

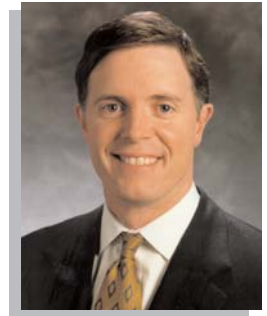
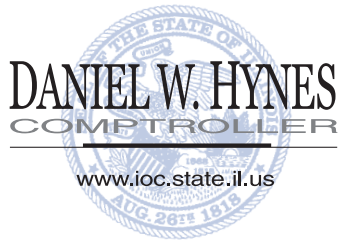
State of Illinois

DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us

Tax Expenditure Report

Fiscal Year 2002



DANIEL W. HYNES

April, 2003

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 2002. Tax expenditures are tax breaks, such as exemptions, credits, abatements, given to individuals, corporations, or other organizations. In fiscal year 2002, an estimated \$5.8 billion in forgone revenues resulted from 207 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 federal estate and corporate income tax laws. Tax expenditures are normally modifications to the basic state tax code that reduce state revenues. This study shows the large potential impact on state revenues when the federal government modifies taxes that are used as the starting point for computing liability for linked Illinois taxes.

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.

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 2002, 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 2002, agencies identified 207 tax expenditures, 159 were associated with taxes and 48 with licenses or fees.

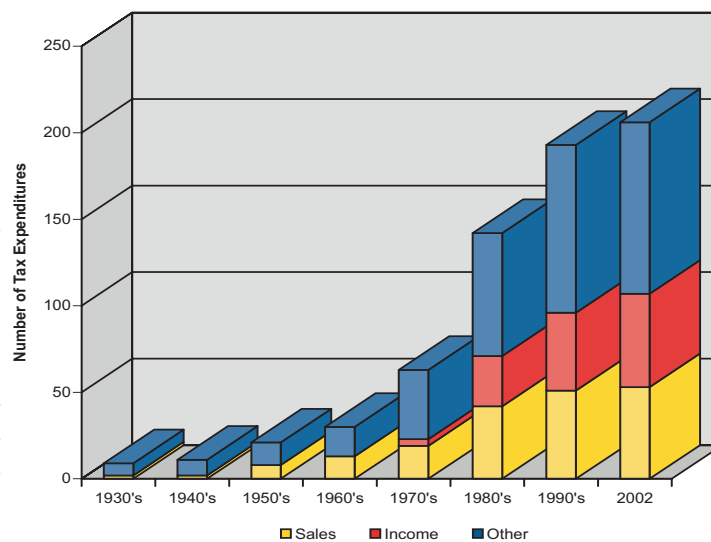
WHAT’S NEW IN FISCAL YEAR 2002

Tax Expenditures up 4.2%

Reported tax expenditures of \$5.779 billion in fiscal year 2002 were up \$231 million or 4.2% from reported tax expenditures of \$5.548 billion in fiscal year 2001. The largest change was the \$207 million increase in the estimated cost of the sales tax exemption on sales to exempt organizations (governments, charities, private schools) based on the Department of Revenue’s survey of sales tax returns for fiscal year 2002. This increase was largely offset by the conclusion of the temporary state sales tax exemption on motor fuel sales which had an estimated \$163 million impact on revenues in fiscal year 2001.

Despite the significant decrease in income tax revenues, these sources experienced a slight increase in the value of their reported tax expenditures. This deviation may reflect the unique manner in which income tax expenditures are computed with individual income tax expenditures based on 2001 tax year returns and corporate tax expenditures based on 2000 tax year returns.

Number of Tax Expenditures in Effect
1930 - 2002



Income tax revenues declined \$757 million from \$9.886 billion in fiscal year 2001 to \$9.129 billion in fiscal year 2002. Over this period, tax expenditures for these revenue sources increased from \$2.129 billion to \$2.176 billion.

The largest increase in income tax expenditures was for the tax credit for residential real property taxes which increased from \$318 million in fiscal year 2001 to \$337 million in fiscal year 2002.

Among major tax expenditures relating to sales taxes, the estimated cost of the food, drugs, and medical appliance rate reduction increased from \$1.1 billion to \$1.16 billion, the exemption for the value of trade-ins increased from \$325 million to \$350 million, the farm chemical exemption increased from \$190 million to \$200 million, and the manufacturing machinery exemption increased from \$147 million to \$155 million. The increases in the estimated cost of major tax expenditures relating to income taxes other than the property tax credit were modest. The estimated cost of retirement and social security deductions increased from \$714 million to \$717 million, the standard deduction from the individual income tax increased from \$683 million to \$686 million, and the net operating loss deduction from the corporate income tax increased from \$142 million to \$145 million.

As an increasing share of income tax revenues have been deposited into the Income Tax Refund Fund, the portion of income tax expenditures allocated to this fund has also increased. Between fiscal years 2001 and 2002 the share of income tax receipts deposited into the Refund Fund increased from 8.6% to 9.4% as deposits into the Refund Fund were unchanged while total income tax receipts dropped sharply. Between these years the cost of tax expenditures attributed to the Income Tax Refund Fund increased from \$177 million (8.3% of the value of income tax tax expenditures) to \$200 million (9.2%).

New Tax Expenditures

Several new tax expenditures are contained in the fiscal year 2002 Tax Expenditure Report. The employee child care tax credit is provided to corporate taxpayers for the costs of providing child care facilities for children of their employees. The credit is 30% of the start up costs of the facility and 5% of the annual amount paid by the taxpayer in providing the facility. If the credit amount exceeds tax liability, the excess credit amount can be

carried forward five years. A total of \$850 thousand in employee child care tax credits was reported for the 2000 tax year.

Beginning with the 2001 tax year, a taxpayer who makes a donation under the Illinois Housing Development Act for the development of affordable housing in Illinois is entitled to a tax credit equal to the applicable state income tax rate times 50% of their donation. Beginning with the 2002 tax year, taxpayers' contributions to College Savings Pool accounts established and administered by the State Treasurer are exempt from the state income tax.

Not included in this report is a change in the sales tax treatment of stored purchases that may have an impact on Illinois tax revenues. Effective January 1, 2002, Illinois retailers may sell tangible personal property tax free to a purchaser who provides written certification that the property purchased will be temporarily stored in Illinois but subsequently transferred outside of Illinois for use or consumption solely outside the state.

SPECIAL STUDY: IMPACT OF MAJOR FEDERAL TAX CODE CHANGES ON ILLINOIS REVENUES

The burden of preparing and collecting state taxes is reduced when the state piggybacks its taxes on federal taxes. Illinois tax returns based on the federal returns are the income tax and the estate tax. When the federal government decides to change the tax base for these taxes, the state is faced with the issue of whether it should continue to follow the federal tax base and accept the resulting change in revenues or require taxpayer modifications to the tax base in order to offset the revenue change. Several recent tax reductions include modifications to the federal tax base that would reduce Illinois tax revenues. This special report examines the impact of these tax changes and discusses fiscal impacts of the state accepting or decoupling from them. The report is especially pertinent in the light of the new administration tax proposal to eliminate the double taxation of corporate dividends which could have an additional large negative impact on state tax revenues.

Impact on Estate Taxes

The Illinois estate and generation-skipping tax liability is computed directly from the federal return. The Illinois tax is called a pickup tax and is the maximum state credit allowed against the federal tax liability. Illinois is one of 36 states that just levy a pickup tax. The other fourteen states either tax estates at rates different from the federal credit or impose their own inheritance taxes in addition to estate taxes. In all states, the estate tax must at least equal the value of the pickup tax. The Illinois tax does not change the estate's total tax bill. Instead, it diverts part of the money that would have gone to the federal government to the state Treasury. An estate that has no federal tax liability also has no Illinois liability.

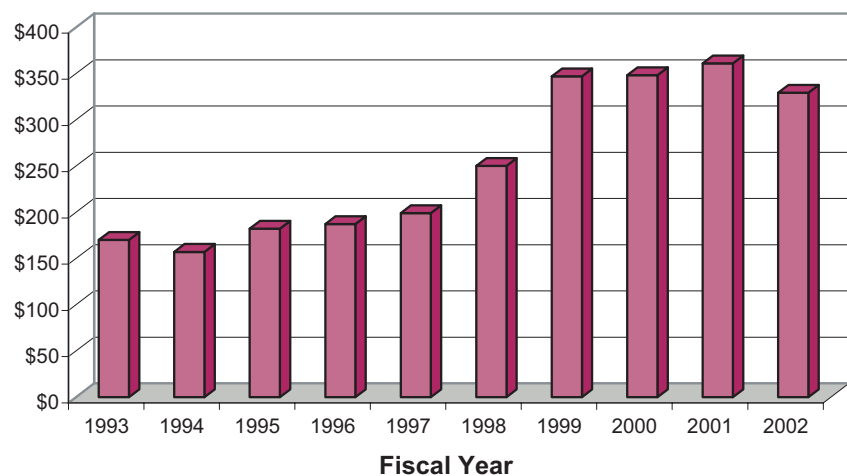
The Illinois estate tax is the most progressive component of the state tax system and only affects a rather small portion of the population. According to federal estate tax return data, 6,249 federal estate tax returns were filed for Illinois during calendar year 2000 with 3,142 claiming a state death tax credit. Of estate tax filers, an even smaller portion of

very large estates account for much of the estate tax revenues. Across the nation, only 3.3 thousand estates had a value in excess of \$5 million in 1999, but these estates paid over half of all estate taxes. That year Illinois had only 158 estates of \$5 million or more for estate tax purposes.

Even though the estate tax is not counted among the major Illinois revenue sources, it has been a reliable source of revenue into the General Funds. Benefiting from the runup of stock prices during the late 1990's, estate tax revenues more than doubled, peaking at \$361 million in fiscal year 2001. In fiscal year 2002, Illinois estate tax revenues totaled \$329 million or 1.4% of General Funds revenues. In addition, the estate tax encourages charitable contributions as the actual cost to heirs is the value of the contribution less the reduction in estate taxes due to the contribution. Since Illinois often works with charities to provide social services, reduced contributions could further weaken the state's social service safety net.

This revenue source is now at risk. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) includes a ten year phaseout of the federal estate tax. Prior to 1999, the first \$600,000 of an estate, plus property received by a surviving spouse, was exempt from the tax. Beyond these amounts, the tax rate started at 37% for amounts between \$600 thousand and \$750 thousand and rose to a 55% rate for the value of estates above \$3 million. The exempt amount

**Estate Tax Receipts
(Millions)**



is scheduled to increase to \$3.5 million for 2009 decedents following which the federal tax will expire.

The fiscal impact is even more immediate on states as the state credit against the federal liability is phased-out over the next four years reducing it by 25% in 2002, 50% in 2003, 75% in 2004, and eliminating it in 2005. This will moderate the impact of the early years of the tax reduction on the federal budget at the expense of the states.

The Center on Budget and Policy Priorities estimates that Illinois' loss in revenues from the federal estate tax changes will be \$90 million in fiscal year 2003. The revenue loss is expected to increase to \$458 million for fiscal year 2007 when the state credit has been fully eliminated.

Some proponents for eliminating the estate tax argue the lost estate tax revenues can be offset in part by changing the way capital gains are taxed. Currently the gain in the value of assets held until death is not subject to the capital gains tax. The estate tax in part replaces income tax revenues that would have been collected if the assets had been sold prior to death. Although it would raise additional revenue, paying capital gains taxes on the original purchase price of an item would leave heirs facing the administrative nightmare of calculating the original purchase price of inherited assets for capital gains tax purposes. In fact, the Tax Reform Act of 1976 applied capital gains taxes based on the original purchase price of an asset to inherited assets. This provision was repealed before it went into effect due to concern over the administrative burden it would place on heirs, estates, and the IRS.

On the other hand, repeal of the estate tax without changing tax provisions for capital gains will provide new tax reduction opportunities that could decrease income tax revenues. Older individuals who now are indifferent between selling or bequeathing assets will now incline to hold onto their assets to allow their heirs to benefit from the inheritance tax advantages.

Some states have already decided to maintain their existing estate taxes. According to a January 2003 article published by the Center on Budget and Policy Priorities, seventeen states and the District of Columbia

were decoupled from the federal estate tax code. Eleven states have acted to decouple by linking their estate taxes to the federal tax in effect before the 2001 tax bill or choosing to not conform to the federal changes. Six other states and the District of Columbia had estate taxes that did not automatically conform to federal legislation.

States that desire to maintain the estate tax as part of their revenue base have several options on how to continue to collect this tax. Basing the state tax on the federal law that was in effect in 2001 would require estates to complete two federal estate tax forms. One based on the federal law that was in effect in 2001 that would be submitted to the state. And one based on the current federal law (for the period the estate is still subject to the federal estate tax).

Alternatively, states could retain revenues from a state estate tax by adopting a separate estate or inheritance tax that is not coordinated with the federal estate tax. This tax could either incorporate the current federal definition of assets subject to estate tax into state law or include its own definition of taxable assets. The amount of tax owed to the state would be determined by the rate structure incorporated into the law. In either case, once the federal estate tax is abolished, the state will no longer be able to benefit from the federal auditing of returns.

A second problem would pertain to estates holding assets in more than one state. If all states do not decouple, high value estates will now have an incentive to park their assets in states that have no estate tax.

Legislation has been proposed in Illinois that would decouple the Illinois estate tax and require computation of estate tax liability as if the EGTRRA changes had not occurred. Two bills were introduced during 2002 and a new bill was introduced during 2003 that set the Illinois estate tax as the credit for state tax allowable as computed under the federal estate tax law in effect on December 31, 2000.

Bonus Depreciation Impact

The federal Job Creation and Worker Assistance Act of 2002 contains a temporary depreciation bonus that will

have a significant impact on federal corporate income tax collections. Due to the linkage between federal income tax liability and Illinois liability, the reduced federal tax liability would have been mirrored in lower Illinois corporate income tax liability. To help maintain revenues, Illinois instead opted to decouple from this federal tax break and require companies to eliminate their bonus depreciation when computing Illinois tax liability.

Impact on Federal Revenues*	
Federal Fiscal Year	Estimated Revenue Effects of Special Depreciation Allowance (Billions)
2002	-\$35.3
2003	-\$32.4
2004	-\$29.2
2005	\$0.1
2006	\$19.0
2007	\$18.3
2008	\$15.4
2009	\$11.6
2010	\$8.0
2011	\$5.3
2012	\$3.4

* Source: Federal Joint Committee on Taxation (JCT)

The temporary depreciation bonus simply allows purchasers of eligible property a 30% deduction on the adjusted basis of their property. Eligible property must have been acquired between September 11, 2001 and September 10, 2004 and placed in service by December 31, 2004. Since depreciation is a cost of business, accelerating the rate of depreciation will increase business expenses and reduce taxable corporate income.

The benefit from bonus depreciation will be greatest for businesses investing in machinery and equipment. In addition, the bonus depreciation provision cannot be limited to in-state investment. States that conform to the federal bonus depreciation will be giving interstate businesses tax breaks for investments that may be taking place in other states. With the shift toward a knowledge-based high tech economy, the benefit will be less for high tech companies relying on human capital. The Congressional Joint Committee on Taxation estimates that this provision will have a negative \$96.9 billion impact on federal revenues over its first three years.

Accelerating the depreciation that can be charged against purchases of capital goods reduces the amount of depreciation that can be credited to the items in future years. The Joint Committee on Taxation estimates that \$81.1 billion of the reduced federal revenues from bonus depreciation will be recovered in future years.

Computation of the Illinois corporate income tax begins with federal taxable income, so a reduction in federal taxable income also reduces Illinois income tax liability. As part of Illinois' revenue enhancement effort included in the fiscal 2003 budget, PA 92-603 was enacted to decouple Illinois from the accelerated depreciation tax break. For taxable year 2001 and thereafter, taxpayers must add an amount equal to the bonus depreciation deduction to their federal taxable income (or adjusted gross income in the case of individuals owning businesses taking advantage of the break). Revenues are recovered both for the state General Funds and for local governments which receive distributions of corporate income tax receipts deposited into the Personal Property Tax Replacement Fund as a replacement for the personal property tax.

Illinois' corporate income tax revenues are notoriously unpredictable so estimates of the cost of not decoupling should be viewed cautiously. Both estimates of the cost

Impact on Illinois Revenues*	
Fiscal Year	Estimated Revenue Effects of Special Depreciation Allowance (Millions)
2002	\$159
2003	\$378
2004	\$270

* Source: Center on Budget and Policy Priorities approximations based on JCT estimates.

of not decoupling indicate a large revenue loss to the state at a time when it is facing great fiscal stress. According to the Center on Budget and Policy Priorities (based on the Joint Committee on Taxation federal estimates), decoupling would save Illinois a loss due to the bonus depreciation clause of \$159 million in fiscal year 2002, \$378 million in fiscal year 2003, and \$270 million in

fiscal year 2004. Published reports quoting the Department of Revenue estimate the cost of not decoupling in fiscal year 2003 at \$240 million in state revenues and \$120 million in monies that would be passed to local governments.

Illinois is not alone in decoupling from bonus depreciation. A September 2002 survey reports thirty states and the District of Columbia had already decoupled. Among our neighboring states, Indiana, Iowa, Kentucky, and Wisconsin had decoupled. Missouri had decoupled for

only one year. All Midwest states other than Kansas, Michigan, and North Dakota had decoupled.

Normally one of the most desirable aspects of the Illinois income tax system is its simplicity derived from its close ties to federal tax computations. With respect to the federal depreciation bonus, it was decided that it was worth sacrificing some of the simplicity in computing Illinois tax liability in order to maintain revenue levels during a period of great fiscal stress on the state budget.

A REVIEW OF FISCAL YEAR 2002

TAX EXPENDITURES

The Impact of Tax Expenditures

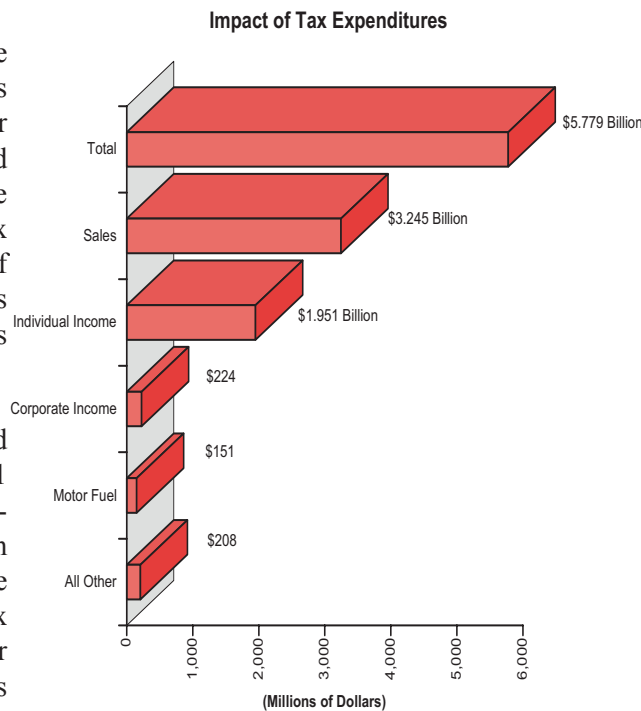
Although tax expenditures were reported for 57 revenue sources in fiscal year 2002, the four largest tax sources accounted for \$5.571 billion or 96% of the \$5.779 billion in reported tax expenditures. Well over half of the value of tax expenditures (\$3.245 billion or 56%) was attributed to state sales taxes.

Another 38% was associated with income taxes with \$1.951 billion or 34% from the individual income tax and \$224 million or 4% from the corporate income tax. The motor fuel tax accounted for \$151 million or 3% of reported tax expenditures leaving only \$208 million or 4% for tax expenditures from the remaining 53 revenue sources.

The Ten Largest Tax Expenditures

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

income tax, one from the corporate 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 \$4.7 billion or 82% of the total impact of all tax expenditures.



The Ten Largest Tax Expenditures - Fiscal Year 2002
(Millions of Dollars)

Amount	Expenditure	Applied Against
\$1,160	Food, Drugs, Medical Appliances	Sales Tax
874	Sales to Exempt Organizations	Sales Tax
717	Retirement and Social Security Deductions	Individual Income Tax
686	Standard Deduction	Individual Income Tax
350	Exemption for Trade-Ins	Sales Tax
337	Property Tax Credit	Individual Income Tax
200	Farm Chemical Exemption	Sales Tax
155	Manufacturing Machinery Exemption	Sales Tax
145	Net Operating Loss Deduction	Corporate Income Tax
121	Non Motor Vehicle Use	Motor Fuel Tax
\$4.745 Billion	Total Impact of Largest Ten Expenditures	
\$5.779 Billion	Total Impact of All Tax Expenditures	
82%	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.

The Four Largest Tax Expenditures, Fiscal Years 1993 to 2002

Reported tax expenditures of \$5.8 billion for fiscal year 2002 were \$2.7 billion or 88.7% 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 \$717 million for fiscal year 2002 was \$433 million greater or 2.5 times its cost of \$284 million in fiscal year 1993. The rapid 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.

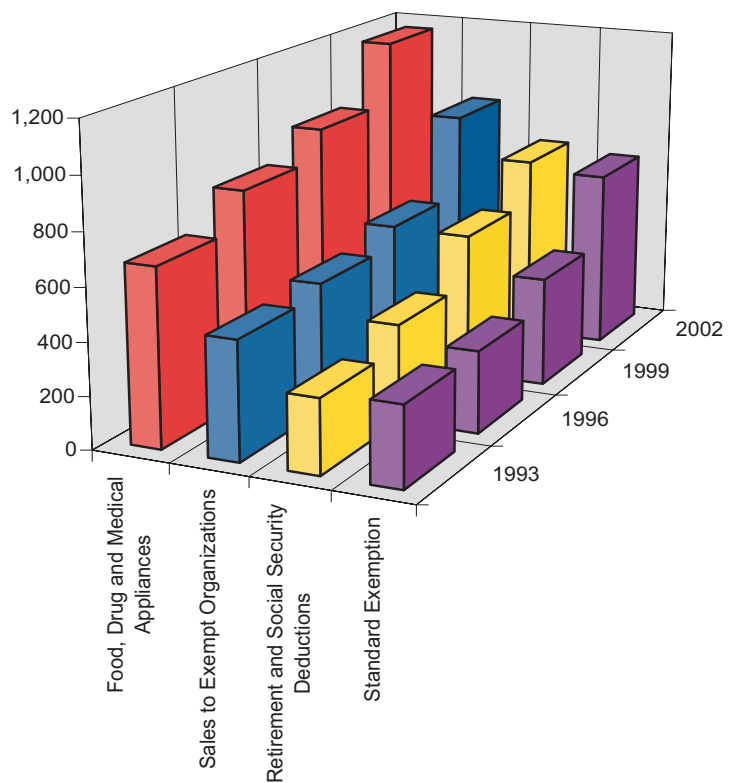
Demographers are projecting a sizable increase in Illinois' population over age 65. With updated projections based on 2000 Census data are not yet available, we must rely on U.S. Census Bureau estimates based on the prior census which indicate there will be 2.2 million senior citizens in Illinois in 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 first increase in the value of this tax expenditure (to \$1,300 for the 1998 tax year, \$1,650 for the 1999 tax year, and \$2,000 for years beginning with the 2000 tax year), its cost has increased a further \$366 million to \$686 million for fiscal 2002.

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 2002, its cost increased \$485 million or 71.9% from \$675 million to \$1.16 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 \$424 million or 94.2% during this period. The Department of Revenue's survey of sales tax returns for fiscal year 2002 found a significantly larger amount of sales to exempt organizations than in prior years leading to the increase in the estimated cost of this tax expenditure from \$667 million in fiscal year 2001 to \$874 million in fiscal year 2002.

**Four Largest Tax Expenditures
Fiscal Years 1993 to 2002
(Dollars in Millions)**



A \$5.8 Billion Impact on Reported Tax Receipts

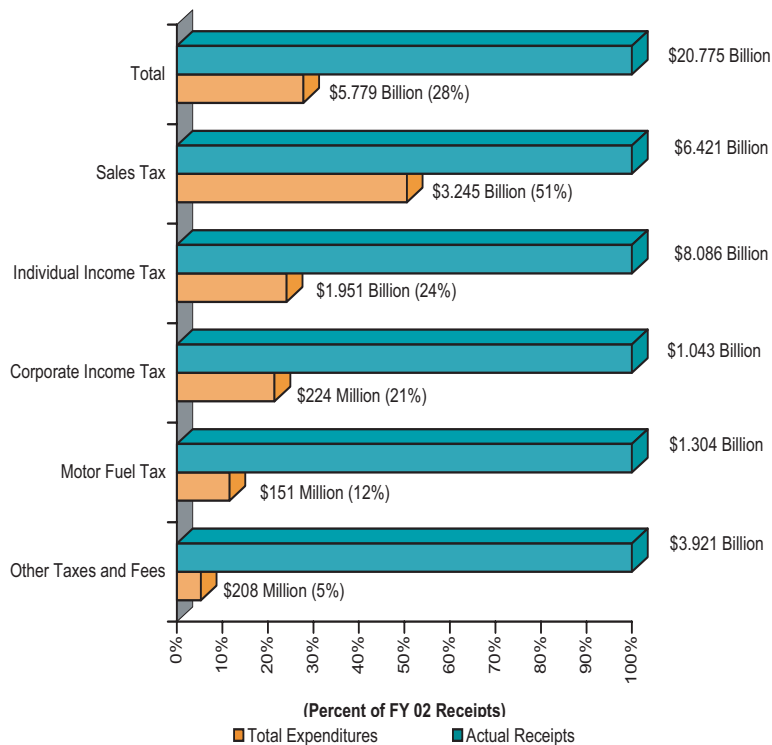
The \$5.8 billion in tax expenditures were applied against revenue sources that brought in a reported \$20.8 billion in fiscal year 2002. This amounts to 28% of reported receipts. Of the major revenue sources, tax expenditures had the greatest impact on the sales tax followed by the individual income tax, corporate income tax, and motor fuel tax.

All other expenditures had a combined impact of \$208 million, or 5% of other receipts of \$3.9 billion. Within other sources, there were several for which tax expenditures had a substantial impact. These include: fishing licenses (\$12 million impact, total receipts of \$7 million), the electricity excise tax (\$55 million in tax expenditures, total receipts of \$346 million), the insurance retaliatory tax (\$37 million in tax expenditures, total receipts of \$113 million), the underground storage tank tax (\$21 million in tax expenditures, total receipts of \$70 million), and the racing pari-mutuel tax (\$5 million in tax expenditures, total receipts of \$12 million). The increase in the estimated cost of fishing license exemptions from \$5 million in fiscal year 2001 to \$12 million in fiscal year 2002 is due to the use of updated data from the 2001 National Survey of Fishing, Hunting, and Wildlife-Associated Recreation.

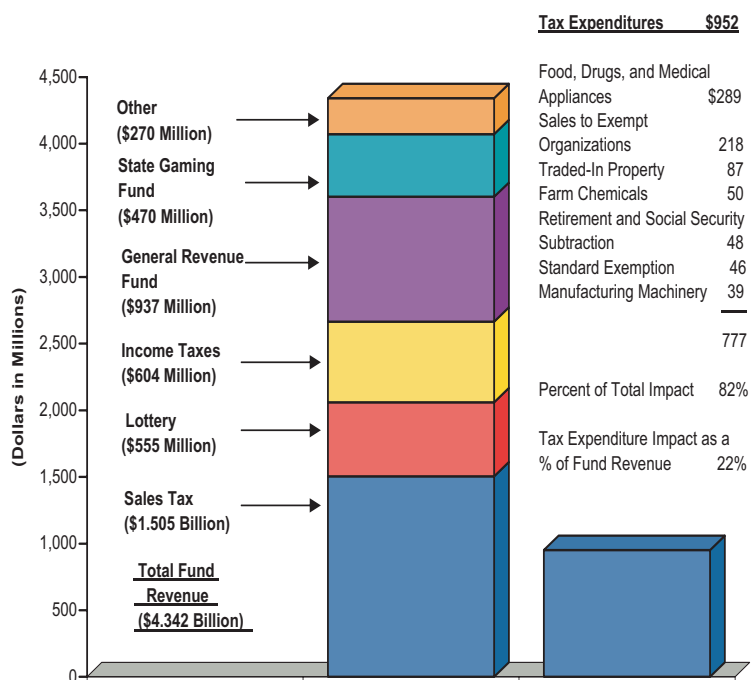
A \$952 Million Impact on Education Funds

Tax expenditures of \$952 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

Impact of Tax Expenditures on Tax Receipts



Education Funds Receipts and Tax Expenditures*



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

2002, the Education Funds received \$4.3 billion from dedicated sources - \$1.5 billion from the sales tax, \$555 million in lottery transfers, \$604 million from income taxes, \$470 million from the State Gaming Fund, and \$270 million from other sources (including \$140 million from cigarette taxes and \$122 million from the communications excise tax) plus \$937 million in General Revenue Fund transfers.

Who Received Tax Expenditures?

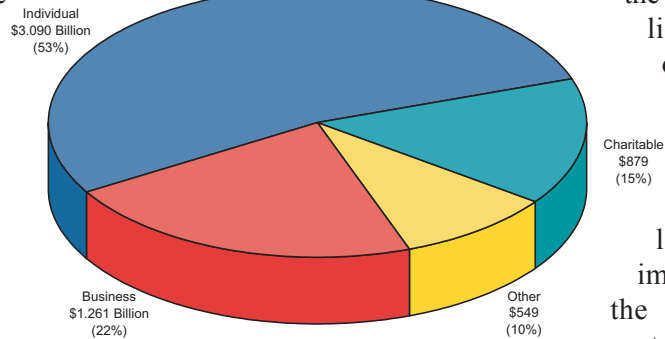
Tax expenditures for individuals totaled \$3.1 billion while businesses received \$1.3 billion, charities \$879 million and other \$549 million.

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 six-month sales tax exemption on motor fuel purchases expired on December 31, 2000. The expenditures for the elderly and disabled of \$770 million consisted primarily of \$717 million for federally taxed retirement and social security subtractions.

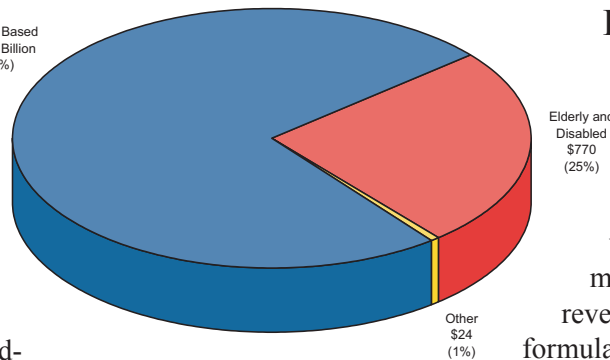
The impact of general business expenditures was \$932 million, while agricultural expenditures were \$291 million and environmental expenditures totaled \$37 million. The manufacturing machinery exemption, net operating loss deduction, retailer's sales tax discount, and motor fuel for non-vehicle use exemption were the largest general business expenditures. Sales to exempt organizations were \$874 million of the \$879 million

worth of expenditures for charities (99.4%). The largest of the \$549 million in other expenditures was the \$350 million impact of the traded-in property exemption primarily attributable to new and used car sales.

Tax Expenditures by Purpose
(Dollars in Millions)



Individual Expenditures
(Dollars in Millions)

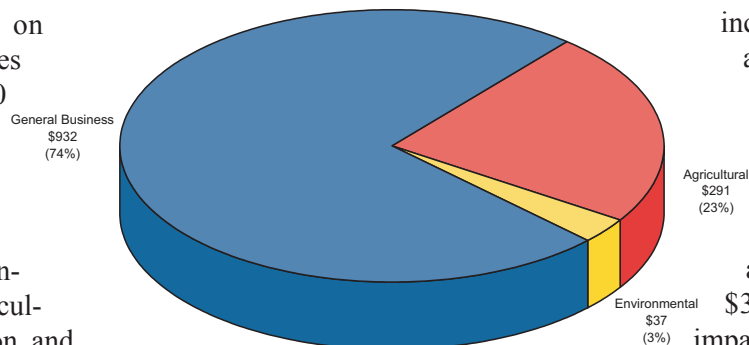


The Impact of Tax Expenditures on Revenue Sharing

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

During fiscal year 2002, \$1.7 billion was distributed in income, sales, and motor fuel tax revenue sharing. Tax expenditures had an estimated \$387 million impact on these distributions.

Business Expenditures
(Dollars in Millions)

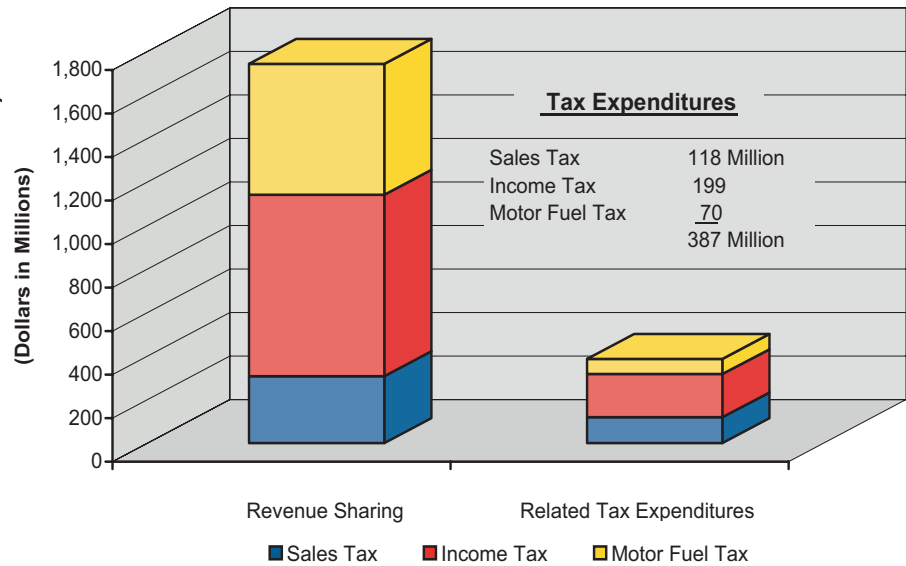


A fixed percent of net income tax revenue is granted to counties and municipalities as state revenue sharing. Distribution is based on their shares of the state's population. The distribution is cur-

rently 1/10 of net revenues. In fiscal year 2002, the Local Government Distributive Fund received \$834 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 \$199 million less than they would have been without tax expenditures.

There are several programs which share sales tax revenue with local governments. The Public Transportation Fund receives General Revenue Fund transfers equal to 25% of net revenue collected from the local RTA sales tax. The Downstate Public and Metro-East Public Transportation Funds receive a General Revenue Fund transfer based on a percentage of state sales taxes paid in their districts. Finally, the Illinois Tax Increment Fund receives 0.27% of state sales taxes and the Local Government Distributive Fund receives 0.4%. In fiscal year 2002, these programs received \$307 million in direct receipts and General Revenue Fund transfers. Distributions were \$118 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 2002, local government funds received \$602 million in motor fuel tax revenues. Based on an 11.6% ratio of tax expenditures to motor fuel tax receipts, distributions were \$70 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 01	FY 02
General Revenue Fund	0001	\$ 4,223,418	\$ 4,388,928
General Revenue - Common School Special Account Fund	0005	760,173	808,022
Education Assistance Fund	0007	142,468	144,228
Common School Fund	0412	12	6
Total Impact, General		\$ 5,126,071	\$ 5,341,184

Fund Group: Highway

Fund Name and Code:		FY 01	FY 02
Motor Fuel Tax - State Fund	0012	\$ 168,506	\$ 150,635
Road Fund	0011	6,644	9,276
State Construction Account Fund	0902	3,434	4,978
Total Impact, Highway		\$ 178,584	\$ 164,889

Fund Group: Special State

Fund Name and Code:		FY 01	FY 02
Income Tax Refund Fund	0278	\$ 177,168	\$ 199,882
Underground Storage Tank Fund	0072	21,422	20,590
Local Government Distributive Fund	0515	12,212	12,980
Wildlife and Fish Fund	0041	5,114	12,142
Long Term Care Provider Fund	0345	7,543	7,353
Build Illinois Fund	0960	6,746	6,038
Horse Racing Fund	0632	3,861	4,924
Public Health Services Revolving Fund	0340	2,999	2,869
Public Utility Fund	0059	1,465	1,699
Local Tourism Fund	0969	1,079	966
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	908	849
International Tourism Fund	0621	810	725
Environmental Protection Permit and Inspection Fund	0944	480	460
Drivers Education Fund	0031	479	433
Corporate Franchise Tax Refund Fund	0380	260	260
Health Facility Plan Review Fund	0524	93	163
Metabolic Screening and Treatment Fund	0920	367	73
Long Term Care Monitor/Receiver Fund	0285	36	27
School Infrastructure Fund	0568	12	6
Illinois School Asbestos Abatement Fund	0175	2	3
Pesticide Control Fund	0576	1	2
Total Impact, Special State		\$ 243,057	\$ 272,444

GRAND TOTAL, IMPACT		\$ 5,547,712	\$ 5,778,517
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TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	FY 01	FY 02
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,100,000	\$ 1,160,000
Sales to Exempt Organizations	667,200	874,000
Traded-In Property Exemption	325,000	350,000
Farm Chemicals (Includes Feed and Seed) Exemption	190,000	200,000
Manufacturing and Assembling Machinery and Equipment Exemption	147,300	155,000
Retailer's Discount	102,150	104,000
Rolling Stock Exemption	70,000	92,000
Sales of Motor Vehicles to Non-Residents Exemption	46,000	75,500
Gasohol Discount	50,400	46,400
Farm Machinery and Equipment Exemption	45,300	45,000
Newsprint and Ink to Newspapers and Magazines Exemption	40,000	40,000
Designated Tangible Personal Property within Enterprise Zone Exemption	30,100	30,100
Sales of Vehicles to Automobile Rentors Exemption	13,200	24,500
Manufacturer's Purchase Credit	20,800	20,000
All Other	42,487	28,580
State Sales Tax Exemption on Motor Fuels	163,000	0
Total Impact	\$ 3,052,937	\$ 3,245,080

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	FY 01	FY 02
Federally Taxed Retirement and Social Security Subtractions	\$ 714,420	\$ 716,940
Standard Exemption: Taxpayers and Dependents	682,895	686,278
Tax Credit for Residential Real Property Taxes	317,933	337,405
Education Expense Credit	61,233	68,444
Earned Income Tax Credit	39,921	44,148
Other Subtractions	39,962	39,197
Additional Exemptions: Blind and Elderly	31,298	31,368
Military Pay Subtraction	17,966	20,591
Income Tax Credits	4,543	6,953
Total Impact	\$ 1,910,171	\$ 1,951,324

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	FY 01	FY 02
Illinois Net Operating Loss Deduction	\$ 141,779	\$ 144,651
Research and Development Credit	15,880	15,000
Training Expense Credit	14,460	14,410
Life and Health Insurance Guarantee Association Tax Offset	14,110	12,910
Foreign Insurer Rate Reduction	8,474	10,343
Replacement Taxes Paid Credit	9,460	6,852
Enterprise and Foreign Trade Zone Dividend Subtractions	576	5,224
Standard Exemption	5,248	5,093
Enterprise Zone Investment Credit	5,730	4,420
All Other	2,947	5,368
Total Impact	\$ 218,664	\$ 224,271

TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	FY 01	FY 02
Sales for Use Other Than in Motor Vehicles Exemption	\$ 136,603	\$ 121,319
Timely Filing and Full Payment Discount	22,984	23,511
Municipal Corporation or Private Utility Local Transportation System Exemption	8,862	5,768
Aviation Purposes Exemption	57	37
Total Impact	\$ 168,506	\$ 150,635

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	FY 01	FY 02
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 23,667	\$ 32,167
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	24,049	22,645
Total Impact	\$ 47,716	\$ 54,812

Revenue Source and Annual Receipts: Insurance Retaliatory Tax

Expenditure:	FY 01	FY 02
Life and Health Guaranty Assessments Credit	\$ 17,282	\$ 15,422
Replacement Income Tax Credit	14,496	13,633
Fire Department Tax Credit	7,536	7,945
Total Impact	\$ 39,314	\$ 37,000

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	FY 01	FY 02
Airport Exemption	\$ 14,799	\$ 16,204
Rail Carrier Exemption	4,743	2,474
Timely Filing and Full Payment Discount	1,389	1,378
Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	431	482
Liquefied Propane Gas Exemption	60	52
Total Impact	\$ 21,422	\$ 20,590

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

Expenditure:	FY 01	FY 02
Senior Citizen Plate Renewal Reduction	\$ 5,435	\$ 7,949
Municipality Owned Passenger Vehicle Exemption	3,248	3,111
Charitable Organization Vehicle Exemption	206	1,847
Disabled Veteran Vehicle Registration Exemption	190	194
Drivers Education Vehicles	8	180
X-POW Vehicle Registration Exemption	145	128
Sheriff Plates	48	46
Total Impact	\$ 9,280	\$ 13,455

Revenue Source and Annual Receipts: Fishing Licenses

Expenditure:	FY 01	FY 02
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 5,114	\$ 12,142
Total Impact	\$ 5,114	\$ 12,142

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

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

Expenditure:	FY 01	FY 02
Permanent Residents Exemption	\$ 8,461	\$ 7,723
Cost of Collection Discount	5,030	4,352
Total Impact	\$ 13,491	\$ 12,075

Revenue Source and Annual Receipts: Vehicle Use Tax

Expenditure:	FY 01	FY 02
Rolling Stock Exemption	\$ 4,200	\$ 5,400
Family Member Preferential Tax Rate	3,400	4,200
Out-of-State Resident Exemption	847	1,000
Government, Charitable, Educational, Religious Entities Exemption	117	173
Surviving Spouse Exemption	104	138
Estate Gift to Beneficiary Preferential Tax Rate	113	135
Business Reorganization Preferential Tax Rate	55	57
Total Impact	\$ 8,836	\$ 11,103

Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	FY 01	FY 02
Fire Department Tax Credit	\$ 7,505	\$ 5,850
Replacement Income Tax Credit	1,079	3,463
Total Impact	\$ 8,584	\$ 9,313

Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	FY 01	FY 02
One Million Dollar Cap on Franchise Tax for Corporations	\$ 13,000	\$ 8,600
Total Impact	\$ 13,000	\$ 8,600

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:	FY 01	FY 02
Cost of Collection Discount	\$ 7,396	\$ 7,289
Total Impact	\$ 7,396	\$ 7,289

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

Expenditure:	FY 01	FY 02
Real Estate Tax Credit	\$ 3,861	\$ 4,924
Total Impact	\$ 3,861	\$ 4,924

Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:	FY 01	FY 02
Purchase From Out-of-State Supplier Exemption	\$ 5,049	\$ 2,975
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	2,009	1,597
Total Impact	\$ 7,058	\$ 4,572

TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

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

Expenditure:	FY 01	FY 02
Claims for Loss or Damage Deduction	\$ 1,416	\$ 1,304
Exempt Organization Rentals	1,358	1,251
Insurance Coverage Deduction	1,027	946
Timely Filing and Full Payment Discount	626	501
Refueling Deduction	402	370
Other/Miscellaneous Deductions	79	79
Total Impact	\$ 4,908	\$ 4,451

Revenue Source and Annual Receipts: Sexually Transmitted Disease Test Fee

Expenditure:	FY 01	FY 02
Population With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,934	\$ 2,825
Dept. Funded HIV Counseling & Testing Site and HIV Seroprevalence Exemption	65	44
Total Impact	\$ 2,999	\$ 2,869

Revenue Source and Annual Receipts: All Other

Expenditure:	FY 01	FY 02
All Other	\$ 4,455	\$ 4,012
Total Impact	\$ 4,455	\$ 4,012

GRAND TOTAL, IMPACT \$ 5,547,712 \$ 5,778,517

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

Secretary of State

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Road Fund	0011	\$ 5,846	\$ 8,477
State Construction Account Fund	0902	3,434	4,978

Revenue Source and Annual Receipts: Standard Identification Card Fee

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Road Fund	0011	\$ 319	\$ 366

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Road Fund	0011	\$ 3	\$ 3
Drivers Education Fund	0031	3	3

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Road Fund	0011	\$ 476	\$ 430
Drivers Education Fund	0031	476	430

Revenue Source and Annual Receipts: Annual Reports of Corporations

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 12,740	\$ 8,340
Corporate Franchise Tax Refund Fund	0380	260	260

Natural Resources

Revenue Source and Annual Receipts: Fishing Licenses

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Wildlife and Fish Fund	0041	\$ 5,114	\$ 12,142

Insurance

Revenue Source and Annual Receipts: Insurance Privilege Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 8,584	\$ 9,313

Revenue Source and Annual Receipts: Retaliatory Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 39,314	\$ 37,000

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 01</u>	<u>FY 02</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 01</u>	<u>FY 02</u>
Long Term Care Provider Fund	0345	\$ 147	\$ 64

Public Health

Revenue Source and Annual Receipts: Vital Records Fees

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 2	\$ 4

Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Metabolic Screening and Treatment Fund	0920	\$ 367	\$ 73

Revenue Source and Annual Receipts: Private Sewage Fee

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 21	\$ 22

Revenue Source and Annual Receipts: Pesticide Control Fee

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Pesticide Control Fund	0576	\$ 1	\$ 2

Revenue Source and Annual Receipts: Recreational Area Fee

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 37	\$ 37

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 93	\$ 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 01		FY 02
Long Term Care Monitor/Receiver Fund	0285	\$	36	\$	27

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Fund Name and Code:			FY 01		FY 02
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$	875	\$	814

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

Fund Name and Code:			FY 01		FY 02
Public Health Services Revolving Fund	0340	\$	2,999	\$	2,869

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Fund Name and Code:			FY 01		FY 02
General Revenue Fund	0001	\$	1	\$	1

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Fund Name and Code:			FY 01		FY 02
General Revenue Fund	0001	\$	4	\$	14

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

Fund Name and Code:			FY 01		FY 02
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$	33	\$	35

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

Fund Name and Code:			FY 01		FY 02
General Revenue Fund	0001	\$	10	\$	10

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Fund Name and Code:			FY 01		FY 02
Illinois School Asbestos Abatement Fund	0175	\$	2	\$	3

Revenue Source and Annual Receipts: Plan Review Fee - Hospitals

Fund Name and Code:			FY 01		FY 02
Health Facility Plan Review Fund	0524	\$	93	\$	93

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

Public Health (Concluded)

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Health Facility Plan Review Fund	0524	\$ 0	\$ 70

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 2,280,552	\$ 2,424,078
General Revenue - Common School Special Account Fund	0005	760,173	808,022
Local Government Distributive Fund	0515	12,212	12,980

Revenue Source and Annual Receipts: Individual Income Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 1,645,008	\$ 1,671,402
Education Assistance Fund	0007	129,541	131,622
Income Tax Refund Fund	0278	135,622	148,300

Revenue Source and Annual Receipts: Corporate Income Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 164,191	\$ 160,083
Education Assistance Fund	0007	12,927	12,606
Income Tax Refund Fund	0278	41,546	51,582

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 4,908	\$ 4,451

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Long Term Care Provider Fund	0345	\$ 7,396	\$ 7,289

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 4,856	\$ 4,346
International Tourism Fund	0621	810	725
Build Illinois Fund	0960	6,746	6,038
Local Tourism Fund	0969	1,079	966

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:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 168	\$ 165

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Underground Storage Tank Fund	0072	\$ 21,422	\$ 20,590

Revenue Source and Annual Receipts: Motor Fuel Taxes

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Motor Fuel Tax - State Fund	0012	\$ 168,506	\$ 150,635

Revenue Source and Annual Receipts: Electricity Excise Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 46,285	\$ 53,168
Public Utility Fund	0059	1,431	1,644

Revenue Source and Annual Receipts: Gas Revenue Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 7,058	\$ 4,572

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 51	\$ 26
Common School Fund	0412	12	6
School Infrastructure Fund	0568	12	6

Revenue Source and Annual Receipts: Vehicle Use Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 8,836	\$ 11,103

Commerce Commission

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Public Utility Fund	0059	\$ 34	\$ 55

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 01</u>	<u>FY 02</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 290	\$ 280

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 190	\$ 180

Racing Board

Revenue Source and Annual Receipts: Admission Tax

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
General Revenue Fund	0001	\$ 598	\$ 598

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

Fund Name and Code:		<u>FY 01</u>	<u>FY 02</u>
Horse Racing Fund	0632	\$ 3,861	\$ 4,924

GRAND TOTAL, IMPACT		\$ 5,547,712	\$ 5,778,517
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

		FY 01	FY 02
Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)	\$	619,323	\$ 585,417
Expenditure: Charitable Organization Vehicle Exemption			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 130	\$ 1,164
State Construction Account Fund	0902	76	683
Total		\$ 206	\$ 1,847
Expenditure: Disabled Veteran Vehicle Registration Exemption			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 120	\$ 122
State Construction Account Fund	0902	70	72
Total		\$ 190	\$ 194
Expenditure: Drivers Education Vehicles			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 5	\$ 113
State Construction Account Fund	0902	3	67
Total		\$ 8	\$ 180
Expenditure: Municipality Owned Passenger Vehicle Exemption			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 2,046	\$ 1,960
State Construction Account Fund	0902	1,202	1,151
Total		\$ 3,248	\$ 3,111
Expenditure: Senior Citizen Plate Renewal Reduction			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 3,424	\$ 5,008
State Construction Account Fund	0902	2,011	2,941
Total		\$ 5,435	\$ 7,949
Expenditure: Sheriff Plates			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 30	\$ 29
State Construction Account Fund	0902	18	17
Total		\$ 48	\$ 46
Expenditure: X-POW Vehicle Registration Exemption			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 91	\$ 81
State Construction Account Fund	0902	54	47
Total		\$ 145	\$ 128
Total Tax Impact per Revenue Source		\$ 9,280	\$ 13,455

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

Secretary of State (Concluded)

		FY 01	FY 02
Revenue Source and Annual Receipts: Standard Identification Card Fee		\$ 2,593	\$ 2,808
Expenditure: Duplicated/Corrected ID Senior Citizen/Handicapped			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 319	\$ 366
Total		\$ 319	\$ 366
Total Tax Impact per Revenue Source		\$ 319	\$ 366
		FY 01	FY 02
Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License		\$ 3,396	\$ 3,538
Expenditure: Duplication of Stolen Licenses for Senior Citizens			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 3	\$ 3
Drivers Education Fund	0031	3	3
Total		\$ 6	\$ 6
Total Tax Impact per Revenue Source		\$ 6	\$ 6
		FY 01	FY 02
Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee		\$ 16,919	\$ 16,877
Expenditure: Reduced Renewal Fee for Senior Citizens			
Fund Name and Code:		FY 01	FY 02
Road Fund	0011	\$ 476	\$ 430
Drivers Education Fund	0031	476	430
Total		\$ 952	\$ 860
Total Tax Impact per Revenue Source		\$ 952	\$ 860
		FY 01	FY 02
Revenue Source and Annual Receipts: Annual Reports of Corporations		\$ 148,156	\$ 159,419
Expenditure: One Million Dollar Cap on Franchise Tax for Corporations			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 12,740	\$ 8,340
Corporate Franchise Tax Refund Fund	0380	260	260
Total		\$ 13,000	\$ 8,600
Total Tax Impact per Revenue Source		\$ 13,000	\$ 8,600
Total Tax Impact, Secretary of State		\$ 23,557	\$ 23,287

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

Natural Resources

	FY 01	FY 02
Revenue Source and Annual Receipts: Fishing Licenses	\$ 7,634	\$ 7,315
Expenditure: Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount		
Fund Name and Code:	FY 01	FY 02
Wildlife and Fish Fund	0041 \$ 5,114	\$ 12,142
Total	\$ 5,114	\$ 12,142
Total Tax Impact per Revenue Source	\$ 5,114	\$ 12,142
Total Tax Impact, Natural Resources	\$ 5,114	\$ 12,142

Insurance

	FY 01	FY 02
Revenue Source and Annual Receipts: Insurance Privilege Tax	\$ 126,538	\$ 136,782
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 7,505	\$ 5,850
Total	\$ 7,505	\$ 5,850
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 1,079	\$ 3,463
Total	\$ 1,079	\$ 3,463
Total Tax Impact per Revenue Source	\$ 8,584	\$ 9,313

	FY 01	FY 02
Revenue Source and Annual Receipts: Retaliatory Tax	\$ 110,253	\$ 112,928
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 7,536	\$ 7,945
Total	\$ 7,536	\$ 7,945
Expenditure: Life and Health Guaranty Assessments Credit		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 17,282	\$ 15,422
Total	\$ 17,282	\$ 15,422
Expenditure: Replacement Income Tax Credit		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 14,496	\$ 13,633
Total	\$ 14,496	\$ 13,633
Total Tax Impact per Revenue Source	\$ 39,314	\$ 37,000
Total Tax Impact, Insurance	\$ 47,898	\$ 46,313

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

Professional Regulation

	FY 01	FY 02
Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax	\$ 110	\$ 110
Expenditure: Premises with Indoor Capacity of More Than 17,000 Exemption		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund 0001	\$ 101	\$ 101
Total	\$ 101	\$ 101
Total Tax Impact per Revenue Source	\$ 101	\$ 101
Total Tax Impact, Professional Regulation	\$ 101	\$ 101

Public Aid

	FY 01	FY 02
Revenue Source and Annual Receipts: Long Term Care Provider Assessment	\$ 54,447	\$ 45,249
Expenditure: 100% Contribution Homes Exemption		
Fund Name and Code:	FY 01	FY 02
Long Term Care Provider Fund 0345	\$ 147	\$ 64
Total	\$ 147	\$ 64
Total Tax Impact per Revenue Source	\$ 147	\$ 64
Total Tax Impact, Public Aid	\$ 147	\$ 64

Public Health

	FY 01	FY 02
Revenue Source and Annual Receipts: Vital Records Fees	\$ 1,455	\$ 1,572
Expenditure: Groups Chartered by U.S. Congress Exemption		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund 0001	\$ 0	\$ 2
Total	\$ 0	\$ 2
Expenditure: U.S. Veterans Administration Exemption		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2
Total Tax Impact per Revenue Source	\$ 2	\$ 4
Expenditure: State Agency Lab Exemption		
Fund Name and Code:	FY 01	FY 02
Metabolic Screening and Treatment Fund 0920	\$ 367	\$ 73
Total	\$ 367	\$ 73
Total Tax Impact per Revenue Source	\$ 367	\$ 73

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

Public Health (Continued)

		FY 01	FY 02
Revenue Source and Annual Receipts: Private Sewage Fee		\$ 141	\$ 142
Expenditure: Plumbing License Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 21	\$ 22
Total		\$ 21	\$ 22
Total Tax Impact per Revenue Source		\$ 21	\$ 22
		FY 01	FY 02
Revenue Source and Annual Receipts: Pesticide Control Fee		\$ 135	\$ 131
Expenditure: State Agency Employee Exemption			
Fund Name and Code:		FY 01	FY 02
Pesticide Control Fund	0576	\$ 1	\$ 2
Total		\$ 1	\$ 2
Total Tax Impact per Revenue Source		\$ 1	\$ 2
		FY 01	FY 02
Revenue Source and Annual Receipts: Recreational Area Fee		\$ 35	\$ 35
Expenditure: Not-for-Profit and Governmental Agency Construction Application Fee Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Expenditure: Not-for-Profit Organization and Governmental Agency License Renewal Fee Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 35	\$ 35
Total		\$ 35	\$ 35
Expenditure: Not-for-Profit Organization and Governmental Agency Original License Application Fee Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source		\$ 37	\$ 37
		FY 01	FY 02
Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee		\$ 103	\$ 123
Expenditure: Not-for-Profit and Governmental Facility Construction Application Fee Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1	\$ 2
Total		\$ 1	\$ 2

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

Public Health (Continued)

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

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

Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 90	\$ 90
Total	\$ 90	\$ 90

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

Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 2	\$ 2
Total	\$ 2	\$ 2

Total Tax Impact per Revenue Source \$ 93 \$ 94

	FY 01	FY 02
Revenue Source and Annual Receipts: Long Term Care Facility Fee	\$ 226	\$ 170

Expenditure: Home for the Aged Exemption

Fund Name and Code:	FY 01	FY 02
Long Term Care Monitor/Receiver Fund	0285 \$ 36	\$ 27
Total	\$ 36	\$ 27

Total Tax Impact per Revenue Source \$ 36 \$ 27

	FY 01	FY 02
Revenue Source and Annual Receipts: Childhood Lead Screening Fee	\$ 1,874	\$ 1,520

Expenditure: Low Income Family Waiver

Fund Name and Code:	FY 01	FY 02
Lead Poisoning, Screening, Prevention and Abatement Fund	0360 \$ 875	\$ 814
Total	\$ 875	\$ 814

Total Tax Impact per Revenue Source \$ 875 \$ 814

	FY 01	FY 02
Revenue Source and Annual Receipts: Automated Lab Tests - HIV (ELISA) and STD Test	\$ 111	\$ 30

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

Fund Name and Code:	FY 01	FY 02
Public Health Services Revolving Fund	0340 \$ 65	\$ 44
Total	\$ 65	\$ 44

Expenditure: Population With High Incidence of Sexually Transmitted Diseases Exemption

Fund Name and Code:	FY 01	FY 02
Public Health Services Revolving Fund	0340 \$ 2,934	\$ 2,825
Total	\$ 2,934	\$ 2,825

Total Tax Impact per Revenue Source \$ 2,999 \$ 2,869

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

Public Health (Continued)

		FY 01	FY 02
Revenue Source and Annual Receipts: Youth Camp License Application Fee		\$ 3	\$ 3
Expenditure: Governmental Agency Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source		\$ 1	\$ 1
		FY 01	FY 02
Revenue Source and Annual Receipts: Water Pump Contractor Fee		\$ 21	\$ 21
Expenditure: Licensed Plumber Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 4	\$ 14
Total		\$ 4	\$ 14
Total Tax Impact per Revenue Source		\$ 4	\$ 14
		FY 01	FY 02
Revenue Source and Annual Receipts: Environmental Lead License Application Fee		\$ 300	\$ 302
Expenditure: Department of Public Health and Delegate Agency Employee Waiver			
Fund Name and Code:		FY 01	FY 02
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 33	\$ 35
Total		\$ 33	\$ 35
Total Tax Impact per Revenue Source		\$ 33	\$ 35
		FY 01	FY 02
Revenue Source and Annual Receipts: Salvage Warehouse and Salvage Warehouse Store Act		\$ 11	\$ 13
Expenditure: Not-for-Profit Organization Waiver			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 10	\$ 10
Total		\$ 10	\$ 10
Total Tax Impact per Revenue Source		\$ 10	\$ 10
		FY 01	FY 02
Revenue Source and Annual Receipts: Asbestos Abatement License Fee		\$ 618	\$ 607
Expenditure: Governmental Employee Waiver			
Fund Name and Code:		FY 01	FY 02
Illinois School Asbestos Abatement Fund	0175	\$ 2	\$ 3
Total		\$ 2	\$ 3
Total Tax Impact per Revenue Source		\$ 2	\$ 3

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

Public Health (Concluded)

	FY 01	FY 02
Revenue Source and Annual Receipts: Plan Review Fee - Hospitals	\$ 1,627	\$ 1,710
Expenditure: Projects Costing Less than \$100,000 Waiver		
Fund Name and Code:	FY 01	FY 02
Health Facility Plan Review Fund	0524 \$ 93	\$ 93
Total	\$ 93	\$ 93
Total Tax Impact per Revenue Source	\$ 93	\$ 93
<hr/>		
	FY 01	FY 02
Revenue Source and Annual Receipts: Plan Review Fee - LTC Facilities	\$ 234	\$ 270
Expenditure: Projects Costing Less than \$100,000 Waiver		
Fund Name and Code:	FY 01	FY 02
Health Facility Plan Review Fund	0524 \$ 0	\$ 70
Total	\$ 0	\$ 70
Total Tax Impact per Revenue Source	\$ 0	\$ 70
Total Tax Impact, Public Health	\$ 4,574	\$ 4,168

Revenue

	FY 01	FY 02
Revenue Source and Annual Receipts: Sales and Use Tax	\$ 6,319,746	\$ 6,421,340
Expenditure: Building Materials within Enterprise Zone Exemption		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 9,827	\$ 2,988
General Revenue - Common School Special Account Fund	0005 3,275	996
Local Government Distributive Fund	0515 53	16
Total	\$ 13,155	\$ 4,000
Expenditure: Coal, Oil, and Distillation Machinery and Equipment Exemption ¹		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 2,682	\$ 523
General Revenue - Common School Special Account Fund	0005 894	174
Local Government Distributive Fund	0515 14	3
Total	\$ 3,590	\$ 700
Expenditure: Designated Tangible Personal Property within Enterprise Zone Exemption ²		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 22,485	\$ 22,485
General Revenue - Common School Special Account Fund	0005 7,495	7,495
Local Government Distributive Fund	0515 120	120
Total	\$ 30,100	\$ 30,100
Expenditure: Farm Chemicals (Includes Feed and Seed) Exemption ³		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund	0001 \$ 141,930	\$ 149,400
General Revenue - Common School Special Account Fund	0005 47,310	49,800
Local Government Distributive Fund	0515 760	800
Total	\$ 190,000	\$ 200,000

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

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

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

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

Revenue (Continued)

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

Expenditure: Farm Machinery and Equipment Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 33,839	\$ 33,615
General Revenue - Common School Special Account Fund	0005	11,280	11,205
Local Government Distributive Fund	0515	181	180
Total		\$ 45,300	\$ 45,000

Expenditure: Food, Drugs, and Medical Appliances Rate Reduction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 821,700	\$ 866,520
General Revenue - Common School Special Account Fund	0005	273,900	288,840
Local Government Distributive Fund	0515	4,400	4,640
Total		\$ 1,100,000	\$ 1,160,000

Expenditure: Gasohol Discount

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 37,649	\$ 34,661
General Revenue - Common School Special Account Fund	0005	12,549	11,553
Local Government Distributive Fund	0515	202	186
Total		\$ 50,400	\$ 46,400

Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 5,506	\$ 2,988
General Revenue - Common School Special Account Fund	0005	1,835	996
Local Government Distributive Fund	0515	29	16
Total		\$ 7,370	\$ 4,000

Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 3,735	\$ 3,735
General Revenue - Common School Special Account Fund	0005	1,245	1,245
Local Government Distributive Fund	0515	20	20
Total		\$ 5,000	\$ 5,000

Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,225	\$ 1,196
General Revenue - Common School Special Account Fund	0005	398	398
Local Government Distributive Fund	0515	7	6
Total		\$ 1,630	\$ 1,600

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 01	FY 02
General Revenue Fund	0001	\$ 15,538	\$ 14,940
General Revenue - Common School Special Account Fund	0005	5,179	4,980
Local Government Distributive Fund	0515	83	80
Total		\$ 20,800	\$ 20,000

Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption ⁴

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 110,033	\$ 115,785
General Revenue - Common School Special Account Fund	0005	36,678	38,595
Local Government Distributive Fund	0515	589	620
Total		\$ 147,300	\$ 155,000

Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 29,880	\$ 29,880
General Revenue - Common School Special Account Fund	0005	9,960	9,960
Local Government Distributive Fund	0515	160	160
Total		\$ 40,000	\$ 40,000

Expenditure: Pollution Control Facilities Exemption ⁵

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 2,458	\$ 2,615
General Revenue - Common School Special Account Fund	0005	819	871
Local Government Distributive Fund	0515	13	14
Total		\$ 3,290	\$ 3,500

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

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 4,631	\$ 5,528
General Revenue - Common School Special Account Fund	0005	1,544	1,842
Local Government Distributive Fund	0515	25	30
Total		\$ 6,200	\$ 7,400

Expenditure: Replacement Vehicles Exemption ⁷

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,682	\$ 1,778
General Revenue - Common School Special Account Fund	0005	561	593
Local Government Distributive Fund	0515	9	9
Total		\$ 2,252	\$ 2,380

⁴ Includes the Photo Processing Machinery and Equipment exemption.

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

⁶ Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois. Tax expenditure estimate only applies to motor vehicles.

⁷ 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 (Continued)

Expenditure: Retailer's Discount

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 76,306	\$ 77,688
General Revenue - Common School Special Account Fund	0005	25,435	25,896
Local Government Distributive Fund	0515	409	416
Total		\$ 102,150	\$ 104,000

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 52,290	\$ 68,724
General Revenue - Common School Special Account Fund	0005	17,430	22,908
Local Government Distributive Fund	0515	280	368
Total		\$ 70,000	\$ 92,000

Expenditure: Sales of Motor Vehicles to Non-Residents Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 34,362	\$ 56,399
General Revenue - Common School Special Account Fund	0005	11,454	18,799
Local Government Distributive Fund	0515	184	302
Total		\$ 46,000	\$ 75,500

Expenditure: Sales of Vehicles to Automobile Rentors Exemption⁸

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 9,860	\$ 18,302
General Revenue - Common School Special Account Fund	0005	3,287	6,100
Local Government Distributive Fund	0515	53	98
Total		\$ 13,200	\$ 24,500

Expenditure: Sales to Exempt Organizations⁹

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 498,398	\$ 652,878
General Revenue - Common School Special Account Fund	0005	166,133	217,626
Local Government Distributive Fund	0515	2,669	3,496
Total		\$ 667,200	\$ 874,000

Expenditure: State Sales Tax Exemption on Motor Fuels¹⁰

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 121,761	\$ 0
General Revenue - Common School Special Account Fund	0005	40,587	0
Local Government Distributive Fund	0515	652	0
Total		\$ 163,000	\$ 0

⁸ Tax Expenditure is net of Automobile Rental Tax receipts.

⁹ Sales to government bodies, organizations operated exclusively for charitable, religious, or educational purposes, not-for-profit organizations for the recreation of persons 55 or older, county fair associations, teacher sponsored student organizations, not-for-profit artistic organizations, meals for the Nutrition Programs for the Elderly, nursing home food and drugs, and certain licensed day care centers.

¹⁰ Effective July 1, 2000 through December 31, 2000.

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: Traded-In Property Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 242,775	\$ 261,450
General Revenue - Common School Special Account Fund	0005	80,925	87,150
Local Government Distributive Fund	0515	1,300	1,400
Total		\$ 325,000	\$ 350,000
Total Tax Impact per Revenue Source		\$ 3,052,937	\$ 3,245,080

	FY 01	FY 02
Revenue Source and Annual Receipts: Individual Income Tax ¹¹	\$ 8,606,883	\$ 8,085,914

Expenditure: Additional Exemptions: Blind and Elderly

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 26,954	\$ 26,868
Education Assistance Fund	0007	2,122	2,116
Income Tax Refund Fund	0278	2,222	2,384
Total		\$ 31,298	\$ 31,368

Expenditure: Earned Income Tax Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 34,380	\$ 37,815
Education Assistance Fund	0007	2,707	2,978
Income Tax Refund Fund	0278	2,834	3,355
Total		\$ 39,921	\$ 44,148

Expenditure: Education Expense Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 52,732	\$ 58,625
Education Assistance Fund	0007	4,153	4,617
Income Tax Refund Fund	0278	4,348	5,202
Total		\$ 61,233	\$ 68,444

Expenditure: Federally Taxed Retirement and Social Security Subtractions

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 615,246	\$ 614,094
Education Assistance Fund	0007	48,450	48,359
Income Tax Refund Fund	0278	50,724	54,487
Total		\$ 714,420	\$ 716,940

Expenditure: Income Tax Credits ¹²

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 3,913	\$ 5,956
Education Assistance Fund	0007	308	469
Income Tax Refund Fund	0278	322	528
Total		\$ 4,543	\$ 6,953

¹¹ Derived from 2001 tax year returns.

¹² Enterprise zone, high impact business investment, jobs and training, research and development, dependent care, EDGE, 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: Military Pay Subtraction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 15,472	\$ 17,637
Education Assistance Fund	0007	1,218	1,389
Income Tax Refund Fund	0278	1,276	1,565
Total		\$ 17,966	\$ 20,591

Expenditure: Other Subtractions¹³

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 34,415	\$ 33,574
Education Assistance Fund	0007	2,710	2,644
Income Tax Refund Fund	0278	2,837	2,979
Total		\$ 39,962	\$ 39,197

Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 588,097	\$ 587,830
Education Assistance Fund	0007	46,312	46,291
Income Tax Refund Fund	0278	48,486	52,157
Total		\$ 682,895	\$ 686,278

Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 273,799	\$ 289,003
Education Assistance Fund	0007	21,561	22,759
Income Tax Refund Fund	0278	22,573	25,643
Total		\$ 317,933	\$ 337,405

Total Tax Impact per Revenue Source	\$ 1,910,171	\$ 1,951,324
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	FY 01	FY 02
Revenue Source and Annual Receipts: Corporate Income Tax¹⁴	\$ 1,279,058	\$ 1,042,683

Expenditure: Coal Research and Coal Utilization Investment Credits

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 75	\$ 806
Education Assistance Fund	0007	6	64
Income Tax Refund Fund	0278	19	260
Total		\$ 100	\$ 1,130

Expenditure: Dependent Care Assistance Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 15	\$ 14
Education Assistance Fund	0007	1	1
Income Tax Refund Fund	0278	4	5
Total		\$ 20	\$ 20

¹³ 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, self-employed health insurance, Roth IRA conversions, and compensation of Nazi victims) are tax expenditures.

¹⁴ Derived from 2000 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 01	FY 02
General Revenue Fund	0001	\$ 0	\$ 135
Education Assistance Fund	0007	0	11
Income Tax Refund Fund	0278	0	44
Total		\$ 0	\$ 190

Expenditure: Employee Child Care Tax Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 0	\$ 607
Education Assistance Fund	0007	0	48
Income Tax Refund Fund	0278	0	195
Total		\$ 0	\$ 850

Expenditure: Enterprise and Foreign Trade Zone Dividend Subtractions

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 433	\$ 3,728
Education Assistance Fund	0007	34	294
Income Tax Refund Fund	0278	109	1,202
Total		\$ 576	\$ 5,224

Expenditure: Enterprise Zone and High Economic Impact Interest Subtractions

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 944	\$ 1,527
Education Assistance Fund	0007	74	120
Income Tax Refund Fund	0278	239	492
Total		\$ 1,257	\$ 2,139

Expenditure: Enterprise Zone Charitable Contribution Subtraction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 393	\$ 79
Education Assistance Fund	0007	31	6
Income Tax Refund Fund	0278	99	26
Total		\$ 523	\$ 111

Expenditure: Enterprise Zone Investment Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 4,302	\$ 3,155
Education Assistance Fund	0007	339	248
Income Tax Refund Fund	0278	1,089	1,017
Total		\$ 5,730	\$ 4,420

Expenditure: Environmental Remediation Tax Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 30	\$ 108
Education Assistance Fund	0007	2	8
Income Tax Refund Fund	0278	8	34
Total		\$ 40	\$ 150

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 01	FY 02
General Revenue Fund	0001	\$ 6,363	\$ 7,383
Education Assistance Fund	0007	501	581
Income Tax Refund Fund	0278	1,610	2,379
Total		\$ 8,474	\$ 10,343

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 368	\$ 364
Education Assistance Fund	0007	29	29
Income Tax Refund Fund	0278	93	117
Total		\$ 490	\$ 510

Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 106,458	\$ 103,250
Education Assistance Fund	0007	8,383	8,131
Income Tax Refund Fund	0278	26,938	33,270
Total		\$ 141,779	\$ 144,651

Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 110	\$ 183
Education Assistance Fund	0007	9	14
Income Tax Refund Fund	0278	28	59
Total		\$ 147	\$ 256

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 30	\$ 7
Education Assistance Fund	0007	2	1
Income Tax Refund Fund	0278	8	2
Total		\$ 40	\$ 10

Expenditure: Life and Health Insurance Guarantee Association Tax Offset

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 10,595	\$ 9,215
Education Assistance Fund	0007	834	726
Income Tax Refund Fund	0278	2,681	2,969
Total		\$ 14,110	\$ 12,910

Expenditure: Replacement Taxes Paid Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 7,104	\$ 4,891
Education Assistance Fund	0007	559	385
Income Tax Refund Fund	0278	1,797	1,576
Total		\$ 9,460	\$ 6,852

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 01	FY 02
General Revenue Fund	0001	\$ 11,924	\$ 10,707
Education Assistance Fund	0007	939	843
Income Tax Refund Fund	0278	3,017	3,450
Total		\$ 15,880	\$ 15,000

Expenditure: Standard Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 3,941	\$ 3,636
Education Assistance Fund	0007	310	286
Income Tax Refund Fund	0278	997	1,171
Total		\$ 5,248	\$ 5,093

Expenditure: TECH-PREP Youth Vocational Program Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 248	\$ 2
Education Assistance Fund	0007	19	0
Income Tax Refund Fund	0278	63	0
Total		\$ 330	\$ 2

Expenditure: Training Expense Credit

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 10,858	\$ 10,286
Education Assistance Fund	0007	855	810
Income Tax Refund Fund	0278	2,747	3,314
Total		\$ 14,460	\$ 14,410

Total Tax Impact per Revenue Source	\$ 218,664	\$ 224,271
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	FY 01	FY 02
Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax	\$ 31,271	\$ 28,790

Expenditure: Claims for Loss or Damage Deduction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,416	\$ 1,304
Total		\$ 1,416	\$ 1,304

Expenditure: Exempt Organization Rentals ¹⁵

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,358	\$ 1,251
Total		\$ 1,358	\$ 1,251

Expenditure: Insurance Coverage Deduction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,027	\$ 946
Total		\$ 1,027	\$ 946

¹⁵ Includes government, charitable, religious, and not-for-profit senior citizen entities.

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

Revenue (Continued)

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

Expenditure: Other/Miscellaneous Deductions

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 79	\$ 79
Total		\$ 79	\$ 79

Expenditure: Refueling Deduction

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 402	\$ 370
Total		\$ 402	\$ 370

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 626	\$ 501
Total		\$ 626	\$ 501

Total Tax Impact per Revenue Source	\$ 4,908	\$ 4,451
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	FY 01	FY 02
Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes	\$ 472,615	\$ 468,776

Expenditure: Cost of Collection Discount

Fund Name and Code:		FY 01	FY 02
Long Term Care Provider Fund	0345	\$ 7,396	\$ 7,289
Total		\$ 7,396	\$ 7,289

Total Tax Impact per Revenue Source	\$ 7,396	\$ 7,289
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	FY 01	FY 02
Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax	\$ 169,223	\$ 154,460

Expenditure: Cost of Collection Discount

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 1,811	\$ 1,567
International Tourism Fund	0621	302	261
Build Illinois Fund	0960	2,515	2,176
Local Tourism Fund	0969	402	348
Total		\$ 5,030	\$ 4,352

Expenditure: Permanent Residents Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 3,045	\$ 2,779
International Tourism Fund	0621	508	464
Build Illinois Fund	0960	4,231	3,862
Local Tourism Fund	0969	677	618
Total		\$ 8,461	\$ 7,723

Total Tax Impact per Revenue Source	\$ 13,491	\$ 12,075
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

		FY 01	FY 02
Revenue Source and Annual Receipts: Liquor Gallonage Tax		\$ 124,315	\$ 122,000
Expenditure: Non-Beverage User Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 159	\$ 156
Total		\$ 159	\$ 156
Expenditure: Sacramental Wine Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 9	\$ 9
Total		\$ 9	\$ 9
Total Tax Impact per Revenue Source		\$ 168	\$ 165
		FY 01	FY 02
Revenue Source and Annual Receipts: Underground Storage Tank Tax		\$ 78,341	\$ 69,647
Expenditure: Airport Exemption			
Fund Name and Code:		FY 01	FY 02
Underground Storage Tank Fund	0072	\$ 14,799	\$ 16,204
Total		\$ 14,799	\$ 16,204
Expenditure: Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers			
Fund Name and Code:		FY 01	FY 02
Underground Storage Tank Fund	0072	\$ 431	\$ 482
Total		\$ 431	\$ 482
Expenditure: Liquefied Propane Gas Exemption			
Fund Name and Code:		FY 01	FY 02
Underground Storage Tank Fund	0072	\$ 60	\$ 52
Total		\$ 60	\$ 52
Expenditure: Rail Carrier Exemption			
Fund Name and Code:		FY 01	FY 02
Underground Storage Tank Fund	0072	\$ 4,743	\$ 2,474
Total		\$ 4,743	\$ 2,474
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 01	FY 02
Underground Storage Tank Fund	0072	\$ 1,389	\$ 1,378
Total		\$ 1,389	\$ 1,378
Total Tax Impact per Revenue Source		\$ 21,422	\$ 20,590

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

Revenue (Continued)

		FY 01	FY 02
Revenue Source and Annual Receipts: Motor Fuel Taxes		\$ 1,288,222	\$ 1,303,875
Expenditure: Aviation Purposes Exemption			
Fund Name and Code:		FY 01	FY 02
Motor Fuel Tax - State Fund	0012	\$ 57	\$ 37
Total		\$ 57	\$ 37
Expenditure: Municipal Corporation or Private Utility Local Transportation System Exemption			
Fund Name and Code:		FY 01	FY 02
Motor Fuel Tax - State Fund	0012	\$ 8,862	\$ 5,768
Total		\$ 8,862	\$ 5,768
Expenditure: Sales for Use Other Than in Motor Vehicles Exemption			
Fund Name and Code:		FY 01	FY 02
Motor Fuel Tax - State Fund	0012	\$ 136,603	\$ 121,319
Total		\$ 136,603	\$ 121,319
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 01	FY 02
Motor Fuel Tax - State Fund	0012	\$ 22,984	\$ 23,511
Total		\$ 22,984	\$ 23,511
Total Tax Impact per Revenue Source		\$ 168,506	\$ 150,635
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		FY 01	FY 02
Revenue Source and Annual Receipts: Electricity Excise Tax		\$ 339,815	\$ 346,164
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 23,328	\$ 21,966
Public Utility Fund	0059	721	679
Total		\$ 24,049	\$ 22,645
Expenditure: Purchase of Electricity Generated by Solid Waste Energy Facility Credit			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 22,957	\$ 31,202
Public Utility Fund	0059	710	965
Total		\$ 23,667	\$ 32,167
Total Tax Impact per Revenue Source		\$ 47,716	\$ 54,812

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

Revenue (Continued)

		FY 01	FY 02
Revenue Source and Annual Receipts: Gas Revenue Tax		\$ 141,874	\$ 116,703
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 2,009	\$ 1,597
Total		\$ 2,009	\$ 1,597
Expenditure: Purchase From Out-of-State Supplier Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 5,049	\$ 2,975
Total		\$ 5,049	\$ 2,975
Total Tax Impact per Revenue Source		\$ 7,058	\$ 4,572
		FY 01	FY 02
Revenue Source and Annual Receipts: Telecommunications Excise Tax		\$ 789,732	\$ 761,634
Expenditure: Coin-Operated Telecommunications Devices Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 7	\$ 7
Common School Fund	0412	2	2
School Infrastructure Fund	0568	2	2
Total		\$ 11	\$ 11
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 44	\$ 19
Common School Fund	0412	10	4
School Infrastructure Fund	0568	10	4
Total		\$ 64	\$ 27
Total Tax Impact per Revenue Source		\$ 75	\$ 38
		FY 01	FY 02
Revenue Source and Annual Receipts: Vehicle Use Tax		\$ 38,985	\$ 43,433
Expenditure: Business Reorganization Preferential Tax Rate			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 55	\$ 57
Total		\$ 55	\$ 57
Expenditure: Estate Gift to Beneficiary Preferential Tax Rate			
Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 113	\$ 135
Total		\$ 113	\$ 135

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

Revenue (Concluded)

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

Expenditure: Family Member Preferential Tax Rate

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 3,400	\$ 4,200
Total		\$ 3,400	\$ 4,200

Expenditure: Government, Charitable, Educational, Religious Entities Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 117	\$ 173
Total		\$ 117	\$ 173

Expenditure: Out-of-State Resident Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 847	\$ 1,000
Total		\$ 847	\$ 1,000

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 4,200	\$ 5,400
Total		\$ 4,200	\$ 5,400

Expenditure: Surviving Spouse Exemption

Fund Name and Code:		FY 01	FY 02
General Revenue Fund	0001	\$ 104	\$ 138
Total		\$ 104	\$ 138

Total Tax Impact per Revenue Source	\$ 8,836	\$ 11,103
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Total Tax Impact, Revenue	\$ 5,461,348	\$ 5,686,405
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Commerce Commission

	FY 01	FY 02
Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)	\$ 9,927	\$ 9,863

Expenditure: Enterprise Zone Revenue Exemption

Fund Name and Code:		FY 01	FY 02
Public Utility Fund	0059	\$ 34	\$ 55
Total		\$ 34	\$ 55

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

Environmental Protection Agency

	FY 01	FY 02
Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee	\$ 579	\$ 560
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 01	FY 02
Environmental Protection Permit and Inspection Fund 0944	\$ 290	\$ 280
Total	\$ 290	\$ 280
Total Tax Impact per Revenue Source	\$ 290	\$ 280

	FY 01	FY 02
Revenue Source and Annual Receipts: Water Main Construction Permit Application Fee	\$ 362	\$ 360
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 01	FY 02
Environmental Protection Permit and Inspection Fund 0944	\$ 190	\$ 180
Total	\$ 190	\$ 180
Total Tax Impact per Revenue Source	\$ 190	\$ 180
Total Tax Impact, Environmental Protection Agency	\$ 480	\$ 460

Racing Board

	FY 01	FY 02
Revenue Source and Annual Receipts: Admission Tax	\$ 142	\$ 122
Expenditure: Free General Admission		
Fund Name and Code:	FY 01	FY 02
General Revenue Fund 0001	\$ 598	\$ 598
Total	\$ 598	\$ 598
Total Tax Impact per Revenue Source	\$ 598	\$ 598

	FY 01	FY 02
Revenue Source and Annual Receipts: Racing Pari-mutuel (Privilege) Tax	\$ 12,646	\$ 11,687
Expenditure: Real Estate Tax Credit		
Fund Name and Code:	FY 01	FY 02
Horse Racing Fund 0632	\$ 3,861	\$ 4,924
Total	\$ 3,861	\$ 4,924
Total Tax Impact per Revenue Source	\$ 3,861	\$ 4,924
Total Tax Impact, Racing Board	\$ 4,459	\$ 5,522
GRAND TOTAL, IMPACT	\$ 5,547,712	\$ 5,778,517

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 Health

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

Expenditure:

Natural Disaster and Other Emergency 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 ¹
Sales of Fuel to Vessels on Bordering Rivers
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities
Sales Through Penny Bulk Vending Machines
Specified Photoprocessing Charges Exemption
Use by Nonresidents While Temporarily Passing Through Illinois
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

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

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

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

Secretary of State

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

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

Revenue Source and Annual Receipts: Standard Identification Card Fee

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

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

Expenditure:	Year Effective
Duplication of Stolen Licenses for Senior Citizens	1990

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

Expenditure:	Year Effective
Reduced Renewal Fee for Senior Citizens	1974

Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	Year Effective
One Million Dollar Cap on Franchise Tax for Corporations	1967

Natural Resources

Revenue Source and Annual Receipts: Watercraft Registration Fee

Expenditure:	Year Effective
Canoe or Kayak Owned by Non-Profit Organization	1989

Revenue Source and Annual Receipts: Camping and Beach Fees

Expenditure:	Year Effective
Disabled Persons, Former POWs, and Illinois Residents Over 62	1975

Revenue Source and Annual Receipts: Inland Trout Stamp

Expenditure:	Year Effective
Disabled, Under 16	1994

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

Natural Resources (Concluded)

Revenue Source and Annual Receipts: Hunting Licenses and Permits *

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

Revenue Source and Annual Receipts: Fishing Licenses

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

Revenue Source and Annual Receipts: Sportsman License

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

Revenue Source and Annual Receipts: Trapping License *

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

Revenue Source and Annual Receipts: Salmon Stamp

Expenditure:	Year Effective
Disabled, Under 16	1976

Revenue Source and Annual Receipts: Habitat Stamps

Expenditure:	Year Effective
Under 16	1993

Revenue Source and Annual Receipts: Waterfowl Stamps

Expenditure:	Year Effective
Disabled, Landowners/Tenants	1975

Insurance

Revenue Source and Annual Receipts: Insurance Privilege Tax

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

Revenue Source and Annual Receipts: Retaliatory Tax

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

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

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

Revenue Source and Annual Receipts: Long Term Care Facility Fee

Expenditure:	Year Effective
Homes for the Aged Exemption	1980

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Expenditure:	Year Effective
Low Income Family Waiver	1993

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

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

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Expenditure:	Year Effective
Governmental Agency Exemption	1973

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Expenditure:	Year Effective
Licensed Plumber Exemption	1999

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

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

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

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

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Expenditure:	Year Effective
Governmental Employee Waiver	1984

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

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

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

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

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

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	Year Effective
Feed and Seed Exemption	1933
Occasional Sales	1933
Charitable, Religious, Governmental, and Educational Exemption	1953
Demonstration Use Prior to Resale	1955
Interim Use Prior to Sale Exemption	1955
Property Acquired by Non-Resident before Relocating in Illinois Exemption	1955
Traded-In Property Exemption	1955
Use by Nonresidents While Temporarily Passing Through Illinois Exemption	1955
Retailer's Discount	1960
Sales by Exempt Organizations	1961
Newsprint and Ink to Newspapers and Magazines Exemption	1965
Sales of Fuel to Vessels on Bordering Rivers	1968
Rolling Stock Exemption	1968
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)

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

Expenditure:	Year Effective
Standard Exemption: Taxpayers and Dependents	1970
Military Pay Subtraction	1971
Federally Taxed Retirement	1972
Enterprise Zone Dividends Subtraction	1983
Enterprise Zone Investment Credit	1983
Interest Expense Subtraction	1984
Federally Taxed Social Security Subtraction	1985
Job Training Contribution Subtraction	1986
Jobs Tax Credit	1986
Foreign Trade Zone Dividends Subtraction	1986
High Impact Business Investment Credit	1986
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)

Expenditure:	Year Effective
Self-Employed Health Insurance Subtraction	1996
Environmental Remediation Tax Credit	1998
IRA Converted to Roth IRA Subtraction	1999
Compensation of Nazi Victims	1999
Earned Income Tax Credit	2000
Education Expense Credit	2000
Economic Development for a Growing Economy Tax Credit	2000
Affordable Housing Donations	2001
College Savings Pool Account	2002

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	Year Effective
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

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

Revenue (Continued)

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

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

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

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

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

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

Revenue Source and Annual Receipts: Liquor Gallonage Tax

Expenditure:	Year Effective
Non-Beverage User Exemption	1935
Sacramental Wine Exemption	1935

Revenue Source and Annual Receipts: Underground Storage Tank Tax

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

Revenue Source and Annual Receipts: Motor Fuel Taxes

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

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

Revenue (Concluded)

Revenue Source and Annual Receipts: Electricity Excise Tax

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

Revenue Source and Annual Receipts: Gas Revenue Tax

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

Revenue Source and Annual Receipts: Telecommunications Excise Tax

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

Revenue Source and Annual Receipts: Vehicle Use Tax

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

Revenue Source and Annual Receipts: Real Estate Transfer Tax

Expenditure:	Year Effective
Other Exempted Deeds or Trust Documents	1968
Mortgage Foreclosure Exemption	1986

Revenue Source and Annual Receipts: Riverboat Gambling Admission Tax

Expenditure:	Year Effective
Tax Free Admission Passes	1991

Commerce Commission

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

Expenditure:	Year Effective
Enterprise Zone Revenue Exemption	1988

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

Environmental Protection Agency

Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee

Expenditure:	Year Effective
State and Local Government Exemption	1991

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

Expenditure:	Year Effective
State and Local Government Exemption	1990

Revenue Source and Annual Receipts: Air Pollution Site Fee

Expenditure:	Year Effective
Retail Liquid Dispensing Facility and Agrichemical Facility Exemption	1993

Racing Board

Revenue Source and Annual Receipts: Admission Tax

Expenditure:	Year Effective
Free General Admission	1975

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

Expenditure:	Year Effective
Real Estate Tax Credit	2000

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

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Agricultural Expenditures		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 190,000	\$ 200,000
Gasohol Discount	50,400	46,400
Farm Machinery and Equipment Exemption	45,300	45,000
Total	\$ 285,700	\$ 291,400
Total, Agricultural Expenditures	\$ 285,700	\$ 291,400

Environmental Expenditures		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Pollution Control Facilities Exemption	\$ 3,290	\$ 3,500
Total	\$ 3,290	\$ 3,500
Tax: Corporate Income Tax		
Coal Research and Coal Utilization Investment Credits	\$ 100	\$ 1,130
Environmental Remediation Tax Credit	40	150
Total	\$ 140	\$ 1,280
Tax: Other		
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 23,667	\$ 32,167
Total	\$ 23,667	\$ 32,167
Total, Environmental Expenditures	\$ 27,097	\$ 36,947

Business Expenditures		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Manufacturing and Assembling Machinery and Equipment Exemption	\$ 147,300	\$ 155,000
Retailer's Discount	102,150	104,000
Rolling Stock Exemption	70,000	92,000
Newsprint and Ink to Newspapers and Magazines Exemption	40,000	40,000
Designated Tangible Personal Property within Enterprise Zone Exemption	30,100	30,100
Sales of Vehicles to Automobile Rentors Exemption	13,200	24,500
Manufacturer's Purchase Credit	20,800	20,000
Interim Use Prior to Sale Exemption	5,000	5,000
Graphic Arts Machinery and Equipment Exemption	7,370	4,000
Building Materials within Enterprise Zone Exemption	13,155	4,000
Coal, Oil, and Distillation Machinery and Equipment Exemption	3,590	700
Total	\$ 452,665	\$ 479,300
Tax: Individual Income Tax		
Income Tax Credits	\$ 4,543	\$ 6,953
Total	\$ 4,543	\$ 6,953

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Business Expenditures (Concluded)		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Corporate Income Tax		
Illinois Net Operating Loss Deduction	\$ 141,779	\$ 144,651
Research and Development Credit	15,880	15,000
Training Expense Credit	14,460	14,410
Life and Health Insurance Guarantee Association Tax Offset	14,110	12,910
Foreign Insurer Rate Reduction	8,474	10,343
Enterprise and Foreign Trade Zone Dividend Subtractions	576	5,224
Standard Exemption	5,248	5,093
Enterprise Zone Investment Credit	5,730	4,420
Enterprise Zone and High Economic Impact Interest Subtractions	1,257	2,139
High Economic Impact Business Investment Credit	490	510
Job Training Contribution Subtraction	147	256
Economic Development for a Growing Economy Tax Credit	0	190
Jobs Tax Credit	40	10
TECH-PREP Youth Vocational Program Credit	330	2
Total	\$ 208,521	\$ 215,158
Tax: Other ¹		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 136,603	\$ 121,319
Timely Filing and Full Payment Discount	22,984	23,511
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	24,049	22,645
Airport Exemption	14,799	16,204
Life and Health Guaranty Assessments Credit	17,282	15,422
One Million Dollar Cap on Franchise Tax for Corporations	13,000	8,600
Cost of Collection Discount	7,396	7,289
Real Estate Tax Credit	3,861	4,924
Cost of Collection Discount	5,030	4,352
Rail Carrier Exemption	4,743	2,474
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	2,009	1,597
Timely Filing and Full Payment Discount	1,389	1,378
Timely Filing and Full Payment Discount	626	501
Exemption for Vessels Conducting Interstate Commerce on Border Rivers	431	482
Business Reorganization Preferential Tax Rate	55	57
Enterprise Zone Revenue Exemption	34	55
Aviation Purposes Exemption	57	37
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	64	27
Total	\$ 254,412	\$ 230,874
Total, Business Expenditures	\$ 920,141	\$ 932,285

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

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Individual Expenditures - Broad Based		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,100,000	\$ 1,160,000
State Sales Tax Exemption on Motor Fuels	163,000	0
Total	\$ 1,263,000	\$ 1,160,000
Tax: Individual Income Tax		
Standard Exemption: Taxpayers and Dependents	\$ 682,895	\$ 686,278
Tax Credit for Residential Real Property Taxes	317,933	337,405
Education Expense Credit	61,233	68,444
Earned Income Tax Credit	39,921	44,148
Total	\$ 1,101,982	\$ 1,136,275
Total, Individual Expenditures - Broad Based	\$ 2,364,982	\$ 2,296,275
Individual Expenditures - Elderly and Disabled		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Individual Income Tax		
Federally Taxed Retirement and Social Security Subtractions	\$ 714,420	\$ 716,940
Additional Exemptions: Blind and Elderly	31,298	31,368
Total	\$ 745,718	\$ 748,308
Tax: Other		
Disabled, Under 16, 65 & Over, Fee Fishing Area, Owner/Tenant Discount	\$ 5,114	\$ 12,142
Senior Citizen Plate Renewal Reduction	5,435	7,949
Reduced Renewal Fee for Senior Citizens	952	860
Duplicated/Corrected ID Senior Citizen/Handicapped	319	366
Disabled Veteran Vehicle Registration Exemption	190	194
Duplication of Stolen Licenses for Senior Citizens	6	6
Total	\$ 12,016	\$ 21,517
Total, Individual Expenditures - Elderly and Disabled	\$ 757,734	\$ 769,825
Individual Expenditures - Other		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Individual Income Tax		
Military Pay Subtraction	\$ 17,966	\$ 20,591
Total	\$ 17,966	\$ 20,591
Tax: Other		
Pop. With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,934	\$ 2,825
X-POW Vehicle Registration Exemption	145	128
Dept. Funded HIV Counseling/Testing Site and HIV Seroprevalence Exemption	65	44
Total	\$ 3,144	\$ 2,997
Total, Individual Expenditures - Other	\$ 21,110	\$ 23,588

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Charitable Expenditures		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Sales to Exempt Organizations ²	\$ 667,200	\$ 874,000
Total	\$ 667,200	\$ 874,000
Tax: Corporate Income Tax		
Employee Child Care Tax Credit	\$ 0	\$ 850
Enterprise Zone Charitable Contribution Subtraction	523	111
Dependent Care Assistance Credit	20	20
Total	\$ 543	\$ 981
Tax: Other		
Charitable Organization Vehicle Exemption	\$ 206	\$ 1,847
Exempt Organization Rentals	1,358	1,251
Low Income Family Waiver	875	814
Other	257	314
Total	\$ 2,696	\$ 4,226
Total, Charitable Expenditures	\$ 670,439	\$ 879,207
Other Expenditures		
	Fiscal Year 2001 Annual Impact	Fiscal Year 2002 Annual Impact
Tax: Sales Tax		
Traded-In Property Exemption	\$ 325,000	\$ 350,000
Sales of Motor Vehicles to Non-Residents Exemption	46,000	75,500
Property Acquired by Non-Resident before Relocating in Illinois Exemption	6,200	7,400
Replacement Vehicles Exemption	2,252	2,380
Legal Tender, Medallions, and Bullion Exemption	1,630	1,600
Total	\$ 381,082	\$ 436,880
Tax: Individual Income Tax		
Other Subtractions	\$ 39,962	\$ 39,197
Total	\$ 39,962	\$ 39,197
Tax: Corporate Income Tax		
Replacement Taxes Paid Credit	\$ 9,460	\$ 6,852
Total	\$ 9,460	\$ 6,852
Tax: Other		
Other	\$ 70,005	\$ 66,061
Total	\$ 70,005	\$ 66,061
Total, Other Expenditures	\$ 500,509	\$ 548,990

² The Department of Revenue estimates that of the \$874 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 2001 or fiscal year 2002 (however some agencies did report smaller tax expenditures and the receipting agencies were asked to list any tax expenditures for which detailed cost estimates were not provided either because the tax expenditures were less than \$1 million or were not calculable).

Limitations on Using Tax Expenditure Data

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

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

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

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

State Versus Federal Law

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

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

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

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

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/>

- Click on the Research and Fiscal Information button on the lower left side of the page.
- 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.