives that were eliminated provided credits for investing in employee training and for expanding research spending. Businesses were able to take a 1.6% credit for training expenses against their income tax liabilities. This credit no longer exists for tax years ending on or after December 31, 2003.

The research credit was equal to 6 1/2% of the qualifying expenditures for increasing research activities in Illinois. This credit also cannot be carried forward to tax years ending on or after December 31, 2003.

The most complicated modification to a tax expenditure is for the foreign insurer rate reduction. This tax expenditure sets a limit on the Illinois taxes owed by foreign (out-of-state based)

## **Fiscal Year 2004 Tax Changes**

### Eliminated Tax Expenditures

Training Expense Credit	Income Tax
Research and Development Credit	Income Tax
Replacement Taxes Paid Credit	Income Tax
Corporate Standard Deduction	Income Tax
Life and Health Insurance Assessment Offset	Income Tax
Property Used in Pollution Control Facilities	Sales Tax
Replacement Vehicles	Sales Tax
Graphic Arts Machinery and Equipment	Sales Tax
Coal Machinery and Equipment	Sales Tax
Oil Machinery and Equipment	Sales Tax
Ethanol Distillation Machinery and Equipment	Sales Tax
Aggregate Manufacturing Machinery and Equipment	Sales Tax
Vending Machines	Sales Tax
Manufacturer's Purchase Credit	Sales Tax

### Modified Tax Expenditures

Foreign Insurer Rate Reduction	Income Tax
Illinois Net Operating Loss Deduction	Income Tax
Rolling Stock Exemption	Sales Tax
Franchise Tax Cap	Corporate Franchise Tax

### New and Modified Taxes

Commercial Distribution Fee
Gas Use Tax
Aircraft Use Tax
Estate Tax
Surplus Line Tax

### New Tax Expenditures

Transportation Employee Credit	Income Tax
Film Production Services Credit	Income Tax

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from a foreign insurer to be less than 1.25% (changed to 1.75% for tax years ending on or after December 31, 2003) of the net taxable premiums written in Illinois.

Corporate taxpayers have been able to get a credit from their personal property tax replacement income tax payments which can be applied to their regular corporate income tax liability. The credit has been computed as follows: the amount of replacement income taxes paid is apportioned for the share of income allocable to Illinois and is multiplied by the regular income tax rate. This credit will not be allowed to be carried into any tax year ending on or after December 31, 2003.

Since the initiation of the state income tax, corporations have been able to take a standard deduction on their income taxes. This deduction, which had remained at \$1,000 when the individual deduction was increased to \$2,000, will be eliminated for tax years ending on or after December 31, 2003.

When corporations operating in Illinois suffer losses, they have been able to apply those losses against profits earned during the two prior years or during the twenty following years. Thus, if a formerly profitable company suffered losses during a year, it could carry the losses back to the prior two years, amend its returns and receive a credit or refund from the reduced tax liability. After December 31, 2003, corporations may only carry losses forward for 12 years.

When insurance companies or HMO's fail, the remaining insurance companies and HMO's provide financial resources to honor the failed company's commitments through life and health insurance guarantee levies. For years where the assessments exceed \$3,000,000, the insurance companies and HMO's can take a tax offset of 20% of their prorated share of the excess for five years. The income tax offset expired as of January 1, 2004. The offset against insurance taxes will automatically expire since the offset ran for five years and was for excess assessments for calendar years before 1998.

## **Sales Taxes**

The sales tax exemption of rolling stock used in interstate commerce was reworked. Rolling stock includes motor vehicles, trailers, buses, rail cars, barges, and air-

craft. Modifications apply to motor vehicles and trailers and include a new commercial distribution fee, a narrowing of the definition of rolling stock qualifying for the interstate commerce sales tax exemption, and a new transportation employee income tax credit.

The new commercial distribution fee applies to most second division vehicles with gross vehicle weight in excess of 8,000 lbs. The commercial distribution fee is a surcharge equal to 36% of the flat weight or mileage weight taxes paid for these vehicles as a charge for the use of public highways, state infrastructure, and state services. Second division vehicles that do not pay these taxes, such as school buses, do not pay the commercial distribution fee. Vehicles that pay the commercial distribution fee will largely be exempt from the sales tax.

Vehicles and parts purchased for interstate commerce have been exempt from the state sales tax. Vehicles had been defined as rolling stock in interstate commerce if they were used in interstate commerce more than 15 times a year. The definition of vehicle in interstate commerce has been modified to only apply to motor vehicles where 51% of their trips are in interstate commerce and to trailers used regularly and frequently in interstate commerce.

The additional payments by transportation companies can be offset in part by a new income tax credit. The credit is \$50 for each qualified Illinois resident employed by a payer of the commercial distribution fee. The credit is effective for the 2004 tax year which means it will first have an impact in fiscal year 2005.

Several items which had been exempted from the sales tax were returned to the sales tax base. These include tangible personal property used in pollution control facilities, the replacement by insurance companies of vehicles that were deemed a total loss (the existing \$200 replacement vehicle tax on such purchases is eliminated), graphic arts machinery and equipment, oil, coal, ethanol distillation, and aggregate manufacturing equipment, and vending machines.

The manufacturer's purchase credit is no longer granted for purchases after June 30, 2003, and is abolished effective October 20, 2003. Taxpayers who purchase and use tax exempt manufacturing and graphic arts

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machinery had been able to earn this credit. This non-transferable credit was 50% of the purchase price of these items and could be applied against future state sales tax liabilities owed when production related items are purchased from suppliers. Items qualifying for the credit had to be either incorporated into real estate within the manufacturing facility, used or consumed in the manufacturing process such as preproduction material handling, receiving, quality control, inventory control, storage, or packaging, or used for research and development.

### **Other Taxes**

The new gas use tax is levied on the value of natural gas purchases not covered by the public utility gas tax with an October 1, 2003, effective date. The public utility gas revenue tax is equal to the lesser of 2.4 cents per therm sold to each customer or 5% of gross revenues from each customer. As deregulation has allowed energy users to arrange the purchase of natural gas through independent brokers, revenues received from the tax have been less than would have been received if the purchase and full payment had been to a regulated public utility. The gas use tax is also levied at a rate of 2.4 cents per therm if collected by the delivering supplier and the lesser of 2.4 cents per therm or 5% of revenues if paid by the purchaser with a credit for taxes paid to other states. Exemptions are granted to natural gas used by governmental bodies, nonprofit groups, petroleum refineries, or by a business located in an enterprise zone and for gas used to produce electricity, ammonia and fertilizer, or to make value-added byproducts for resale.

The new aircraft use tax, effective for purchases after June 30, 2003, applies to the acquisition of aircraft that will be used in Illinois. If the aircraft is not purchased from a retailer, it is subject to 6.25% tax less any tax paid to another state. Government, nonprofits, and aircraft purchased for use as rolling stock in interstate commerce are exempt from the tax.

Other taxes that were modified during fiscal year 2003 include the estate tax, the corporate franchise tax, and the surplus line tax paid by insurance brokers. The Illinois estate tax had been equal to the maximum credit granted states against the federal estate tax. With the abolition of the federal estate tax, this credit no longer

exists, effectively eliminating the Illinois estate tax. Public Act 93-0030 partially restored the Illinois estate tax for the calendar year 2003 through 2009 period. The credit is equal to the amount that would have been owed allowing increases in the federal exclusion (similar to the standard deduction for the income tax, the exclusion which had been \$600 thousand for many years was increased to \$1 million for deaths during 2003, \$1.5 million for 2004 and 2005, and \$2 million for 2006 through 2008), but without the reductions and elimination of the federal estate tax rate.

The corporate franchise tax is an annual tax imposed on the capital structure and changes in the capital structure of corporations operating in Illinois. The annual \$1 million cap on franchise tax payments is being raised to \$2 million. Surplus line brokers place insurance with companies not registered in Illinois for risks that Illinois registered companies do not cover. The surplus line tax rate is increased from 3.0% of premiums to 3.5% of premiums.

### **The Film Production Services Tax Credit**

The film production services income tax credit is available beginning January 2004 for businesses in the film industry who have received a tax credit certificate from the Department of Commerce and Economic Opportunity. An accredited production of 30 minutes or longer must have Illinois labor expenditures of at least \$100,000, while shorter productions must have at least \$50,000 in Illinois labor costs. Qualified labor expenditures are limited to the first \$25,000 of wages paid to Illinois residents excluding the two highest paid employees of the production. Nonartistic productions such as talk shows, sporting events, or infomercials are excluded from the credit. The tax credit is equal to 25% of the production's qualified Illinois labor expenditures for the tax year.

### **Impact of Eliminated Tax Expenditures**

This report can be used to measure the cost of the tax expenditures that were totally repealed in fiscal year 2003. These tax expenditures had a combined cost of \$72.9 million equally divided between income and sales taxes. Income tax modifications cost \$36.5 million, while the sales tax modifications cost \$36.4 million.

## Impact of Eliminated Tax Expenditures

<u>Eliminated Tax Expenditures</u>		<b>Cost*</b> <b>(Millions)</b>
Training Expense Credit	Income Tax	\$12.7
Research and Development Credit	Income Tax	\$6.7
Replacement Taxes Paid Credit	Income Tax	\$6.0
Corporate Standard Deduction	Income Tax	\$5.0
Life and Health Insurance Assessment Offset	Income Tax	\$6.2
<b>Subtotal</b>		<b>\$36.5</b>
Property Used in Pollution Control Facilities	Sales Tax	\$3.6
Graphic Arts Machinery and Equipment	Sales Tax	\$4.1
Coal, Oil, & Distillation Machinery and Equipment	Sales Tax	\$0.7
Manufacturer's Purchase Credit	Sales Tax	\$28.0
<b>Subtotal</b>		<b>\$36.4</b>
<b>Total</b>		<b>\$72.9</b>

\*Where available from the *Tax Expenditure Report*

The two largest were the manufacturer's purchase credit (\$28.0 million) and the training expense credit (\$12.7 million).

The direct impact of these changes to the tax code will almost exclusively be felt by business. The only termi-

nated and modified tax expenditures or new and modified taxes that are likely to have a large nonbusiness component are the continuation of the estate tax and the new aircraft use tax which will have an impact on high income individuals.

# A REVIEW OF FISCAL YEAR 2003

## TAX EXPENDITURES

### The Impact of Tax Expenditures

Although tax expenditures were reported for 42 revenue sources in fiscal year 2003, the four largest tax sources accounted for \$5.617 billion or 96% of the \$5.822 billion in reported tax expenditures. Well over half of the value of tax expenditures (\$3.305 billion or 57%) was attributed to state sales taxes.

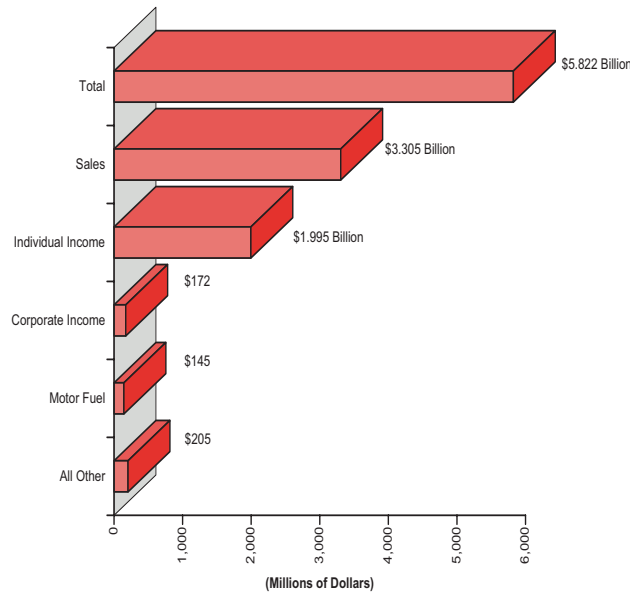
Another 37% was associated with income taxes with \$1.995 billion or 34% from the individual income tax and \$172 million or 3% from the corporate income tax. The motor fuel tax accounted for \$145 million or 2% of reported tax expenditures leaving only \$205 million or 4% for tax expenditures from the remaining revenue sources.

### The Ten Largest Tax Expenditures

Six of the ten largest tax expenditures were from the sales tax, with three from the individual

income tax, and one from the motor fuel tax. The food, drug, and medical appliance rate reduction was the largest single tax expenditure and represented 20% of the total reported impact. The impact of the ten largest tax expenditures totaled \$4.8 billion or 82% of the total impact of all tax expenditures.

Impact of Tax Expenditures



The Ten Largest Tax Expenditures - Fiscal Year 2003

(Millions of Dollars)

Amount	Expenditure	Applied Against
\$1,169	Food, Drugs, Medical Appliances	Sales Tax
893	Sales to Exempt Organizations	Sales Tax
732	Retirement and Social Security Deductions	Individual Income Tax
680	Standard Deduction	Individual Income Tax
356	Property Tax Credit	Individual Income Tax
339	Exemption for Trade-Ins	Sales Tax
204	Farm Chemical Exemption	Sales Tax
158	Manufacturing Machinery Exemption	Sales Tax
115	Non Motor Vehicle Use	Motor Fuel Tax
107	Retailer's Discount	Sales Tax
<b>\$4.754 Billion</b>	Total Impact of Largest Ten Expenditures	
<b>\$5.822 Billion</b>	Total Impact of All Tax Expenditures	
<b>82%</b>	Percent of Total Impact	

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

One prominent tax expenditure has been designed to exclusively impact local government revenues. The investment tax credit is applied against the personal property replacement income tax which is distributed to local governments. This tax expenditure includes a base 0.5% credit for buying equipment used in retailing, manufacturing, and mining. An additional 0.5% credit is allowed if the company's Illinois employment has increased by 1%. The cost to local governments for this tax expenditure for the 2000 tax year was \$25.9 million.

## Four Largest Tax Expenditures, Fiscal Year 1993 to 2003

Reported tax expenditures of \$5.8 billion for fiscal year 2003 were \$2.7 billion or 90.1% greater than 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 expenditures, as well as the impact of inflation and economic growth. Of particular interest are the trends in growth for the four largest expenditures which have accounted for over half of the total reported.

Retirement subtractions from the Illinois individual income tax apply to all retirement income including IRA, disability, social security, and railroad retirement income that is subject to the federal income tax. The estimated cost of this tax expenditure of \$732 million for fiscal year 2003 was \$448 million greater or 2.6 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.

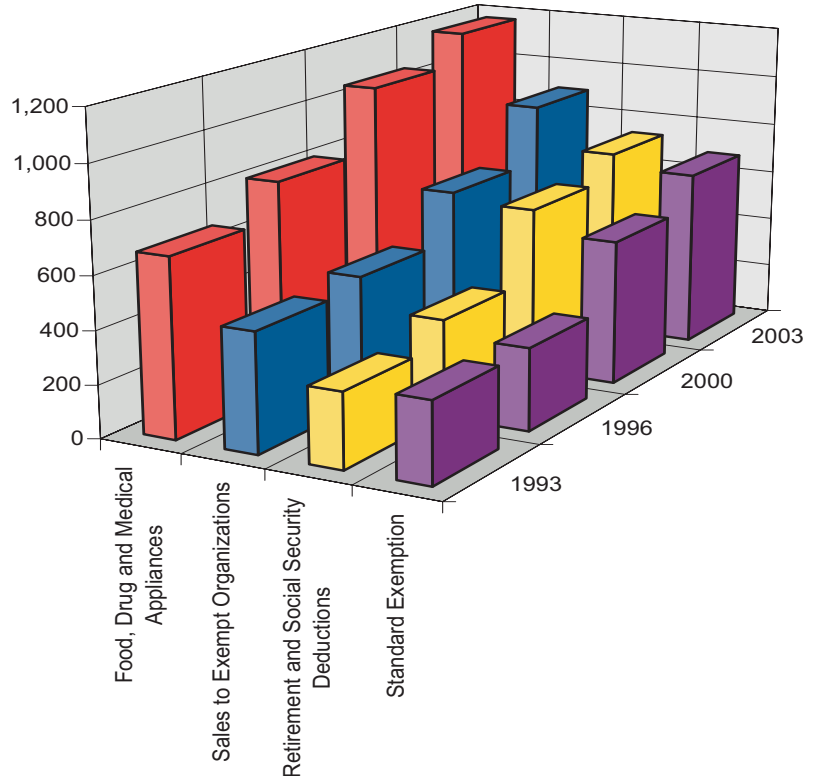
Demographers are projecting a sizable increase in Illinois' population over 65. According to the most recent U.S. Census Bureau projections, there will be 2.2 million senior citizens in Illinois in 2025, up 50.5% from the number of seniors (1.5 million) in 2000. Over that same period, the total Illinois population is projected to increase 11.5%. 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

increase in the standard deduction (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 \$360 million to \$680 million for fiscal 2003.

The largest tax expenditure, the reduced sales tax rate for food, drugs, and medical appliances, is the only \$1 billion tax expenditure. Between fiscal 1993 and fiscal 2003, its cost increased \$494 million or 73.2% from \$675 million to \$1.169 billion reflecting inflation and increased consumer purchases of exempted items. The other major tax expenditure from the sales tax is the exemption for sales to exempt organizations such as local governments and charities which increased \$443 million or 98.4% during this period.

**Four Largest Tax Expenditures  
Fiscal Years 1993 to 2003  
(Dollars in Millions)**

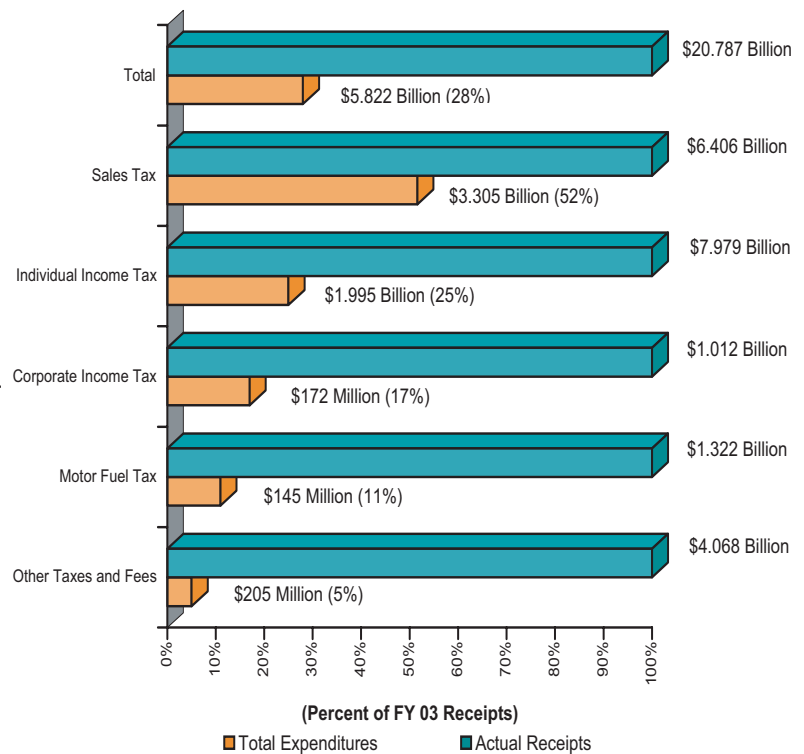


## A \$5.8 Billion Impact on Reported Tax Receipts

The \$5.8 billion in tax expenditures was applied against revenue sources that brought in a reported \$20.8 billion in fiscal year 2003. This amounts to 28% 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 \$205 million, or 5% of other receipts of \$4.1 billion. Within other sources, there were several for which tax expenditures had a substantial impact. These include - fishing licenses (\$13 million impact, total receipts of \$6 million); the electricity excise tax (\$47 million in tax expenditures, total receipts of \$347 million), the insurance retaliatory tax (\$35 million in tax expenditures, total receipts of \$132 million), the underground storage tank tax (\$19 million in tax expenditures, total receipts of \$66 million), and the racing parimutuel tax (\$4 million in tax expenditures, total receipts of \$12 million).

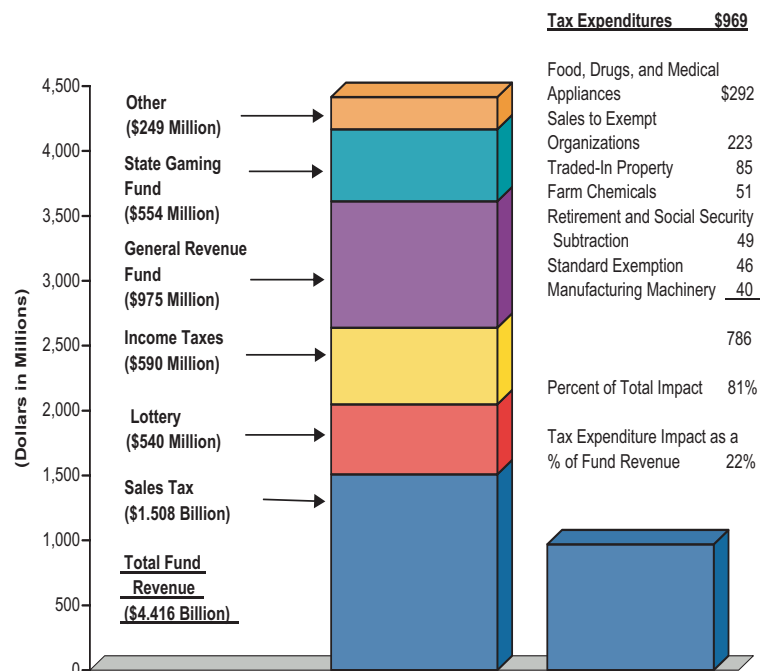
### Impact of Tax Expenditures on Tax Receipts



## A \$969 Million Impact on Education Funds

Tax expenditures of \$969 million from monies that would have been deposited into the Education Funds were the equivalent of 22% 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 2003, the Education Funds received \$4.4 billion from dedicated sources - \$1.5 billion from the sales tax, \$540 million in lottery transfers, \$590 million from income taxes, \$554 million from the State Gaming Fund, and \$249 million from

### Education Funds Receipts and Tax Expenditures\*



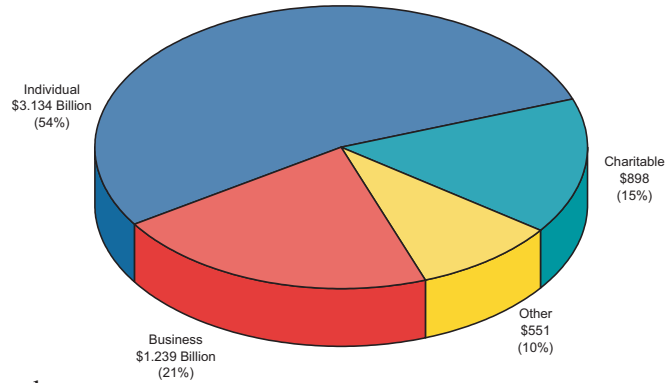
\* Includes Common School, General Revenue - Common School Special Account and Education Assistance Funds

other sources (including \$137 million from cigarette taxes and \$102 million from the communications excise tax) plus \$975 million in General Revenue Fund transfers.

## Who Received Tax Expenditures?

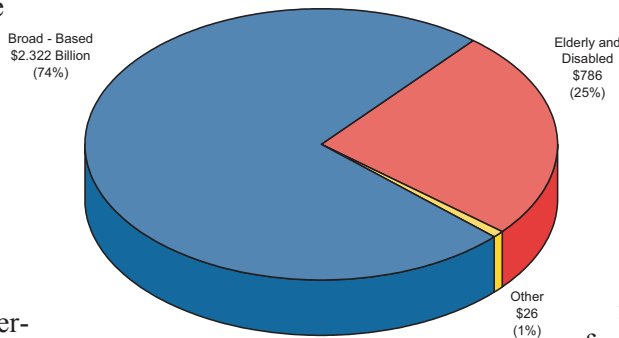
Tax expenditures for individuals totaled \$3.1 billion while business received \$1.2 billion, charities \$898 million and other \$551 million.

**Tax Expenditures by Purpose**  
(Dollars in Millions)



Individuals received \$2.3 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 broad-based tax expenditures included the property tax credit, the education expense credit, and the earned income credit. The expenditures for the elderly and disabled of \$786 million consisted primarily of \$732 million for federally taxed retirement and social security subtractions.

**Individual Expenditures**  
(Dollars in Millions)

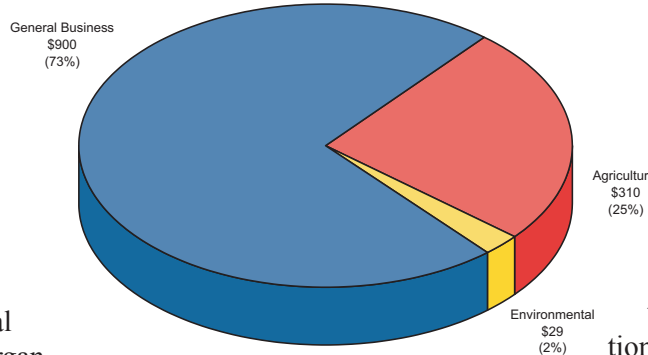


## The Impact of Tax Expenditures on Revenue Sharing

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

The impact of general business expenditures was \$900 million, while agricultural expenditures were \$310 million and environmental expenditures totaled \$29 million. The manufacturing machinery exemption, net operating loss deduction, retailer's sales tax discount, sales of motor fuel for use other than in motor vehicles, and rolling stock exemption were the largest general business expenditures. Sales to exempt organizations were \$893 million of the \$898 million worth of expenditures for charities (99.4%). The largest of the \$551 million in other expenditures was the \$339 million impact of the traded-in property exemption primarily attributable to new and used car sales.

**Business Expenditures**  
(Dollars in Millions)



During fiscal year 2003, \$1.7 billion was distributed in income, sales, and motor fuel tax revenue sharing. Tax expenditures had an estimated \$378 million impact on these distributions.

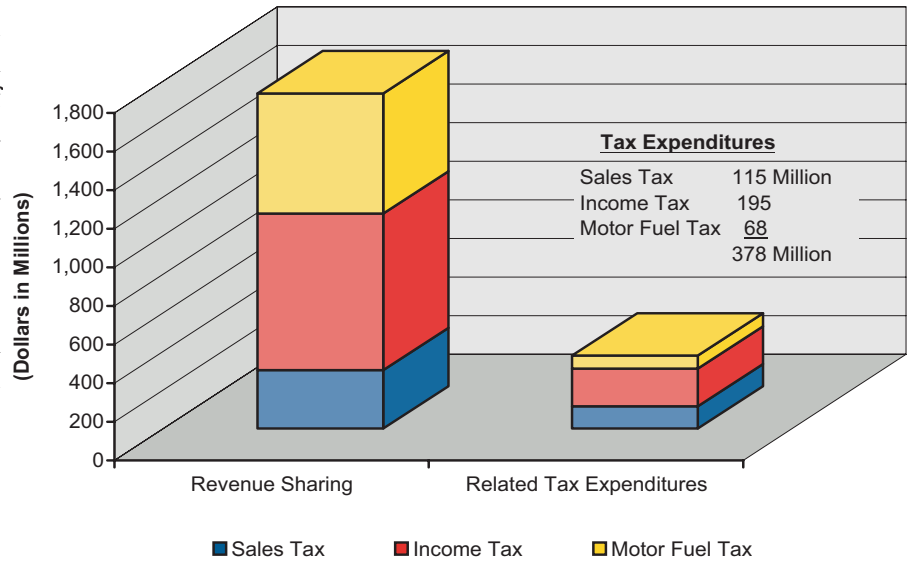
A fixed percent of net income tax revenues are granted to counties and municipalities as state revenue sharing. Distribution is based on their shares of the state's population. The distribution is cur-



rently 1/10 of net revenues. In fiscal year 2003, the Local Government Distributive Fund received \$810 million in transfers from the General Revenue Fund related to income tax receipts. Based on a 24% ratio of tax expenditures to combined income tax receipts, distributions were \$195 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. The deposit of 0.4% of sales tax revenues into the Local Government Distributive Fund was eliminated in fiscal year 2003. In fiscal year 2003, these programs received \$303 million in direct receipts and General Revenue Fund transfers. Distributions were \$115 million less than they would have been without tax expenditures.

### Revenue Sharing and Tax Expenditures



State motor fuel taxes are used for state purposes and shared with counties, municipalities, townships, and road districts. During fiscal year 2003, local government funds received \$623 million in motor fuel tax revenues. Based on an 11% ratio of tax expenditures to motor fuel tax receipts, distributions were \$68 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 02	FY 03
General Revenue Fund	0001	\$ 4,388,928	\$ 4,427,594
General Revenue - Common School Special Account Fund	0005	808,022	826,312
Education Assistance Fund	0007	144,228	143,150
Common School Fund	0412	6	7
<b>Total Impact, General</b>		<b>\$ 5,341,184</b>	<b>\$ 5,397,063</b>

### Fund Group: Highway

Fund Name and Code:		FY 02	FY 03
Motor Fuel Tax - State Fund	0012	\$ 150,635	\$ 145,045
Road Fund	0011	9,276	8,283
State Construction Account Fund	0902	4,978	4,396
<b>Total Impact, Highway</b>		<b>\$ 164,889</b>	<b>\$ 157,724</b>

### Fund Group: Special State

Fund Name and Code:		FY 02	FY 03
Income Tax Refund Fund	0278	\$ 199,882	\$ 205,978
Underground Storage Tank Fund	0072	20,590	19,208
Wildlife and Fish Fund	0041	12,142	13,008
Long Term Care Provider Fund	0345	7,353	10,059
Build Illinois Fund	0960	6,038	6,274
Horse Racing Fund	0632	4,924	3,926
Public Health Services Revolving Fund	0340	2,869	3,504
Public Utility Fund	0059	1,699	1,439
Local Tourism Fund	0969	966	1,004
Environmental Protection Permit and Inspection Fund	0944	460	975
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	849	773
International Tourism Fund	0621	725	565
Drivers Education Fund	0031	433	473
Corporate Franchise Tax Refund Fund	0380	260	171
Metabolic Screening and Treatment Fund	0920	73	95
Health Facility Plan Review Fund	0524	163	74
Long Term Care Monitor/Receiver Fund	0285	27	37
School Infrastructure Fund	0568	6	7
Illinois School Asbestos Abatement Fund	0175	3	3
Pesticide Control Fund	0576	2	1
Local Government Distributive Fund	0515	12,980	0
<b>Total Impact, Special State</b>		<b>\$ 272,444</b>	<b>\$ 267,574</b>

<b>GRAND TOTAL, IMPACT</b>		<b>\$ 5,778,517</b>	<b>\$ 5,822,361</b>
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# TAX EXPENDITURES BY REVENUE SOURCE

## (IN THOUSANDS)

### Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	FY 02	FY 03
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,160,000	\$ 1,169,000
Sales to Exempt Organizations	874,000	892,791
Traded-In Property Exemption	350,000	339,147
Farm Chemicals (Includes Feed and Seed) Exemption	200,000	204,300
Manufacturing and Assembling Machinery and Equipment Exemption	155,000	158,332
Retailer's Discount	104,000	107,300
Rolling Stock Exemption	92,000	104,133
Sales of Motor Vehicles to Non-Residents Exemption	75,500	72,040
Gasohol Discount	46,400	60,000
Farm Machinery and Equipment Exemption	45,000	45,968
Newsprint and Ink to Newspapers and Magazines Exemption	40,000	40,000
Designated Tangible Personal Property within Enterprise Zone Exemption	30,100	32,000
Manufacturer's Purchase Credit	20,000	28,000
Sales of Vehicles to Automobile Rentors Exemption	24,500	23,640
All Other	28,580	28,592
<b>Total Impact</b>	<b>\$ 3,245,080</b>	<b>\$ 3,305,243</b>

### Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	FY 02	FY 03
Federally Taxed Retirement and Social Security Subtractions	\$ 716,940	\$ 732,055
Standard Exemption: Taxpayers and Dependents	686,278	680,399
Tax Credit for Residential Real Property Taxes	337,405	355,552
Education Expense Credit	68,444	66,518
Earned Income Tax Credit	44,148	50,830
Other Subtractions	39,197	48,781
Additional Exemptions: Blind and Elderly	31,368	31,325
Military Pay Subtraction	20,591	22,181
Income Tax Credits	6,953	7,551
<b>Total Impact</b>	<b>\$ 1,951,324</b>	<b>\$ 1,995,192</b>

### Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	FY 02	FY 03
Illinois Net Operating Loss Deduction	\$ 144,651	\$ 102,943
Training Expense Credit	14,410	12,700
Foreign Insurer Rate Reduction	10,343	9,396
Enterprise Zone Investment Credit	4,420	7,530
Research and Development Credit	15,000	6,670
Life and Health Insurance Guarantee Association Tax Offset	12,910	6,150
Replacement Taxes Paid Credit	6,852	5,986
Enterprise and Foreign Trade Zone Dividend Subtractions	5,224	5,224
Standard Exemption	5,093	4,973
Economic Development for a Growing Economy Tax Credit	190	3,300
Employee Child Care Tax Credit	850	3,010
All Other	4,328	3,846
<b>Total Impact</b>	<b>\$ 224,271</b>	<b>\$ 171,728</b>

# TAX EXPENDITURES BY REVENUE SOURCE

## (IN THOUSANDS)

### Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	FY 02	FY 03
Sales for Use Other Than in Motor Vehicles Exemption	\$ 121,319	\$ 115,332
Timely Filing and Full Payment Discount	23,511	23,779
Municipal Corporation or Private Utility Local Transportation System Exemption	5,768	5,896
Aviation Purposes Exemption	37	38
<b>Total Impact</b>	<b>\$ 150,635</b>	<b>\$ 145,045</b>

### Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	FY 02	FY 03
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 32,167	\$ 24,200
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption <sup>1</sup>	22,645	22,645
<b>Total Impact</b>	<b>\$ 54,812</b>	<b>\$ 46,845</b>

### Revenue Source and Annual Receipts: Insurance Retaliatory Tax

Expenditure:	FY 02	FY 03
Replacement Income Tax Credit	\$ 13,633	\$ 13,212
Life and Health Guaranty Assessments Credit	15,422	12,293
Fire Department Tax Credit	7,945	9,589
<b>Total Impact</b>	<b>\$ 37,000</b>	<b>\$ 35,094</b>

### Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	FY 02	FY 03
Airport Exemption	\$ 16,204	\$ 14,717
Rail Carrier Exemption	2,474	2,569
Timely Filing and Full Payment Discount	1,378	1,451
Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	482	422
Liquefied Propane Gas Exemption	52	49
<b>Total Impact</b>	<b>\$ 20,590</b>	<b>\$ 19,208</b>

### Revenue Source and Annual Receipts: Fishing Licenses

Expenditure:	FY 02	FY 03
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 12,142	\$ 13,008
<b>Total Impact</b>	<b>\$ 12,142</b>	<b>\$ 13,008</b>

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

Expenditure:	FY 02	FY 03
Permanent Residents Exemption	\$ 7,723	\$ 7,999
Cost of Collection Discount	4,352	4,550
<b>Total Impact</b>	<b>\$ 12,075</b>	<b>\$ 12,549</b>

<sup>1</sup> Not updated for this report.

# TAX EXPENDITURES BY REVENUE SOURCE

## (IN THOUSANDS)

### Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	FY 02	FY 03
Fire Department Tax Credit	\$ 5,850	\$ 9,275
Replacement Income Tax Credit	3,463	2,672
<b>Total Impact</b>	<b>\$ 9,313</b>	<b>\$ 11,947</b>

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

Expenditure:	FY 02	FY 03
Senior Citizen Plate Renewal Reduction	\$ 7,949	\$ 8,123
Municipality Owned Passenger Vehicle Exemption	3,111	3,060
Charitable Organization Vehicle Exemption	1,847	269
Disabled Veteran Vehicle Registration Exemption	194	227
X-POW Vehicle Registration Exemption	128	123
Sheriff Plates	46	67
Drivers Education Vehicles	180	10
<b>Total Impact</b>	<b>\$ 13,455</b>	<b>\$ 11,879</b>

### Revenue Source and Annual Receipts: Vehicle Use Tax <sup>1</sup>

Expenditure:	FY 02	FY 03
Rolling Stock Exemption	\$ 5,400	\$ 5,400
Family Member Preferential Tax Rate	4,200	4,200
Out-of-State Resident Exemption	1,000	1,000
Government, Charitable, Educational, Religious Entities Exemption	173	173
Surviving Spouse Exemption	138	138
Estate Gift to Beneficiary Preferential Tax Rate	135	135
Business Reorganization Preferential Tax Rate	57	57
<b>Total Impact</b>	<b>\$ 11,103</b>	<b>\$ 11,103</b>

### Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:	FY 02	FY 03
Cost of Collection Discount	\$ 7,289	\$ 10,059
<b>Total Impact</b>	<b>\$ 7,289</b>	<b>\$ 10,059</b>

### Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	FY 02	FY 03
One Million Dollar Cap on Franchise Tax for Corporations	\$ 8,600	\$ 8,724
<b>Total Impact</b>	<b>\$ 8,600</b>	<b>\$ 8,724</b>

### Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:	FY 02	FY 03
Purchase From Out-of-State Supplier Exemption	\$ 2,975	\$ 5,469
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1,597	1,910
<b>Total Impact</b>	<b>\$ 4,572</b>	<b>\$ 7,379</b>

<sup>1</sup> Not updated for this report.

## TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

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

---

<b>Expenditure:</b>	<b>FY 02</b>	<b>FY 03</b>
Claims for Loss or Damage Deduction	\$ 1,304	\$ 1,225
Exempt Organization Rentals	1,251	1,174
Insurance Coverage Deduction	946	888
Timely Filing and Full Payment Discount	501	501
Refueling Deduction	370	348
Other/Miscellaneous Deductions	79	69
<b>Total Impact</b>	<b>\$ 4,451</b>	<b>\$ 4,205</b>

---

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

---

<b>Expenditure:</b>	<b>FY 02</b>	<b>FY 03</b>
Real Estate Tax Credit	\$ 4,924	\$ 3,926
<b>Total Impact</b>	<b>\$ 4,924</b>	<b>\$ 3,926</b>

---

### Revenue Source and Annual Receipts: Sexually Transmitted Disease Test Fee

---

<b>Expenditure:</b>	<b>FY 02</b>	<b>FY 03</b>
Population With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,825	\$ 3,099
Dept. Funded HIV Counseling & Testing Site and HIV Seroprevalence Exemption	44	405
<b>Total Impact</b>	<b>\$ 2,869</b>	<b>\$ 3,504</b>

---

### Revenue Source and Annual Receipts: All Other

---

<b>Expenditure:</b>	<b>FY 02</b>	<b>FY 03</b>
All Other	\$ 4,012	\$ 5,723
<b>Total Impact</b>	<b>\$ 4,012</b>	<b>\$ 5,723</b>

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<b>GRAND TOTAL, IMPACT</b>	<b>\$ 5,778,517</b>	<b>\$ 5,822,361</b>
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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 02	FY 03
Road Fund	0011	\$ 8,477	\$ 7,483
State Construction Account Fund	0902	4,978	4,396

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

Fund Name and Code:		FY 02	FY 03
Road Fund	0011	\$ 366	\$ 327

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

Fund Name and Code:		FY 02	FY 03
Road Fund	0011	\$ 3	\$ 4
Drivers Education Fund	0031	3	3

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

Fund Name and Code:		FY 02	FY 03
Road Fund	0011	\$ 430	\$ 469
Drivers Education Fund	0031	430	470

### Revenue Source and Annual Receipts: Annual Reports of Corporations

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 8,340	\$ 8,553
Corporate Franchise Tax Refund Fund	0380	260	171

## Natural Resources

### Revenue Source and Annual Receipts: Fishing Licenses

Fund Name and Code:		FY 02	FY 03
Wildlife and Fish Fund	0041	\$ 12,142	\$ 13,008

## Insurance

### Revenue Source and Annual Receipts: Insurance Privilege Tax

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 9,313	\$ 11,947

### Revenue Source and Annual Receipts: Retaliatory Tax

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 37,000	\$ 35,094



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

## Professional Regulation

---

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

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 101	\$ 101

## Public Aid

---

**Revenue Source and Annual Receipts:** Long Term Care Provider Assessment

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Long Term Care Provider Fund	0345	\$ 64	\$ 0

## Public Health

---

**Revenue Source and Annual Receipts:** Vital Records Fees

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 4	\$ 4

---

**Revenue Source and Annual Receipts:** Metabolic Screening and Treatment Fee

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Metabolic Screening and Treatment Fund	0920	\$ 73	\$ 95

---

**Revenue Source and Annual Receipts:** Private Sewage Fee

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 22	\$ 22

---

**Revenue Source and Annual Receipts:** Pesticide Control Fee

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Pesticide Control Fund	0576	\$ 2	\$ 1

---

**Revenue Source and Annual Receipts:** Recreational Area Fee

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 37	\$ 37

---

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

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 94	\$ 94

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

## Public Health (Continued)

---

**Revenue Source and Annual Receipts:** Long Term Care Facility Fee

---

Fund Name and Code:			FY 02		FY 03
Long Term Care Monitor/Receiver Fund	0285	\$	27	\$	37

---

**Revenue Source and Annual Receipts:** Childhood Lead Screening Fee

---

Fund Name and Code:			FY 02		FY 03
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$	814	\$	763

---

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

---

Fund Name and Code:			FY 02		FY 03
Public Health Services Revolving Fund	0340	\$	2,869	\$	3,504

---

**Revenue Source and Annual Receipts:** Youth Camp License Application Fee

---

Fund Name and Code:			FY 02		FY 03
General Revenue Fund	0001	\$	1	\$	1

---

**Revenue Source and Annual Receipts:** Water Pump Contractor Fee

---

Fund Name and Code:			FY 02		FY 03
General Revenue Fund	0001	\$	14	\$	14

---

**Revenue Source and Annual Receipts:** Environmental Lead License Application Fee

---

Fund Name and Code:			FY 02		FY 03
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$	35	\$	10

---

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

---

Fund Name and Code:			FY 02		FY 03
General Revenue Fund	0001	\$	10	\$	10

---

**Revenue Source and Annual Receipts:** Asbestos Abatement License Fee

---

Fund Name and Code:			FY 02		FY 03
Illinois School Asbestos Abatement Fund	0175	\$	3	\$	3

---

**Revenue Source and Annual Receipts:** Plan Review Fee - Hospitals

---

Fund Name and Code:			FY 02		FY 03
Health Facility Plan Review Fund	0524	\$	93	\$	0

---

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

## Public Health (Concluded)

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

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Health Facility Plan Review Fund	0524	\$ 70	\$ 74

### Revenue

---

### Revenue Source and Annual Receipts: Sales and Use Tax

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 2,424,078	\$ 2,478,931
General Revenue - Common School Special Account Fund	0005	808,022	826,312
Local Government Distributive Fund	0515	12,980	0

---

### Revenue Source and Annual Receipts: Individual Income Tax

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 1,671,402	\$ 1,701,581
Education Assistance Fund	0007	131,622	133,998
Income Tax Refund Fund	0278	148,300	159,613

---

### Revenue Source and Annual Receipts: Corporate Income Tax

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 160,083	\$ 116,211
Education Assistance Fund	0007	12,606	9,152
Income Tax Refund Fund	0278	51,582	46,365

---

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

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 4,451	\$ 4,205

---

### Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Long Term Care Provider Fund	0345	\$ 7,289	\$ 10,059

---

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

---

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 4,346	\$ 4,706
International Tourism Fund	0621	725	565
Build Illinois Fund	0960	6,038	6,274
Local Tourism Fund	0969	966	1,004

# 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 02	FY 03
General Revenue Fund	0001	\$ 165	\$ 1,556

### Revenue Source and Annual Receipts: Underground Storage Tank Tax

Fund Name and Code:		FY 02	FY 03
Underground Storage Tank Fund	0072	\$ 20,590	\$ 19,208

### Revenue Source and Annual Receipts: Motor Fuel Taxes

Fund Name and Code:		FY 02	FY 03
Motor Fuel Tax - State Fund	0012	\$ 150,635	\$ 145,045

### Revenue Source and Annual Receipts: Electricity Excise Tax

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 53,168	\$ 45,440
Public Utility Fund	0059	1,644	1,405

### Revenue Source and Annual Receipts: Gas Revenue Tax

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 4,572	\$ 7,379

### Revenue Source and Annual Receipts: Telecommunications Excise Tax

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 26	\$ 30
Common School Fund	0412	6	7
School Infrastructure Fund	0568	6	7

### Revenue Source and Annual Receipts: Vehicle Use Tax <sup>1</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 11,103	\$ 11,103

## Commerce Commission

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

Fund Name and Code:		FY 02	FY 03
Public Utility Fund	0059	\$ 55	\$ 34

<sup>1</sup> Not updated for this report.

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

**Environmental Protection Agency**

**Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee**

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 280	\$ 600

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

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 180	\$ 375

**Racing Board**

**Revenue Source and Annual Receipts: Admission Tax**

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
General Revenue Fund	0001	\$ 598	\$ 575

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

Fund Name and Code:		<u>FY 02</u>	<u>FY 03</u>
Horse Racing Fund	0632	\$ 4,924	\$ 3,926

<b>GRAND TOTAL, IMPACT</b>		<b>\$ 5,778,517</b>	<b>\$ 5,822,361</b>
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# DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

## Secretary of State

		FY 02	FY 03
<b>Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)</b>		\$ 585,417	\$ 556,215
<b>Expenditure: Charitable Organization Vehicle Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 1,164	\$ 169
State Construction Account Fund	0902	683	100
<b>Total</b>		<b>\$ 1,847</b>	<b>\$ 269</b>
<b>Expenditure: Disabled Veteran Vehicle Registration Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 122	\$ 143
State Construction Account Fund	0902	72	84
<b>Total</b>		<b>\$ 194</b>	<b>\$ 227</b>
<b>Expenditure: Drivers Education Vehicles</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 113	\$ 6
State Construction Account Fund	0902	67	4
<b>Total</b>		<b>\$ 180</b>	<b>\$ 10</b>
<b>Expenditure: Municipality Owned Passenger Vehicle Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 1,960	\$ 1,928
State Construction Account Fund	0902	1,151	1,132
<b>Total</b>		<b>\$ 3,111</b>	<b>\$ 3,060</b>
<b>Expenditure: Senior Citizen Plate Renewal Reduction</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 5,008	\$ 5,118
State Construction Account Fund	0902	2,941	3,005
<b>Total</b>		<b>\$ 7,949</b>	<b>\$ 8,123</b>
<b>Expenditure: Sheriff Plates</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 29	\$ 42
State Construction Account Fund	0902	17	25
<b>Total</b>		<b>\$ 46</b>	<b>\$ 67</b>
<b>Expenditure: X-POW Vehicle Registration Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 81	\$ 77
State Construction Account Fund	0902	47	46
<b>Total</b>		<b>\$ 128</b>	<b>\$ 123</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 13,455</b>	<b>\$ 11,879</b>

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

## Secretary of State (Concluded)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Standard Identification Card Fee		\$ 2,808	\$ 2,898
<b>Expenditure:</b> Duplicated/Corrected ID Senior Citizen/Handicapped			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 366	\$ 327
<b>Total</b>		<b>\$ 366</b>	<b>\$ 327</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 366</b>	<b>\$ 327</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Duplicated/Corrected Driver's License		\$ 3,538	\$ 3,583
<b>Expenditure:</b> Duplication of Stolen Licenses for Senior Citizens			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 3	\$ 4
Drivers Education Fund	0031	3	3
<b>Total</b>		<b>\$ 6</b>	<b>\$ 7</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 6</b>	<b>\$ 7</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Driver's License Four Year Renewal Fee		\$ 16,877	\$ 16,530
<b>Expenditure:</b> Reduced Renewal Fee for Senior Citizens			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Road Fund	0011	\$ 430	\$ 469
Drivers Education Fund	0031	430	470
<b>Total</b>		<b>\$ 860</b>	<b>\$ 939</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 860</b>	<b>\$ 939</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Annual Reports of Corporations		\$ 159,419	\$ 150,575
<b>Expenditure:</b> One Million Dollar Cap on Franchise Tax for Corporations			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 8,340	\$ 8,553
Corporate Franchise Tax Refund Fund	0380	260	171
<b>Total</b>		<b>\$ 8,600</b>	<b>\$ 8,724</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 8,600</b>	<b>\$ 8,724</b>
<b>Total Tax Impact, Secretary of State</b>		<b>\$ 23,287</b>	<b>\$ 21,876</b>



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

## Natural Resources

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Fishing Licenses	\$ 7,315	\$ 6,034
<b>Expenditure:</b> Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Wildlife and Fish Fund 0041	\$ 12,142	\$ 13,008
<b>Total</b>	\$ 12,142	\$ 13,008
<b>Total Tax Impact per Revenue Source</b>	\$ 12,142	\$ 13,008
<b>Total Tax Impact, Natural Resources</b>	\$ 12,142	\$ 13,008

## Insurance

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Insurance Privilege Tax	\$ 136,788	\$ 146,639
<b>Expenditure:</b> Fire Department Tax Credit		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 5,850	\$ 9,275
<b>Total</b>	\$ 5,850	\$ 9,275
<b>Expenditure:</b> Replacement Income Tax Credit		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 3,463	\$ 2,672
<b>Total</b>	\$ 3,463	\$ 2,672
<b>Total Tax Impact per Revenue Source</b>	\$ 9,313	\$ 11,947
<b>Revenue Source and Annual Receipts:</b> Retaliatory Tax		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 7,945	\$ 9,589
<b>Total</b>	\$ 7,945	\$ 9,589
<b>Expenditure:</b> Life and Health Guaranty Assessments Credit		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 15,422	\$ 12,293
<b>Total</b>	\$ 15,422	\$ 12,293
<b>Expenditure:</b> Replacement Income Tax Credit		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 13,633	\$ 13,212
<b>Total</b>	\$ 13,633	\$ 13,212
<b>Total Tax Impact per Revenue Source</b>	\$ 37,000	\$ 35,094
<b>Total Tax Impact, Insurance</b>	\$ 46,313	\$ 47,041

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

**Professional Regulation**

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Boxing/Wrestling Athletic Events Tax	\$ 110	\$ 43
<b>Expenditure:</b> Premises with Indoor Capacity of More Than 17,000 Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 101	\$ 101
<b>Total</b>	<b>\$ 101</b>	<b>\$ 101</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 101</b>	<b>\$ 101</b>
<b>Total Tax Impact, Professional Regulation</b>	<b>\$ 101</b>	<b>\$ 101</b>

**Public Aid**

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Long Term Care Provider Assessment	\$ 45,249	\$ 62,285
<b>Expenditure:</b> 100% Contribution Homes Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Long Term Care Provider Fund 0345	\$ 64	\$ 0
<b>Total</b>	<b>\$ 64</b>	<b>\$ 0</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 64</b>	<b>\$ 0</b>
<b>Total Tax Impact, Public Aid</b>	<b>\$ 64</b>	<b>\$ 0</b>

**Public Health**

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Vital Records Fees	\$ 1,572	\$ 1,730
<b>Expenditure:</b> Groups Chartered by U.S. Congress Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 2	\$ 2
<b>Total</b>	<b>\$ 2</b>	<b>\$ 2</b>
<b>Expenditure:</b> U.S. Veterans Administration Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 2	\$ 2
<b>Total</b>	<b>\$ 2</b>	<b>\$ 2</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 4</b>	<b>\$ 4</b>

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Metabolic Screening and Treatment Fee	\$ 5,423	\$ 6,322
<b>Expenditure:</b> State Agency Lab Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Metabolic Screening and Treatment Fund 0920	\$ 73	\$ 95
<b>Total</b>	<b>\$ 73</b>	<b>\$ 95</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 73</b>	<b>\$ 95</b>

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

## Public Health (Continued)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Private Sewage Fee		\$ 142	\$ 141
<b>Expenditure:</b> Plumbing License Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 22	\$ 22
<b>Total</b>		<b>\$ 22</b>	<b>\$ 22</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 22</b>	<b>\$ 22</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Pesticide Control Fee		\$ 131	\$ 143
<b>Expenditure:</b> State Agency Employee Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Pesticide Control Fund	0576	\$ 2	\$ 1
<b>Total</b>		<b>\$ 2</b>	<b>\$ 1</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 2</b>	<b>\$ 1</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Recreational Area Fee		\$ 35	\$ 36
<b>Expenditure:</b> Not-for-Profit and Governmental Agency Construction Application Fee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 1	\$ 1
<b>Total</b>		<b>\$ 1</b>	<b>\$ 1</b>
<b>Expenditure:</b> Not-for-Profit Organization and Governmental Agency License Renewal Fee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 35	\$ 35
<b>Total</b>		<b>\$ 35</b>	<b>\$ 35</b>
<b>Expenditure:</b> Not-for-Profit Organization and Governmental Agency Original License Application Fee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 1	\$ 1
<b>Total</b>		<b>\$ 1</b>	<b>\$ 1</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 37</b>	<b>\$ 37</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Swimming Pool and Bathing Beach Fee		\$ 123	\$ 120
<b>Expenditure:</b> Not-for-Profit and Governmental Facility Construction Application Fee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 2	\$ 2
<b>Total</b>		<b>\$ 2</b>	<b>\$ 2</b>

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

## Public Health (Continued)

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

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

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 90	\$ 90
<b>Total</b>		<b>\$ 90</b>	<b>\$ 90</b>

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

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 2	\$ 2
<b>Total</b>		<b>\$ 2</b>	<b>\$ 2</b>

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**Total Tax Impact per Revenue Source** \$ 94 \$ 94

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	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Long Term Care Facility Fee	\$ 170	\$ 211

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**Expenditure:** Home for the Aged Exemption

Fund Name and Code:		FY 02	FY 03
Long Term Care Monitor/Receiver Fund	0285	\$ 27	\$ 37
<b>Total</b>		<b>\$ 27</b>	<b>\$ 37</b>

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**Total Tax Impact per Revenue Source** \$ 27 \$ 37

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	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Childhood Lead Screening Fee	\$ 1,520	\$ 2,017

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**Expenditure:** Low Income Family Waiver

Fund Name and Code:		FY 02	FY 03
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 814	\$ 763
<b>Total</b>		<b>\$ 814</b>	<b>\$ 763</b>

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**Total Tax Impact per Revenue Source** \$ 814 \$ 763

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	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Automated Lab Tests - HIV (ELISA) and STD Test	\$ 30	\$ 34

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**Expenditure:** Department Funded HIV Counseling and Testing Site and HIV Seroprevalence Exemption

Fund Name and Code:		FY 02	FY 03
Public Health Services Revolving Fund	0340	\$ 44	\$ 405
<b>Total</b>		<b>\$ 44</b>	<b>\$ 405</b>

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**Expenditure:** Population With High Incidence of Sexually Transmitted Diseases Exemption

Fund Name and Code:		FY 02	FY 03
Public Health Services Revolving Fund	0340	\$ 2,825	\$ 3,099
<b>Total</b>		<b>\$ 2,825</b>	<b>\$ 3,099</b>

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**Total Tax Impact per Revenue Source** \$ 2,869 \$ 3,504

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

## Public Health (Continued)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Youth Camp License Application Fee		\$ 3	\$ 3
<b>Expenditure:</b> Governmental Agency Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 1	\$ 1
<b>Total</b>		<b>\$ 1</b>	<b>\$ 1</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 1</b>	<b>\$ 1</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Water Pump Contractor Fee		\$ 21	\$ 21
<b>Expenditure:</b> Licensed Plumber Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 14	\$ 14
<b>Total</b>		<b>\$ 14</b>	<b>\$ 14</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 14</b>	<b>\$ 14</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Environmental Lead License Application Fee		\$ 302	\$ 293
<b>Expenditure:</b> Department of Public Health and Delegate Agency Employee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 35	\$ 10
<b>Total</b>		<b>\$ 35</b>	<b>\$ 10</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 35</b>	<b>\$ 10</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Salvage Warehouse and Salvage Warehouse Store Act		\$ 13	\$ 13
<b>Expenditure:</b> Not-for-Profit Organization Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 10	\$ 10
<b>Total</b>		<b>\$ 10</b>	<b>\$ 10</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 10</b>	<b>\$ 10</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Asbestos Abatement License Fee		\$ 607	\$ 589
<b>Expenditure:</b> Governmental Employee Waiver			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Illinois School Asbestos Abatement Fund	0175	\$ 3	\$ 3
<b>Total</b>		<b>\$ 3</b>	<b>\$ 3</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 3</b>	<b>\$ 3</b>

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

## Public Health (Concluded)

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Plan Review Fee - Hospitals	\$ 1,710	\$ 1,500
<b>Expenditure:</b> Projects Costing Less than \$100,000 Waiver		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Health Facility Plan Review Fund	0524 \$ 93	\$ 0
<b>Total</b>	<b>\$ 93</b>	<b>\$ 0</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 93</b>	<b>\$ 0</b>

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Plan Review Fee - LTC Facilities	\$ 270	\$ 309
<b>Expenditure:</b> Projects Costing Less than \$100,000 Waiver		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Health Facility Plan Review Fund	0524 \$ 70	\$ 74
<b>Total</b>	<b>\$ 70</b>	<b>\$ 74</b>
<b>Total Tax Impact per Revenue Source</b>	<b>\$ 70</b>	<b>\$ 74</b>
<b>Total Tax Impact, Public Health</b>	<b>\$ 4,168</b>	<b>\$ 4,669</b>

## Revenue

	FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Sales and Use Tax	\$ 6,421,340	\$ 6,405,723
<b>Expenditure:</b> Building Materials within Enterprise Zone Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001 \$ 2,988	\$ 3,065
General Revenue - Common School Special Account Fund	0005 996	1,021
Local Government Distributive Fund	0515 16	0
<b>Total</b>	<b>\$ 4,000</b>	<b>\$ 4,086</b>
<b>Expenditure:</b> Coal, Oil, and Distillation Machinery and Equipment Exemption <sup>1</sup>		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001 \$ 523	\$ 536
General Revenue - Common School Special Account Fund	0005 174	179
Local Government Distributive Fund	0515 3	0
<b>Total</b>	<b>\$ 700</b>	<b>\$ 715</b>
<b>Expenditure:</b> Designated Tangible Personal Property within Enterprise Zone Exemption <sup>2</sup>		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001 \$ 22,485	\$ 24,000
General Revenue - Common School Special Account Fund	0005 7,495	8,000
Local Government Distributive Fund	0515 120	0
<b>Total</b>	<b>\$ 30,100</b>	<b>\$ 32,000</b>
<b>Expenditure:</b> Farm Chemicals (Includes Feed and Seed) Exemption <sup>3</sup>		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001 \$ 149,400	\$ 153,225
General Revenue - Common School Special Account Fund	0005 49,800	51,075
Local Government Distributive Fund	0515 800	0
<b>Total</b>	<b>\$ 200,000</b>	<b>\$ 204,300</b>

<sup>1</sup> Includes aggregate (sand, gravel, quarrying) manufacturing machinery and may also include the Low Sulfur Dioxide Coal Fueled Device exemption.

<sup>2</sup> 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.

<sup>3</sup> 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: Farm Machinery and Equipment Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 33,615	\$ 34,476
General Revenue - Common School Special Account Fund	0005	11,205	11,492
Local Government Distributive Fund	0515	180	0
<b>Total</b>		<b>\$ 45,000</b>	<b>\$ 45,968</b>

#### Expenditure: Food, Drugs, and Medical Appliances Rate Reduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 866,520	\$ 876,750
General Revenue - Common School Special Account Fund	0005	288,840	292,250
Local Government Distributive Fund	0515	4,640	0
<b>Total</b>		<b>\$ 1,160,000</b>	<b>\$ 1,169,000</b>

#### Expenditure: Gasohol Discount

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 34,661	\$ 45,000
General Revenue - Common School Special Account Fund	0005	11,553	15,000
Local Government Distributive Fund	0515	186	0
<b>Total</b>		<b>\$ 46,400</b>	<b>\$ 60,000</b>

#### Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 2,988	\$ 3,065
General Revenue - Common School Special Account Fund	0005	996	1,021
Local Government Distributive Fund	0515	16	0
<b>Total</b>		<b>\$ 4,000</b>	<b>\$ 4,086</b>

#### Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 3,735	\$ 3,559
General Revenue - Common School Special Account Fund	0005	1,245	1,186
Local Government Distributive Fund	0515	20	0
<b>Total</b>		<b>\$ 5,000</b>	<b>\$ 4,745</b>

#### Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,196	\$ 1,226
General Revenue - Common School Special Account Fund	0005	398	408
Local Government Distributive Fund	0515	6	0
<b>Total</b>		<b>\$ 1,600</b>	<b>\$ 1,634</b>

# 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: Manufacturer's Purchase Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 14,940	\$ 21,000
General Revenue - Common School Special Account Fund	0005	4,980	7,000
Local Government Distributive Fund	0515	80	0
<b>Total</b>		<b>\$ 20,000</b>	<b>\$ 28,000</b>

#### Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption <sup>4</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 115,785	\$ 118,750
General Revenue - Common School Special Account Fund	0005	38,595	39,583
Local Government Distributive Fund	0515	620	0
<b>Total</b>		<b>\$ 155,000</b>	<b>\$ 158,333</b>

#### Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 29,880	\$ 30,000
General Revenue - Common School Special Account Fund	0005	9,960	10,000
Local Government Distributive Fund	0515	160	0
<b>Total</b>		<b>\$ 40,000</b>	<b>\$ 40,000</b>

#### Expenditure: Pollution Control Facilities Exemption <sup>5</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 2,615	\$ 2,681
General Revenue - Common School Special Account Fund	0005	871	894
Local Government Distributive Fund	0515	14	0
<b>Total</b>		<b>\$ 3,500</b>	<b>\$ 3,575</b>

#### Expenditure: Property Acquired by Non-Resident before Relocating in Illinois Exemption <sup>6</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 5,528	\$ 5,498
General Revenue - Common School Special Account Fund	0005	1,842	1,832
Local Government Distributive Fund	0515	30	0
<b>Total</b>		<b>\$ 7,400</b>	<b>\$ 7,330</b>

#### Expenditure: Replacement Vehicles Exemption <sup>7</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,778	\$ 1,813
General Revenue - Common School Special Account Fund	0005	593	604
Local Government Distributive Fund	0515	9	0
<b>Total</b>		<b>\$ 2,380</b>	<b>\$ 2,417</b>

<sup>4</sup> Includes the Photo Processing Machinery and Equipment exemption.

<sup>5</sup> May also include the Low Sulfur Dioxide Coal Fueled Device exemption.

<sup>6</sup> 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.

<sup>7</sup> Tax expenditure is net of Replacement Vehicle Tax receipts..



# 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: Retailer's Discount

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 77,688	\$ 80,475
General Revenue - Common School Special Account Fund	0005	25,896	26,825
Local Government Distributive Fund	0515	416	0
<b>Total</b>		<b>\$ 104,000</b>	<b>\$ 107,300</b>

#### Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 68,724	\$ 78,100
General Revenue - Common School Special Account Fund	0005	22,908	26,033
Local Government Distributive Fund	0515	368	0
<b>Total</b>		<b>\$ 92,000</b>	<b>\$ 104,133</b>

#### Expenditure: Sales of Motor Vehicles to Non-Residents Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 56,399	\$ 54,030
General Revenue - Common School Special Account Fund	0005	18,799	18,010
Local Government Distributive Fund	0515	302	0
<b>Total</b>		<b>\$ 75,500</b>	<b>\$ 72,040</b>

#### Expenditure: Sales of Vehicles to Automobile Rentors Exemption<sup>8</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 18,302	\$ 17,730
General Revenue - Common School Special Account Fund	0005	6,100	5,910
Local Government Distributive Fund	0515	98	0
<b>Total</b>		<b>\$ 24,500</b>	<b>\$ 23,640</b>

#### Expenditure: Sales to Exempt Organizations<sup>9</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 652,878	\$ 669,593
General Revenue - Common School Special Account Fund	0005	217,626	223,198
Local Government Distributive Fund	0515	3,496	0
<b>Total</b>		<b>\$ 874,000</b>	<b>\$ 892,791</b>

#### Expenditure: Traded-In Property Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 261,450	\$ 254,360
General Revenue - Common School Special Account Fund	0005	87,150	84,787
Local Government Distributive Fund	0515	1,400	0
<b>Total</b>		<b>\$ 350,000</b>	<b>\$ 339,147</b>

<b>Total Tax Impact per Revenue Source</b>	<b>\$ 3,245,080</b>	<b>\$ 3,305,240</b>
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<sup>8</sup> Tax Expenditure is net of Automobile Rental Tax receipts.

<sup>9</sup> 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 02	FY 03
<b>Revenue Source and Annual Receipts: Individual Income Tax <sup>10</sup></b>			
		\$ 8,085,914	\$ 7,979,328
<b>Expenditure: Additional Exemptions: Blind and Elderly</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 26,868	\$ 26,715
Education Assistance Fund	0007	2,116	2,104
Income Tax Refund Fund	0278	2,384	2,506
<b>Total</b>		<b>\$ 31,368</b>	<b>\$ 31,325</b>
<b>Expenditure: Earned Income Tax Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 37,815	\$ 43,350
Education Assistance Fund	0007	2,978	3,414
Income Tax Refund Fund	0278	3,355	4,066
<b>Total</b>		<b>\$ 44,148</b>	<b>\$ 50,830</b>
<b>Expenditure: Education Expense Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 58,625	\$ 56,730
Education Assistance Fund	0007	4,617	4,467
Income Tax Refund Fund	0278	5,202	5,321
<b>Total</b>		<b>\$ 68,444</b>	<b>\$ 66,518</b>
<b>Expenditure: Federally Taxed Retirement and Social Security Subtractions</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 614,094	\$ 624,326
Education Assistance Fund	0007	48,359	49,165
Income Tax Refund Fund	0278	54,487	58,564
<b>Total</b>		<b>\$ 716,940</b>	<b>\$ 732,055</b>
<b>Expenditure: Income Tax Credits <sup>11</sup></b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 5,956	\$ 6,440
Education Assistance Fund	0007	469	507
Income Tax Refund Fund	0278	528	604
<b>Total</b>		<b>\$ 6,953</b>	<b>\$ 7,551</b>
<b>Expenditure: Military Pay Subtraction</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	0001	\$ 17,637	\$ 18,917
Education Assistance Fund	0007	1,389	1,490
Income Tax Refund Fund	0278	1,565	1,774
<b>Total</b>		<b>\$ 20,591</b>	<b>\$ 22,181</b>

<sup>10</sup> Derived from 2002 tax year returns.

<sup>11</sup> Enterprise zone, high impact business investment, jobs and training, research and development, dependent care, EDGE, affordable housing, transportation employee, and environmental remediation credits.

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

## Revenue (Continued)

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

#### Expenditure: Other Subtractions<sup>12</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 33,574	\$ 41,603
Education Assistance Fund	0007	2,644	3,276
Income Tax Refund Fund	0278	2,979	3,902
<b>Total</b>		<b>\$ 39,197</b>	<b>\$ 48,781</b>

#### Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 587,830	\$ 580,271
Education Assistance Fund	0007	46,291	45,696
Income Tax Refund Fund	0278	52,157	54,432
<b>Total</b>		<b>\$ 686,278</b>	<b>\$ 680,399</b>

#### Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 289,003	\$ 303,229
Education Assistance Fund	0007	22,759	23,879
Income Tax Refund Fund	0278	25,643	28,444
<b>Total</b>		<b>\$ 337,405</b>	<b>\$ 355,552</b>

**Total Tax Impact per Revenue Source** \$ 1,951,324 \$ 1,995,192

	FY 02	FY 03
<b>Revenue Source and Annual Receipts: Corporate Income Tax<sup>13</sup></b>	<b>\$ 1,042,683</b>	<b>\$ 1,011,587</b>

#### Expenditure: Affordable Housing Donations

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 0	\$ 4
Education Assistance Fund	0007	0	0
Income Tax Refund Fund	0278	0	1
<b>Total</b>		<b>\$ 0</b>	<b>\$ 5</b>

#### Expenditure: Coal Research and Coal Utilization Investment Credits

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 806	\$ 744
Education Assistance Fund	0007	64	59
Income Tax Refund Fund	0278	260	297
<b>Total</b>		<b>\$ 1,130</b>	<b>\$ 1,100</b>

#### Expenditure: Dependent Care Assistance Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 14	\$ 14
Education Assistance Fund	0007	1	1
Income Tax Refund Fund	0278	5	5
<b>Total</b>		<b>\$ 20</b>	<b>\$ 20</b>

<sup>12</sup> 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, and compensation of Nazi victims) are tax expenditures.

<sup>13</sup> Derived from 2001 tax year returns.

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

## Revenue (Continued)

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

#### Expenditure: Economic Development for a Growing Economy Tax Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 135	\$ 2,233
Education Assistance Fund	0007	11	176
Income Tax Refund Fund	0278	44	891
<b>Total</b>		<b>\$ 190</b>	<b>\$ 3,300</b>

#### Expenditure: Employee Child Care Tax Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 607	\$ 2,037
Education Assistance Fund	0007	48	160
Income Tax Refund Fund	0278	195	813
<b>Total</b>		<b>\$ 850</b>	<b>\$ 3,010</b>

#### Expenditure: Enterprise and Foreign Trade Zone Dividend Subtractions <sup>14</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 3,728	\$ 3,536
Education Assistance Fund	0007	294	278
Income Tax Refund Fund	0278	1,202	1,410
<b>Total</b>		<b>\$ 5,224</b>	<b>\$ 5,224</b>

#### Expenditure: Enterprise Zone and High Economic Impact Interest Subtractions <sup>14</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,527	\$ 1,448
Education Assistance Fund	0007	120	114
Income Tax Refund Fund	0278	492	577
<b>Total</b>		<b>\$ 2,139</b>	<b>\$ 2,139</b>

#### Expenditure: Enterprise Zone Charitable Contribution Subtraction <sup>14</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 79	\$ 75
Education Assistance Fund	0007	6	6
Income Tax Refund Fund	0278	26	30
<b>Total</b>		<b>\$ 111</b>	<b>\$ 111</b>

#### Expenditure: Enterprise Zone Investment Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 3,155	\$ 5,096
Education Assistance Fund	0007	248	401
Income Tax Refund Fund	0278	1,017	2,033
<b>Total</b>		<b>\$ 4,420</b>	<b>\$ 7,530</b>

#### Expenditure: Environmental Remediation Tax Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 108	\$ 0
Education Assistance Fund	0007	8	0
Income Tax Refund Fund	0278	34	0
<b>Total</b>		<b>\$ 150</b>	<b>\$ 0</b>

<sup>14</sup> Not updated for this report.

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

## Revenue (Continued)

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

#### Expenditure: Foreign Insurer Rate Reduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 7,383	\$ 6,358
Education Assistance Fund	0007	581	501
Income Tax Refund Fund	0278	2,379	2,537
<b>Total</b>		<b>\$ 10,343</b>	<b>\$ 9,396</b>

#### Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 364	\$ 135
Education Assistance Fund	0007	29	11
Income Tax Refund Fund	0278	117	54
<b>Total</b>		<b>\$ 510</b>	<b>\$ 200</b>

#### Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 103,250	\$ 69,662
Education Assistance Fund	0007	8,131	5,486
Income Tax Refund Fund	0278	33,270	27,795
<b>Total</b>		<b>\$ 144,651</b>	<b>\$ 102,943</b>

#### Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 183	\$ 173
Education Assistance Fund	0007	14	14
Income Tax Refund Fund	0278	59	69
<b>Total</b>		<b>\$ 256</b>	<b>\$ 256</b>

#### Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 7	\$ 9
Education Assistance Fund	0007	1	1
Income Tax Refund Fund	0278	2	4
<b>Total</b>		<b>\$ 10</b>	<b>\$ 14</b>

#### Expenditure: Life and Health Insurance Guarantee Association Tax Offset

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 9,215	\$ 4,162
Education Assistance Fund	0007	726	328
Income Tax Refund Fund	0278	2,969	1,660
<b>Total</b>		<b>\$ 12,910</b>	<b>\$ 6,150</b>

#### Expenditure: Replacement Taxes Paid Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 4,891	\$ 4,051
Education Assistance Fund	0007	385	319
Income Tax Refund Fund	0278	1,576	1,616
<b>Total</b>		<b>\$ 6,852</b>	<b>\$ 5,986</b>

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

## Revenue (Continued)

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

#### Expenditure: Research and Development Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 10,707	\$ 4,514
Education Assistance Fund	0007	843	355
Income Tax Refund Fund	0278	3,450	1,801
<b>Total</b>		<b>\$ 15,000</b>	<b>\$ 6,670</b>

#### Expenditure: Standard Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 3,636	\$ 3,365
Education Assistance Fund	0007	286	265
Income Tax Refund Fund	0278	1,171	1,343
<b>Total</b>		<b>\$ 5,093</b>	<b>\$ 4,973</b>

#### Expenditure: TECH-PREP Youth Vocational Program Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 2	\$ 1
Education Assistance Fund	0007	0	0
Income Tax Refund Fund	0278	0	0
<b>Total</b>		<b>\$ 2</b>	<b>\$ 1</b>

#### Expenditure: Training Expense Credit

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 10,286	\$ 8,594
Education Assistance Fund	0007	810	677
Income Tax Refund Fund	0278	3,314	3,429
<b>Total</b>		<b>\$ 14,410</b>	<b>\$ 12,700</b>

<b>Total Tax Impact per Revenue Source</b>	<b>\$ 224,271</b>	<b>\$ 171,728</b>
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	FY 02	FY 03
<b>Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax</b>	<b>\$ 28,790</b>	<b>\$ 26,464</b>

#### Expenditure: Claims for Loss or Damage Deduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,304	\$ 1,225
<b>Total</b>		<b>\$ 1,304</b>	<b>\$ 1,225</b>

#### Expenditure: Exempt Organization Rentals <sup>15</sup>

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,251	\$ 1,174
<b>Total</b>		<b>\$ 1,251</b>	<b>\$ 1,174</b>

#### Expenditure: Insurance Coverage Deduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 946	\$ 888
<b>Total</b>		<b>\$ 946</b>	<b>\$ 888</b>

<sup>15</sup> 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)

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

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**Expenditure:** Other/Miscellaneous Deductions

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 79	\$ 69
<b>Total</b>		<b>\$ 79</b>	<b>\$ 69</b>

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**Expenditure:** Refueling Deduction

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 370	\$ 348
<b>Total</b>		<b>\$ 370</b>	<b>\$ 348</b>

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**Expenditure:** Timely Filing and Full Payment Discount

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 501	\$ 501
<b>Total</b>		<b>\$ 501</b>	<b>\$ 501</b>

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<b>Total Tax Impact per Revenue Source</b>	\$ 4,451	\$ 4,205
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	<b>FY 02</b>	<b>FY 03</b>
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<b>Revenue Source and Annual Receipts:</b> Cigarette and Cigarette Use Taxes	\$ 468,776	\$ 624,855
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**Expenditure:** Cost of Collection Discount

Fund Name and Code:		FY 02	FY 03
Long Term Care Provider Fund	0345	\$ 7,289	\$ 10,059
<b>Total</b>		<b>\$ 7,289</b>	<b>\$ 10,059</b>

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<b>Total Tax Impact per Revenue Source</b>	\$ 7,289	\$ 10,059
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	<b>FY 02</b>	<b>FY 03</b>
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<b>Revenue Source and Annual Receipts:</b> Hotel Operators' Occupation and Use Tax	\$ 154,460	\$ 145,622
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**Expenditure:** Cost of Collection Discount

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,567	\$ 1,706
International Tourism Fund	0621	261	205
Build Illinois Fund	0960	2,176	2,275
Local Tourism Fund	0969	348	364
<b>Total</b>		<b>\$ 4,352</b>	<b>\$ 4,550</b>

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**Expenditure:** Permanent Residents Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 2,779	\$ 3,000
International Tourism Fund	0621	464	360
Build Illinois Fund	0960	3,862	3,999
Local Tourism Fund	0969	618	640
<b>Total</b>		<b>\$ 7,723</b>	<b>\$ 7,999</b>

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<b>Total Tax Impact per Revenue Source</b>	\$ 12,075	\$ 12,549
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# DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

## Revenue (Continued)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Liquor Gallonage Tax		\$ 122,000	\$ 122,767
<b>Expenditure:</b> Cost of Collection Discount			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 0	\$ 517
<b>Total</b>		<b>\$ 0</b>	<b>\$ 517</b>
<b>Expenditure:</b> Non-Beverage User Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 156	\$ 1,029
<b>Total</b>		<b>\$ 156</b>	<b>\$ 1,029</b>
<b>Expenditure:</b> Sacramental Wine Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 9	\$ 10
<b>Total</b>		<b>\$ 9</b>	<b>\$ 10</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 165</b>	<b>\$ 1,556</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Underground Storage Tank Tax		\$ 69,647	\$ 66,286
<b>Expenditure:</b> Airport Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Underground Storage Tank Fund	0072	\$ 16,204	\$ 14,717
<b>Total</b>		<b>\$ 16,204</b>	<b>\$ 14,717</b>
<b>Expenditure:</b> Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Underground Storage Tank Fund	0072	\$ 482	\$ 422
<b>Total</b>		<b>\$ 482</b>	<b>\$ 422</b>
<b>Expenditure:</b> Liquefied Propane Gas Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Underground Storage Tank Fund	0072	\$ 52	\$ 49
<b>Total</b>		<b>\$ 52</b>	<b>\$ 49</b>
<b>Expenditure:</b> Rail Carrier Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Underground Storage Tank Fund	0072	\$ 2,474	\$ 2,569
<b>Total</b>		<b>\$ 2,474</b>	<b>\$ 2,569</b>
<b>Expenditure:</b> Timely Filing and Full Payment Discount			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Underground Storage Tank Fund	0072	\$ 1,378	\$ 1,451
<b>Total</b>		<b>\$ 1,378</b>	<b>\$ 1,451</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 20,590</b>	<b>\$ 19,208</b>



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

## Revenue (Continued)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Motor Fuel Taxes		\$ 1,303,875	\$ 1,322,029
<b>Expenditure:</b> Aviation Purposes Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Motor Fuel Tax - State Fund	0012	\$ 37	\$ 38
<b>Total</b>		<b>\$ 37</b>	<b>\$ 38</b>
<b>Expenditure:</b> Municipal Corporation or Private Utility Local Transportation System Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Motor Fuel Tax - State Fund	0012	\$ 5,768	\$ 5,896
<b>Total</b>		<b>\$ 5,768</b>	<b>\$ 5,896</b>
<b>Expenditure:</b> Sales for Use Other Than in Motor Vehicles Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Motor Fuel Tax - State Fund	0012	\$ 121,319	\$ 115,332
<b>Total</b>		<b>\$ 121,319</b>	<b>\$ 115,332</b>
<b>Expenditure:</b> Timely Filing and Full Payment Discount			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
Motor Fuel Tax - State Fund	0012	\$ 23,511	\$ 23,779
<b>Total</b>		<b>\$ 23,511</b>	<b>\$ 23,779</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 150,635</b>	<b>\$ 145,045</b>
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		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Electricity Excise Tax		\$ 346,164	\$ 346,665
<b>Expenditure:</b> Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption <sup>16</sup>			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 21,966	\$ 21,966
Public Utility Fund	0059	679	679
<b>Total</b>		<b>\$ 22,645</b>	<b>\$ 22,645</b>
<b>Expenditure:</b> Purchase of Electricity Generated by Solid Waste Energy Facility Credit			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 31,202	\$ 23,474
Public Utility Fund	0059	965	726
<b>Total</b>		<b>\$ 32,167</b>	<b>\$ 24,200</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 54,812</b>	<b>\$ 46,845</b>

<sup>16</sup> Not updated for this report.

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

## Revenue (Continued)

		FY 02	FY 03
<b>Revenue Source and Annual Receipts:</b> Gas Revenue Tax		\$ 116,703	\$ 140,548
<b>Expenditure:</b> Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 1,597	\$ 1,910
<b>Total</b>		<b>\$ 1,597</b>	<b>\$ 1,910</b>
<b>Expenditure:</b> Purchase From Out-of-State Supplier Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 2,975	\$ 5,469
<b>Total</b>		<b>\$ 2,975</b>	<b>\$ 5,469</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 4,572</b>	<b>\$ 7,379</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Telecommunications Excise Tax		\$ 761,634	\$ 618,738
<b>Expenditure:</b> Coin-Operated Telecommunications Devices Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 7	\$ 7
Common School Fund	0412	2	2
School Infrastructure Fund	0568	2	2
<b>Total</b>		<b>\$ 11</b>	<b>\$ 11</b>
<b>Expenditure:</b> Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 19	\$ 23
Common School Fund	0412	4	5
School Infrastructure Fund	0568	4	5
<b>Total</b>		<b>\$ 27</b>	<b>\$ 33</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 38</b>	<b>\$ 44</b>
		<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Vehicle Use Tax <sup>16</sup>		\$ 43,433	\$ 39,210
<b>Expenditure:</b> Business Reorganization Preferential Tax Rate			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 57	\$ 57
<b>Total</b>		<b>\$ 57</b>	<b>\$ 57</b>
<b>Expenditure:</b> Estate Gift to Beneficiary Preferential Tax Rate			
<b>Fund Name and Code:</b>		<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund	0001	\$ 135	\$ 135
<b>Total</b>		<b>\$ 135</b>	<b>\$ 135</b>

<sup>16</sup> Not updated for this report.

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

## Revenue (Concluded)

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

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#### Expenditure: Family Member Preferential Tax Rate

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 4,200	\$ 4,200
<b>Total</b>		<b>\$ 4,200</b>	<b>\$ 4,200</b>

#### Expenditure: Government, Charitable, Educational, Religious Entities Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 173	\$ 173
<b>Total</b>		<b>\$ 173</b>	<b>\$ 173</b>

#### Expenditure: Out-of-State Resident Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 1,000	\$ 1,000
<b>Total</b>		<b>\$ 1,000</b>	<b>\$ 1,000</b>

#### Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 5,400	\$ 5,400
<b>Total</b>		<b>\$ 5,400</b>	<b>\$ 5,400</b>

#### Expenditure: Surviving Spouse Exemption

Fund Name and Code:		FY 02	FY 03
General Revenue Fund	0001	\$ 138	\$ 138
<b>Total</b>		<b>\$ 138</b>	<b>\$ 138</b>

<b>Total Tax Impact per Revenue Source</b>		\$ 11,103	\$ 11,103
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<b>Total Tax Impact, Revenue</b>		\$ 5,686,405	\$ 5,730,153
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## Commerce Commission

		FY 02	FY 03
<b>Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)</b>		\$ 9,863	\$ 7,938

#### Expenditure: Enterprise Zone Revenue Exemption

Fund Name and Code:		FY 02	FY 03
Public Utility Fund	0059	\$ 55	\$ 34
<b>Total</b>		<b>\$ 55</b>	<b>\$ 34</b>

<b>Total Tax Impact per Revenue Source</b>		\$ 55	\$ 34
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<b>Total Tax Impact, Commerce Commission</b>		\$ 55	\$ 34
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**DETAIL OF TAX EXPENDITURES BY AGENCY,  
REVENUE SOURCE AND FUND  
(IN THOUSANDS)**

**Environmental Protection Agency**

	<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Sewer Construction Permit Application Fee	\$ 670	\$ 1,200
<b>Expenditure:</b> State and Local Government Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Environmental Protection Permit and Inspection Fund 0944	\$ 280	\$ 600
<b>Total</b>	\$ 280	\$ 600
<b>Total Tax Impact per Revenue Source</b>	\$ 280	\$ 600

	<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Water Main Construction Permit Application Fee	\$ 413	\$ 750
<b>Expenditure:</b> State and Local Government Exemption		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Environmental Protection Permit and Inspection Fund 0944	\$ 180	\$ 375
<b>Total</b>	\$ 180	\$ 375
<b>Total Tax Impact per Revenue Source</b>	\$ 180	\$ 375
<b>Total Tax Impact, Environmental Protection Agency</b>	\$ 460	\$ 975

**Racing Board**

	<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Admission Tax	\$ 122	\$ 127
<b>Expenditure:</b> Free General Admission		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
General Revenue Fund 0001	\$ 598	\$ 575
<b>Total</b>	\$ 598	\$ 575
<b>Total Tax Impact per Revenue Source</b>	\$ 598	\$ 575

	<b>FY 02</b>	<b>FY 03</b>
<b>Revenue Source and Annual Receipts:</b> Racing Pari-mutuel (Privilege) Tax	\$ 11,687	\$ 11,916
<b>Expenditure:</b> Real Estate Tax Credit		
<b>Fund Name and Code:</b>	<b>FY 02</b>	<b>FY 03</b>
Horse Racing Fund 0632	\$ 4,924	\$ 3,926
<b>Total</b>	\$ 4,924	\$ 3,926
<b>Total Tax Impact per Revenue Source</b>	\$ 4,924	\$ 3,926
<b>Total Tax Impact, Racing Board</b>	\$ 5,522	\$ 4,501
<b>GRAND TOTAL, IMPACT</b>	\$ 5,778,517	\$ 5,822,358

# 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

## 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

## Public Aid

---

**Revenue Source and Annual Receipts:** Long Term Care Provider Assessment

---

**Expenditure:**

100% Contribution Homes Exemption

---

## Public Health

---

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

---

**Expenditure:**

Natural Disaster and Other Emergency Waiver

---

**Revenue Source and Annual Receipts:** Plan Review Fee - Hosp. & Amb. Treatment Centers

---

**Expenditure:**

Projects Costing Less Than \$100,000 Waiver

---

## Revenue

---

**Revenue Source and Annual Receipts:** Sales and Use Tax

---

**Expenditure:**

Occasional Sales  
Demonstration Use Prior to Resale  
Disaster Relief Donation and Infrastructure Repair Exemption  
Fuel and Petroleum Products for International Flight Exemption  
Leased Property to Hospitals or Government Bodies  
Low Sulfur Dioxide Emission Coal Fueled Device Exemption  
Photo Processing Machinery and Equipment Exemption  
Property Used in the Operation of Pollution Control Facilities  
Sales by Exempt Organizations <sup>1</sup>  
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  
Machinery/Equipment for Operation of High Economic Impact Service Facility  
Vending Machinery

---

**Revenue Source and Annual Receipts:** Corporate Income Tax

---

**Expenditure:**

Attorney-In-Fact Subtraction  
Interest Expense Subtraction  
Bonus Depreciation Adjustment  
Transportation Employee Credit

---

<sup>1</sup> 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:** Telecommunications Excise Tax

---

**Expenditure:**

State Universities Exemption

---

**Revenue Source and Annual Receipts:** Vehicle Use Tax

---

**Expenditure:**

Farm Implement 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

---

## Environmental Protection Agency

---

**Revenue Source and Annual Receipts:** Air Pollution Site Fee

---

**Expenditure:**

Retail Liquid Dispensing Facility and Agrichemical Facility 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)

---

<b>Expenditure:</b>	<b>Year Effective</b>
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

---

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

---

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

---

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

---

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

---

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

---

### Revenue Source and Annual Receipts: Annual Reports of Corporations

---

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

## Natural Resources

---

### Revenue Source and Annual Receipts: Watercraft Registration Fee

---

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

---

### Revenue Source and Annual Receipts: Camping and Beach Fees

---

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

---

### Revenue Source and Annual Receipts: Inland Trout Stamp

---

<b>Expenditure:</b>	<b>Year Effective</b>
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 \*

---

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

---

**Revenue Source and Annual Receipts:** Fishing Licenses

---

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

---

**Revenue Source and Annual Receipts:** Sportsman License

---

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

---

**Revenue Source and Annual Receipts:** Trapping License \*

---

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

---

**Revenue Source and Annual Receipts:** Salmon Stamp

---

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

---

**Revenue Source and Annual Receipts:** Habitat Stamps

---

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

---

**Revenue Source and Annual Receipts:** Waterfowl Stamps

---

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

---

## Insurance

---

**Revenue Source and Annual Receipts:** Insurance Privilege Tax

---

<b>Expenditure:</b>	<b>Year Effective</b>
Fire Department Tax Credit	1937
Replacement Income Tax Credit	1980

---

**Revenue Source and Annual Receipts:** Retaliatory Tax

---

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

---

\* 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

## Professional Regulation

---

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

---

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

## Public Aid

---

### Revenue Source and Annual Receipts: Long Term Care Provider Assessment

---

Expenditure:	Year Effective
100% Contribution Homes Exemption	1994

## 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

---

<b>Expenditure:</b>	<b>Year Effective</b>
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

---

<b>Expenditure:</b>	<b>Year Effective</b>
Homes for the Aged Exemption	1980

---

**Revenue Source and Annual Receipts:** Childhood Lead Screening Fee

---

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

---

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

---

<b>Expenditure:</b>	<b>Year Effective</b>
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

---

<b>Expenditure:</b>	<b>Year Effective</b>
Governmental Agency Exemption	1973

---

**Revenue Source and Annual Receipts:** Water Pump Contractor Fee

---

<b>Expenditure:</b>	<b>Year Effective</b>
Licensed Plumber Exemption	1999

---

**Revenue Source and Annual Receipts:** Environmental Lead License Application Fee

---

<b>Expenditure:</b>	<b>Year Effective</b>
Department of Public Health and Delegate Agency Employee Waiver	1993

---

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

---

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

---

**Revenue Source and Annual Receipts:** Asbestos Abatement License Fee

---

<b>Expenditure:</b>	<b>Year Effective</b>
Governmental Employee Waiver	1984

---

**Revenue Source and Annual Receipts:** Plan Review Fee - Hosp. & Ambulatory Treatment Centers

---

<b>Expenditure:</b>	<b>Year Effective</b>
Projects Costing Less than \$100,000 Waiver	1998

---

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

---

<b>Expenditure:</b>	<b>Year Effective</b>
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
Pollution Control Facilities Exemption	1970
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
Distillation Machinery and Equipment Exemption	1981
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
Replacement Vehicles Exemption	1984
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
Coal Machinery and Equipment Exemption	1986
Oil Machinery and Equipment Exemption	1986

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

## Revenue (Continued)

---

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

---

<b>Expenditure:</b>	<b><u>Year Effective</u></b>
Photo Processing Machinery and Equipment Exemption	1988
Sales of Vehicles to Automobile Rentors Exemption	1988
Sales to Not for Profit Music and Dramatic Arts Organization Exemption	1988
Senior Citizens Service Enterprises Exemption	1988
Specified Photoprocessing Charges Exemption	1988
Fuel and Petroleum Products for International Flight Exemption	1989
Machinery/Equipment for Operation of High Economic Impact Service Facility	1989
Nursing Homes Food Drugs and Medical Appliances Exemption	1991
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities	1991
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities	1991
Semen for Artificial Insemination of Livestock	1994
Manufacturer's Purchase Credit	1995
Race Horses	1995
Disaster Relief Donation and Infrastructure Repair Exemption	1996
Leased Property to Hospitals or Government Bodies	1996
Aggregate Machinery Exemption	1998
Game or Game Birds sold at Hunting Area	2000
Vending Machine Exemption	2000

---

### Revenue Source and Annual Receipts: Individual Income Tax

---

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

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

## Revenue (Continued)

---

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

---

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

---

### Revenue Source and Annual Receipts: Corporate Income Tax

---

<b>Expenditure:</b>	<b>Year Effective</b>
Standard Exemption	1970
Life and Health Insurance Guarantee Association Tax Offset	1980
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
Coal Research and Coal Utilization Investment Credits	1985
Foreign Trade Zone Dividends Subtraction	1986
High Economic Impact Business Interest Subtraction	1986
High Economic Impact Business Investment Credit	1986
Illinois Net Operating Loss Deduction	1986
Jobs Tax Credit	1986
Job Training Contribution Subtraction	1986
Replacement Taxes Paid Credit	1986
Training Expense Credit	1987
Health Maintenance Organization Guaranty Association Tax Offset	1988
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
Transportation Employee Credit	2003

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

## Revenue (Continued)

---

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

---

<b>Expenditure:</b>	<b>Year Effective</b>
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

---

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

---

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

---

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

---

### Revenue Source and Annual Receipts: Liquor Gallonage Tax

---

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

---

### Revenue Source and Annual Receipts: Underground Storage Tank Tax

---

<b>Expenditure:</b>	<b>Year Effective</b>
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

---

<b>Expenditure:</b>	<b>Year Effective</b>
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 (Concluded)

---

### Revenue Source and Annual Receipts: Electricity Excise Tax

---

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

---

### Revenue Source and Annual Receipts: Gas Revenue Tax

---

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

---

### Revenue Source and Annual Receipts: Telecommunications Excise Tax

---

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

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### Revenue Source and Annual Receipts: Vehicle Use Tax

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Expenditure:	<u>Year Effective</u>
Out-of-State Resident Exemption	1980
Rolling Stock Exemption	1980
Government, Charitable, Educational, Religious Entities Exemption	1980
Farm Implement 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

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### Revenue Source and Annual Receipts: Real Estate Transfer Tax

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

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### Revenue Source and Annual Receipts: Riverboat Gambling Admission Tax

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

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## Commerce Commission

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

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



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

## Environmental Protection Agency

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**Revenue Source and Annual Receipts:** Sewer Construction Permit Application Fee

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

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

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

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**Revenue Source and Annual Receipts:** Air Pollution Site Fee

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<b>Expenditure:</b>	<b>Year Effective</b>
Retail Liquid Dispensing Facility and Agrichemical Facility Exemption	1993

## Racing Board

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**Revenue Source and Annual Receipts:** Admission Tax

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

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

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<b>Expenditure:</b>	<b>Year Effective</b>
Real Estate Tax Credit	2000

## TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

<b>Agricultural Expenditures</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Sales Tax</b>		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 200,000	\$ 204,300
Gasohol Discount	46,400	60,000
Farm Machinery and Equipment Exemption	45,000	45,968
<b>Total</b>	<b>\$ 291,400</b>	<b>\$ 310,268</b>
<b>Total, Agricultural Expenditures</b>	<b>\$ 291,400</b>	<b>\$ 310,268</b>
<b>Environmental Expenditures</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Sales Tax</b>		
Pollution Control Facilities Exemption	\$ 3,500	\$ 3,575
<b>Total</b>	<b>\$ 3,500</b>	<b>\$ 3,575</b>
<b>Tax: Corporate Income Tax</b>		
Coal Research and Coal Utilization Investment Credits	\$ 1,130	\$ 1,100
Environmental Remediation Tax Credit	150	0
<b>Total</b>	<b>\$ 1,280</b>	<b>\$ 1,100</b>
<b>Tax: Other</b>		
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 32,167	\$ 24,200
<b>Total</b>	<b>\$ 32,167</b>	<b>\$ 24,200</b>
<b>Total, Environmental Expenditures</b>	<b>\$ 36,947</b>	<b>\$ 28,875</b>
<b>Business Expenditures</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Sales Tax</b>		
Manufacturing and Assembling Machinery and Equipment Exemption	\$ 155,000	\$ 158,332
Retailer's Discount	104,000	107,300
Rolling Stock Exemption	92,000	104,133
Newsprint and Ink to Newspapers and Magazines Exemption	40,000	40,000
Designated Tangible Personal Property within Enterprise Zone Exemption	30,100	32,000
Manufacturer's Purchase Credit	20,000	28,000
Sales of Vehicles to Automobile Rentors Exemption	24,500	23,640
Interim Use Prior to Sale Exemption	5,000	4,745
Graphic Arts Machinery and Equipment Exemption	4,000	4,087
Building Materials within Enterprise Zone Exemption	4,000	4,087
Coal, Oil, and Distillation Machinery and Equipment Exemption	700	715
<b>Total</b>	<b>\$ 479,300</b>	<b>\$ 507,039</b>
<b>Tax: Individual Income Tax</b>		
Income Tax Credits	\$ 6,953	\$ 7,551
<b>Total</b>	<b>\$ 6,953</b>	<b>\$ 7,551</b>

## TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

<b>Business Expenditures (Concluded)</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Corporate Income Tax</b>		
Illinois Net Operating Loss Deduction	\$ 144,651	\$ 102,943
Training Expense Credit	14,410	12,700
Foreign Insurer Rate Reduction	10,343	9,396
Enterprise Zone Investment Credit	4,420	7,530
Research and Development Credit	15,000	6,670
Life and Health Insurance Guarantee Association Tax Offset	12,910	6,150
Enterprise and Foreign Trade Zone Dividend Subtractions	5,224	5,224
Standard Exemption	5,093	4,973
Economic Development for a Growing Economy Tax Credit	190	3,300
Enterprise Zone and High Economic Impact Interest Subtractions	2,139	2,139
Job Training Contribution Subtraction	256	256
High Economic Impact Business Investment Credit	510	200
Jobs Tax Credit	10	14
TECH-PREP Youth Vocational Program Credit	2	1
<b>Total</b>	<b>\$ 215,158</b>	<b>\$ 161,496</b>
<b>Tax: Other <sup>1</sup></b>		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 121,319	\$ 115,332
Timely Filing and Full Payment Discount	23,511	23,779
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	22,645	22,645
Airport Exemption	16,204	14,717
Life and Health Guaranty Assessments Credit	15,422	12,293
Cost of Collection Discount	7,289	10,059
One Million Dollar Cap on Franchise Tax for Corporations	8,600	8,724
Cost of Collection Discount	4,352	4,550
Real Estate Tax Credit	4,924	3,926
Rail Carrier Exemption	2,474	2,569
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	1,597	1,910
Timely Filing and Full Payment Discount	1,378	1,451
Cost of Collection Discount	0	517
Timely Filing and Full Payment Discount	501	501
Exemption for Vessels Conducting Interstate Commerce on Border Rivers	482	422
Business Reorganization Preferential Tax Rate	57	57
Aviation Purposes Exemption	37	38
Enterprise Zone Revenue Exemption	55	34
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	27	33
<b>Total</b>	<b>\$ 230,874</b>	<b>\$ 223,557</b>
<b>Total, Business Expenditures</b>	<b>\$ 932,285</b>	<b>\$ 899,643</b>

<sup>1</sup> Refer to Appendix D for specific receipt sources for other tax expenditures.

## TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

<b>Individual Expenditures - Broad Based</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Sales Tax</b>		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,160,000	\$ 1,169,000
<b>Total</b>	<b>\$ 1,160,000</b>	<b>\$ 1,169,000</b>
<b>Tax: Individual Income Tax</b>		
Standard Exemption: Taxpayers and Dependents	\$ 686,278	\$ 680,399
Tax Credit for Residential Real Property Taxes	337,405	355,552
Education Expense Credit	68,444	66,518
Earned Income Tax Credit	44,148	50,830
<b>Total</b>	<b>\$ 1,136,275</b>	<b>\$ 1,153,299</b>
<b>Total, Individual Expenditures - Broad Based</b>	<b>\$ 2,296,275</b>	<b>\$ 2,322,299</b>
<b>Individual Expenditures - Elderly and Disabled</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Individual Income Tax</b>		
Federally Taxed Retirement and Social Security Subtractions	\$ 716,940	\$ 732,055
Additional Exemptions: Blind and Elderly	31,368	31,325
<b>Total</b>	<b>\$ 748,308</b>	<b>\$ 763,380</b>
<b>Tax: Other</b>		
Disabled, Under 16, 65 & Over, Fee Fishing Area, Owner/Tenant Discount	\$ 12,142	\$ 13,008
Senior Citizen Plate Renewal Reduction	7,949	8,123
Reduced Renewal Fee for Senior Citizens	860	939
Duplicated/Corrected ID Senior Citizen/Handicapped	366	327
Disabled Veteran Vehicle Registration Exemption	194	227
Duplication of Stolen Licenses for Senior Citizens	6	7
<b>Total</b>	<b>\$ 21,517</b>	<b>\$ 22,631</b>
<b>Total, Individual Expenditures - Elderly and Disabled</b>	<b>\$ 769,825</b>	<b>\$ 786,011</b>
<b>Individual Expenditures - Other</b>		
	<b>Fiscal Year 2002 Annual Impact</b>	<b>Fiscal Year 2003 Annual Impact</b>
<b>Tax: Individual Income Tax</b>		
Military Pay Subtraction	\$ 20,591	\$ 22,181
<b>Total</b>	<b>\$ 20,591</b>	<b>\$ 22,181</b>
<b>Tax: Other</b>		
Pop. With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,825	\$ 3,099
Dept. Funded HIV Counseling/Testing Site and HIV Seroprevalence Exemption	44	405
X-POW Vehicle Registration Exemption	128	123
<b>Total</b>	<b>\$ 2,997</b>	<b>\$ 3,627</b>
<b>Total, Individual Expenditures - Other</b>	<b>\$ 23,588</b>	<b>\$ 25,808</b>

## TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Charitable Expenditures		
	Fiscal Year 2002 Annual Impact	Fiscal Year 2003 Annual Impact
<b>Tax: Sales Tax</b>		
Sales to Exempt Organizations <sup>2</sup>	\$ 874,000	\$ 892,791
<b>Total</b>	\$ 874,000	\$ 892,791
<b>Tax: Corporate Income Tax</b>		
Employee Child Care Tax Credit	\$ 850	\$ 3,010
Enterprise Zone Charitable Contribution Subtraction	111	111
Dependent Care Assistance Credit	20	20
Affordable Housing Donations	0	5
<b>Total</b>	\$ 981	\$ 3,146
<b>Tax: Other</b>		
Exempt Organization Rentals	\$ 1,251	\$ 1,174
Low Income Family Waiver	814	763
Charitable Organization Vehicle Exemption	1,847	269
Other	314	314
<b>Total</b>	\$ 4,226	\$ 2,520
<b>Total, Charitable Expenditures</b>	\$ 879,207	\$ 898,457

Other Expenditures		
	Fiscal Year 2002 Annual Impact	Fiscal Year 2003 Annual Impact
<b>Tax: Sales Tax</b>		
Traded-In Property Exemption	\$ 350,000	\$ 339,147
Sales of Motor Vehicles to Non-Residents Exemption	75,500	72,040
Property Acquired by Non-Resident before Relocating in Illinois Exemption	7,400	7,331
Replacement Vehicles Exemption	2,380	2,417
Legal Tender, Medallions, and Bullion Exemption	1,600	1,635
<b>Total</b>	\$ 436,880	\$ 422,570
<b>Tax: Individual Income Tax</b>		
Other Subtractions	\$ 39,197	\$ 48,781
<b>Total</b>	\$ 39,197	\$ 48,781
<b>Tax: Corporate Income Tax</b>		
Replacement Taxes Paid Credit	\$ 6,852	\$ 5,986
<b>Total</b>	\$ 6,852	\$ 5,986
<b>Tax: Other</b>		
Other	\$ 66,061	\$ 73,663
<b>Total</b>	\$ 66,061	\$ 73,663
<b>Total, Other Expenditures</b>	\$ 548,990	\$ 551,000

<sup>2</sup> The Department of Revenue estimates that of the \$893 million 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 2003 or fiscal year 2004 (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 individual 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 individual 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 individual 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.

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## Alternative Taxes

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

## For More Detailed Information

Agency *Tax Expenditure Report* submissions are now 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 and Applications button on the lower left side of the page, and then click on the Research and Fiscal Information 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 or with Crystal Reports, either with ActiveX or Java with the Internet Explorer browser.

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