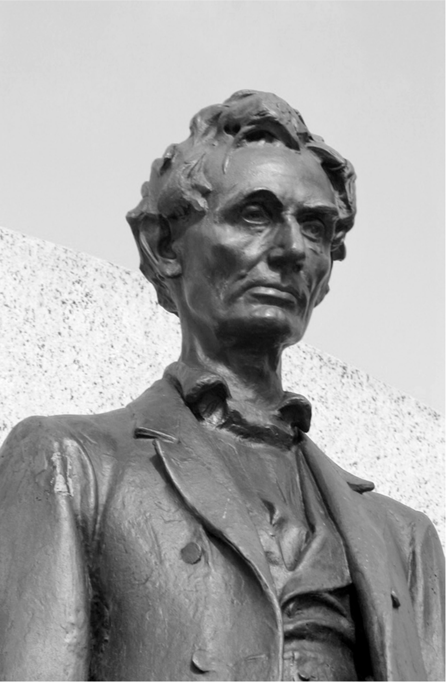
Illinois Tax Handbook for Legislators

May 2014

30th Edition



Illinois General Assembly

Legislative Research Unit

The Legislative Research Unit is the central research agency for the General Assembly. A board of 12 legislators, appointed by the Joint Committee on Legislative Support Services, supervises its operations.

A staff of researchers handles inquiries from legislators, legislative committees, and partisan staff. The staff's areas of expertise include law generally, science and technology, taxation, education, local government, economics and fiscal affairs, and the political and social history of Illinois.

Legislative Research Unit
222 S. College, Suite 301
Springfield, Illinois 62704-1894
Phone: 217/782-6851
E-mail: lru@ilga.gov
Website: www.ilga.gov/commission/lru/lru_home.html

Cover credits: Sid Webb (left); Amos Doyle

Illinois Tax Handbook for Legislators, 2014

THIRTIETH EDITION

Prepared by
Thomas Bazan, Senior Research Associate
Layout by
Dianna Jones, Office Administrator
Proofing & cover design by
Kathleen Young, Proofreader-Office Associate

Publication 379

Illinois Tax Handbook for Legislators
30th Edition
May 2014

We are pleased to present this 30th edition of the Illinois Tax Handbook for Legislators.

The first edition was compiled in 1985 by Charles Minert, who went on to prepare the next 17 editions. Five later editions were compiled by Nicole Lisk. Sarah Franklin compiled the next five editions. The most recent two, including this edition, were compiled by Thomas Bazan. Content was reviewed by Deputy Director for Research David R. Miller; Dianna Jones did the layout.

We hope Illinois legislators and staff, and the general public, find it useful and informative.

Alan R. Kroner
Executive Director

Contents

Illinois Tax Handbook for Legislators, 2014

This publication gives information on every significant Illinois state tax. Each is described in a separate section listing its history, rates, statutory authority, revenue collected, and disposition of proceeds. The *Tax Handbook* also notes federal taxes (if any) that apply to the same transactions; taxes on similar transactions in selected states (usually those with the highest and lowest rates); and taxes on the same items or transactions that Illinois local governments are authorized to impose.

The two largest sources of state revenue are the individual income tax and the sales tax. Figure 1 and Table 1 on pages 4 and 5 summarize state revenues in fiscal years 2012 and 2013. The state lottery, although not a tax, is also listed there because it is a significant source of general state revenue. The state also collected about $1.7 billion in personal property tax replacement taxes from businesses in fiscal year 2013. But that money is all distributed to local governments, so it is not reflected in Figure 1 or Table 1. Nor do Figure 1 and Table 1 reflect assessments on hospitals and nursing homes to help cover the state's costs under the Medical Assistance (Medicaid) program. Those assessments brought in a little over $1.65 billion in fiscal year 2013. In fiscal year 2011 the state received $1.25 billion from selling bonds payable from its future revenues from the tobacco lawsuit settlement involving Illinois and other states. The state will keep any revenues left after paying debt service and any other required expenses of the bonds; such "residual" revenues were $131.2 million in fiscal year 2013.

Most revenue figures in this publication show receipts as recorded by the Comptroller upon deposit into the State Treasury. In a few cases, due to lack of detail in the Comptroller's figures, actual tax collections as reported by the Department of Revenue are shown instead. The Comptroller's deposits into the State Treasury for a given fiscal year may differ from tax collections that year, because some tax collections for a fiscal year may not be reported to the Comptroller until the next fiscal year. But the Comptroller's deposits into the State Treasury give the more accurate view of revenue from each tax over a period of time.

FY 2013 Receipts From Four Largest Taxes

Receipts from the four largest taxes to the appropriated state funds were $2.2 billion (7.5%) higher in fiscal year 2013 than in fiscal year 2012. As shown in the following table, individual income tax revenues rose 7.8%; sales tax revenues rose 1.9%; corporate income tax revenues rose 23.3%; and public utility tax revenues rose 2.9%.

Tax	*FY 2012 (millions)*	*FY 2013 (millions)*	*% change*
Individual income tax	$16,999.8	$18,323.8	7.8%
Sales tax	8,004.5	8,154.7	1.9
Corporate income tax	2,983.0	3,679.2	23.3
Public utility tax	1,254.9	1,291.1	2.9
Total, all four taxes	**$29,242.2**	**$31,448.7**	**7.5%**

Trends in FY 2014

In the first 6 months of fiscal year 2014 (July through December of 2013), General Funds receipts from the four major taxes were a bit over $12.862 billion—up 5.2% from $12.222 billion in the first half of fiscal year 2013. As shown in the table below, individual income and sales tax receipts rose by about 5% each; corporate income tax receipts rose 10%; and public utility tax receipts declined about 3%.

July-December periods:

Tax	*FY 2013 (billions)*	*FY 2014 (billions)*	*% change*
Individual income tax	$6.840	$7.174	4.9%
Sales tax	3.695	3.895	5.4
Corporate income tax	1.204	1.325	10.0
Public utility tax	0.483	0.468	-3.1
Total, all four taxes	**$12.222**	**$12.862**	**5.2%**

Legal Authority for Taxes

The Illinois Constitution of 1970 says that, except as otherwise provided, the General Assembly has exclusive power to raise revenue through taxation. The Constitution authorizes the General Assembly to levy property, sales, use, franchise, privilege, income, excise, inheritance, gift, severance, and all other kinds of taxes, subject to some restrictions. The General Assembly may classify the subjects and objects of non-property taxes, but the classes must be reasonable and the subjects and objects in each class must be taxed uniformly. Exemptions, deductions, credits, refunds, and other allowances must be reasonable.

The constitutional authorization for income taxes limits the state to one income tax on individuals and one on corporations (not counting the tax to replace the corporate personal property tax). These rates cannot be graduated. The rate imposed on corporations cannot exceed that on individuals by a ratio of more than 8 to 5.

Local taxes in Illinois fall into two categories: those specifically authorized by statute, and those that home-rule units can impose without statutory authority. Home-rule units may impose any kind of tax not prohibited by the Constitution or specifically prohibited by law. Rate limits and procedural requirements in a law authorizing a local tax do not limit home-rule units unless that law explicitly says so. The Constitution specifically prohibits home-rule units from licensing for revenue, or imposing taxes on income or occupations, unless authorized by statute.

Figure 1: Percentages of Revenue Contributed by Major State Taxes, FY 2013

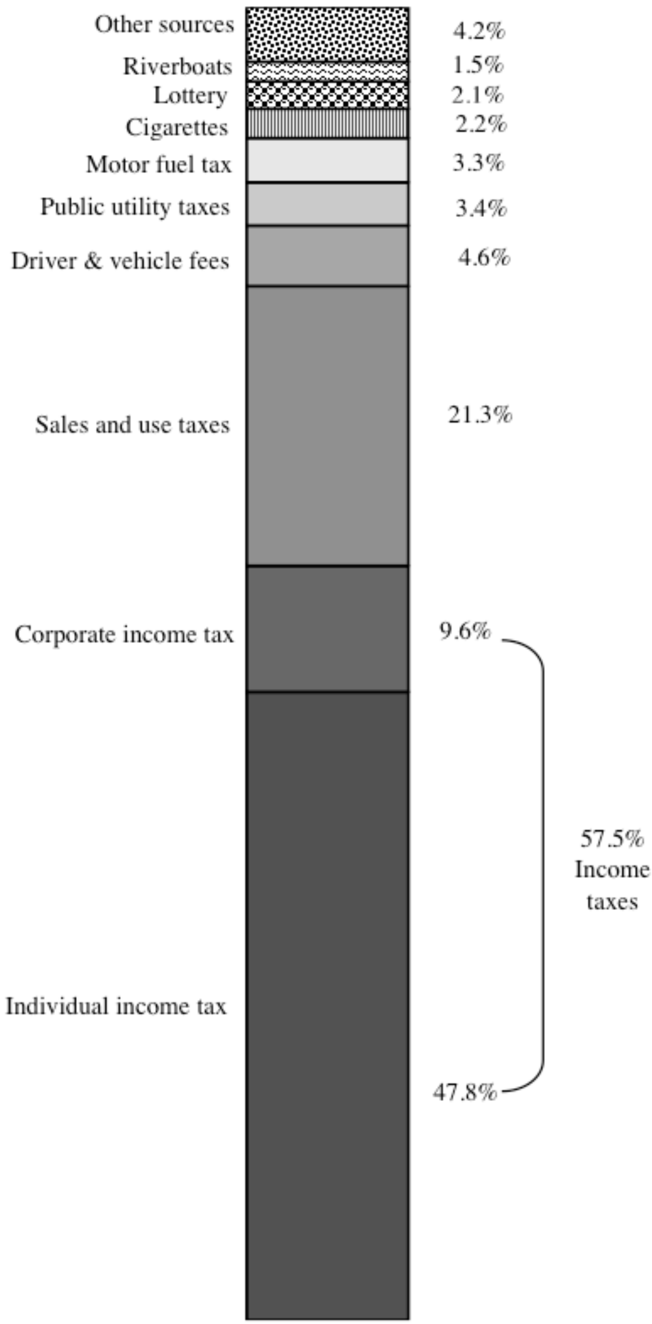


Table 1: State Tax & Lottery Receipts, FYs 2012 & 2013

	FY 2012		*FY 2013*		*% change*
	Amount (millions)	*% of total*	*Amount (millions)*	*% of total*	*FY '12-FY '13**
Individual income tax	$16,999.8	47.6%	$18,323.8	47.8%	7.8%
Sales tax	8,004.5	22.4	8,154.7	21.3	1.9
Corporate income tax	2,983.0	8.4	3,679.2	9.6	23.3
Driver's license & motor vehicle fees	1,751.0	4.9	1,767.9	4.6	1.0
Public utility tax	1,254.9	3.5	1,291.1	3.4	2.9
Motor fuel tax	1,290.3	3.6	1,259.8	3.3	-2.4
Cigarette & tobacco taxes	606.4	1.7	856.3	2.2	41.2
State lottery	708.3	2.0	793.5	2.1	12.0
Riverboat wagering taxes & fees	610.0	1.7	576.7	1.5	-5.5
Insurance tax & fees	416.5	1.2	407.1	1.1	-2.3
Estate tax	234.9	0.7	309.4	0.8	31.7
Liquor tax & fees	291.1	0.8	292.2	0.8	0.4
Hotel operators' tax	207.9	0.6	221.0	0.6	6.3
Corporation franchise tax & fees	194.6	0.5	208.0	0.5	6.9
Real estate transfer tax	42.0	0.1	54.0	0.1	28.6
Automobile rental tax	34.0	0.1	35.7	0.1	4.7
Vehicle use tax	33.7	0.1	32.4	0.1	-3.7
Tire user fee	16.5	<0.0	16.1	0.0	-2.6
Racing tax & fees	7.3	<0.0	6.6	0.0	-10.2
Pull tab & jar games tax & fees	4.6	< 0.0	5.0	0.0	8.4
Bingo tax & fees	2.1	< 0.0	2.0	0.0	-4.5
Video gaming taxes & license fees	0.7	< 0.0	1.9	0.0	167.3
Coin-operated amusement tax	1.8	< 0.0	1.5	0.0	-16.3
Charitable games tax & license fees	0.5	< 0.0	0.4	0.0	-16.4
Totals	**$35,696.4**	**100.0%**	**$38,296.2**	**100.0%**	**7.3%**

Note: < means "less than."

* Due to rounding, some percentages in this column do not exactly match percentages in this book's text.

Automobile Renting Occupation & Use Tax

The Automobile Renting Use Tax applies to the lessee of any automobile; van with capacity of 7-16 passengers; recreational vehicle; or non-passenger vehicle of up to 8,000 pounds gross weight rating, for the privilege of using it on Illinois highways. This tax is collected by the lessor, who can be relieved of the duty of paying it by paying the Automobile Renting Occupation Tax on gross receipts from the transaction. These taxes apply only to rental agreements for periods up to 1 year, such as short-term rentals at places such as airports and motels. Administered by Department of Revenue. (35 ILCS 155/1 ff.)

Rate and base: 5% of automobile rental charge.

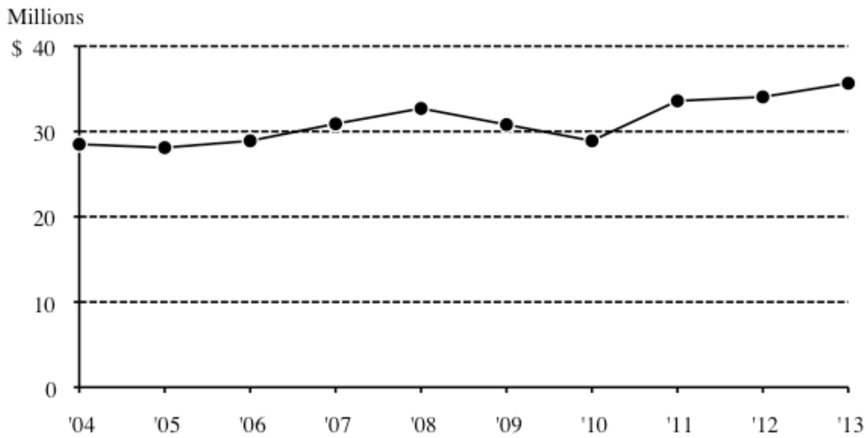
Exemptions

1. Rentals to governmental bodies or charitable, religious, or educational organizations.
2. Rentals to nonprofit organizations created to provide recreation for persons over age 55.
3. Rentals in which the lessor retains possession of the automobile (such as limousine service).
4. Rentals of demonstrator cars by automobile dealers.

History: The state began collecting this tax at a 4% rate on January 1, 1982, simultaneously exempting from sales taxation vehicles that were bought to be rented. On July 1, 1985 the rate rose to 5%. A tax amnesty program in fiscal year 2004, allowing taxpayers to pay outstanding tax liabilities without penalty or interest, collected only $6,249. A fiscal year 2011 tax amnesty program brought in $24,737.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$28.5	7.5%	2009	$30.8	-5.8%
2005	28.1	-1.4	2010	28.9	-6.2
2006	28.9	2.8	2011	33.6	16.2
2007	30.9	6.9	2012	34.0	1.4
2008	32.7	5.8	2013	35.7	4.7



Disposition of proceeds: To the General Revenue Fund.

Other taxes on same transactions
Federal: None.

Local: Since 1982, municipalities, counties, the Metro East Mass Transit District, and the Regional Transportation Authority (RTA) have been authorized to impose occupation and use taxes on automobile rentals. (65 ILCS 5/8-11-7 and 5/8-11-8; 55 ILCS 5/5-1032 and 5/5-1033; 70 ILCS 3610/5.02; and 70 ILCS 3615/4.03.1) The Metropolitan Pier and Exposition Authority imposes a 6% tax on automobile rentals in Cook County to finance McCormick Place expansion. (70 ILCS 210/13(d) and (e)) Chicago imposes a tax of $2.75 per vehicle per lease transaction. (Chicago Municipal Code, sec. 3-48-030)

Similar taxes imposed by non-home-rule municipalities, counties, and the Metro East Mass Transit District cannot exceed 1% of the rental charge. Any RTA tax rate cannot exceed 1% in Cook County and 0.25% in DuPage, Kane, Lake, McHenry, and Will Counties. (Neither the RTA nor the Metro East Mass Transit District levies such a tax.) These taxes are collected by the state and transmitted to municipalities and counties. Home-rule units can impose taxes beyond these limits. At least 438 Illinois municipalities and counties tax automobile rentals.

Comparison of states' taxes on automobile rentals

State	*Percentage*		*Per day*
Minnesota (up to 28 days)	14.2[a] %		
Maryland (up to 180 days)	11.5[b]		
Alaska (up to 90 days)	10.0		
Arkansas (less than 30 days)	10.0		
Maine (up to 1 year)	10.0		
Nevada (up to 31 days)	10.0[c]		
Texas (up to 30 days)	10.0		
Virginia (daily rental vehicles)	10.0[d]		
New Hampshire (up to 180 days)	9.0		
Vermont (up to 1 year)	9.0		
North Carolina (up to 1 year)	8.0[e]		
Rhode Island (up to 30 days)	8.0		
Kentucky	6.0[f]		
Mississippi (up to 30 days)	6.0		
New York (up to 1 year)	6.0		
Oklahoma (up to 90 days)	6.0		
Washington (up to 30 days)	5.9		
Arizona (up to 180 days)	5.0		
Illinois (up to 1 year)	**5.0**		
Iowa (up to 60 days)	5.0		
New Mexico (up to 6 months)	5.0	+	$2
South Carolina (up to 31 days)	5.0		
Wisconsin (up to 30 days)	5.0		
Nebraska (up to 31 days)	4.5		
South Dakota (up to 28 days)	4.5[g]		
Indiana (less than 30 days)	4.0		
Missouri	4.0		
Montana (up to 30 days)	4.0		
Wyoming (up to 31 days)	4.0		
Kansas (up to 28 days)	3.5		
Connecticut (up to 30 days)	3.0	+	1
North Dakota (less than 30 days)	3.0		
Tennessee (up to 31 days)	3.0[h]		
Utah (up to 30 days)	2.5		
Pennsylvania (up to 29 days)	2.0	+	2
Delaware	1.9914		
Alabama	1.5		
New Jersey (up to 28 days)	-		5
Hawaii (up to 6 months)	-		3
Colorado (up to 45 days)	-		2
Florida (up to 30 days)	-		2
West Virginia (daily rentals)	-		1

Notes

a. Minnesota's rate includes a 9.2% rental tax and a 5% fee for rental car registration.
b. Maryland imposes a tax of 23¢ per $2 (essentially equal to 11.5%).
c. Some counties in Nevada may impose an additional 2%.
d. Virginia imposes a 4% tax on vehicles rented for more than 1 day.
e. North Carolina cities and counties may levy an additional tax up to 1.5% as a substitute for property taxes (which do not apply to vehicles being offered for short-term lease).
f. Local governments in Kentucky may impose an additional 3%.
g. South Dakota, in addition to the 4.5% rate shown, levies a 1.5% seasonal tourism tax in June-September.
h. Tennessee also authorizes a 2% surcharge in any county that builds an NBA arena.

In addition to those states, regular sales taxes apply to short-term automobile rentals in many states (but not in Illinois; see "Sales and Use Taxes" on page 120).

Bingo Tax and License Fees

Illinois gets two forms of revenue from licensed bingo games: license fees, and the bingo game receipts tax. Administered by Department of Revenue. (230 ILCS 25/1 ff.)

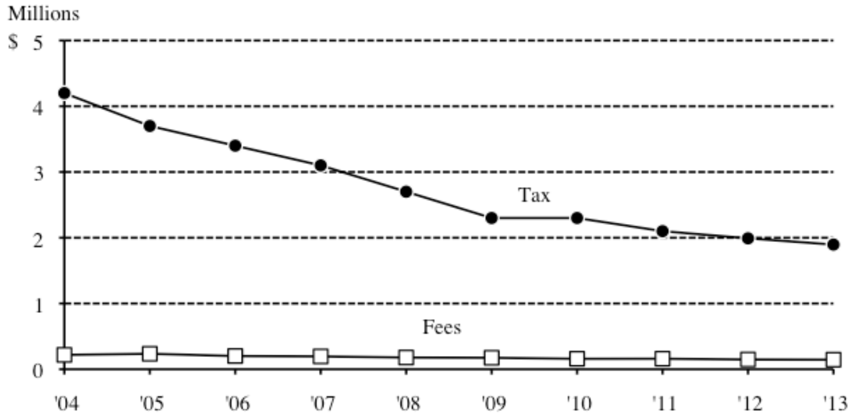
Rate and base

1. Bingo license fees: (a) $200 fee for an annual license (with an extension up to 1 year if authorized by the Department of Revenue) for a nonprofit religious, charitable, labor, fraternal, educational, senior citizens', youth athletic, or veterans' organization to conduct bingo on 1 day per week, with up to 25 games on that day, throughout the year. (Bingo games at the Illinois State Fair or county fairs are not subject to the limits on games per day or days per week.) (b) $50 fee for a limited license, issued to such an organization, for bingo games at up to two events per year, for a maximum of 5 consecutive days each time. (c) $200 fee for an annual license, or $600 for 3 years (with an extension up to 1 year if authorized by the Department of Revenue) for anyone leasing out facilities or selling bingo equipment or supplies to licensed bingo organizations. (A municipality that leases out its facilities for bingo need not buy a $200 license.)
2. Bingo game receipts tax: 5% of gross receipts from bingo games.

History: These taxes were enacted in 1971. The bingo game receipts tax was halved to 5% on January 1, 1979. A 2004 act authorized sales of 3-year licenses to organizations conducting bingo, but that authority was eliminated in 2007. A tax amnesty program in fiscal year 2004 collected only $248. A fiscal year 2011 tax amnesty program brought in only $666.

State revenue collected

Fiscal year	*License fees receipts (thousands)*	*Change*	*Bingo receipts tax receipts (millions)*	*Change*
2004	$235	+7.8%	$4.2	-10.6%
2005	201	-14.5	3.7	-11.9
2006	195	-3.0	3.4	-8.1
2007	178	-8.7	3.1	-8.8
2008	174	-2.2	2.7	-12.9
2009	159	-8.6	2.3	-14.8
2010	160	+0.6	2.3	+0.0
2011	148	-7.5	2.1	-8.7
2012	145	-2.0	2.0	-5.2
2013	144	-0.7	1.9	-4.8



Distribution:
1. Bingo license fees: To the General Revenue Fund.
2. Bingo game receipts tax:
   (a) 50% to the Mental Health Fund.
   (b) 50% to the Common School Fund.

Other taxes on bingo
Federal: None.

Local: No tax is authorized by statute. Home-rule units apparently cannot collect license fees because of the restriction on licensing for revenue in the Illinois Constitution, Art. 7, subsec. 6(e). A tax on gross receipts of bingo operators probably would also be invalid under that provision as an occupation tax.

Comparison of states' taxes
At least 25 states separately tax bingo games, as do New York municipalities.

Alaska collects 1% of net bingo proceeds if annual gross receipts are at least $20,000. Arizona has a tax of 2.5% on licensees with annual receipts up to $15,600; 1.5% on those with receipts of $15,601 to $300,000; and 2% on those with receipts over $300,000. Arkansas collects 0.3¢ per bingo card. Colorado collects an administrative fee of 0.5% of gross revenues if over $5,000 ($0.6% if over $100,000). Connecticut has a tax of 5% of gross receipts minus prizes paid. Kansas has a 3% tax on bingo game licenses and a 1% tax on printed bingo cards sold to Kansas licensees, plus a charge of 0.2¢ per bingo card sold by distributors. Louisiana charges up to 5% of the value of bingo supplies, and an additional fee up to 3% of the lease or rental price of electronic bingo devices (except those using disposable bingo paper). Maryland collects 30% of net proceeds of electronic bingo machines. Mississippi taxes charitable bingo games at 0.5% to 1% based on the type of charitable organization; a separate tax of up to 2.5% of net proceeds applies to electronic bingo machines. Missouri has a tax of 0.2¢ per bingo card (which must be paid if prizes total over $5,000 annually and $100 on any single day). Minnesota taxes 8.5% of gross receipts minus prizes paid (except on electronic linked bingo); Iowa 6% of gross receipts; Massachusetts 5% of gross receipts; Nebraska 3% of gross receipts; Montana 1% of gross proceeds; and New Mexico 0.5% of gross receipts.

New Hampshire imposes taxes of 7% of gross receipts minus prizes paid for charitable bingo games. North Dakota collects 1% of quarterly gross receipts if the total is up to $1,500,000 from nonprofit bingo games, or $15,000 plus 2.25% of such receipts over $1,500,000. In Ohio, charitable organizations that conduct instant bingo must pay an annual license fee, plus a percentage of the previous year's gross profit from instant bingo that ranges from 0.25% to 1% depending on the gross profit amount. Oklahoma charges 1¢ per bingo card or "U-PIK-EM" game set, payable by licensed distributors and sellers of equipment. South Carolina charges 4¢, 5¢, or 10¢ per dollar of face value of bingo cards, depending on the class of licensee. South Dakota distributors pay 5% of their gross sales of bingo equipment.

Texas collects a 3% tax on gross receipts from renting facilities for bingo games, and 5% of the value of prizes over $5. Washington charges 1.5% of gross income, plus 0.13% of gross income if it is at least $50,000 annually. Also, local governments may charge up to 5% of gross receipts minus prizes paid. Wisconsin's tax is 1% of gross receipts up to $30,000, and 2% of gross receipts over $30,000.

New York municipalities that allow bingo collect 3% of net proceeds.

Charitable Games Tax and License Fees

The state gets two kinds of revenue from licensed charitable games: license fees, and the charitable games receipts tax. Charitable games covered include roulette, blackjack, poker, pull tabs, craps, bang, beat the dealer, big six, gin rummy, five-card stud poker, chuck-a-luck, keno, hold-em poker, a merchandise wheel, or poker runs. No single bet at any house-banked game may exceed $20; and a person's cash winnings may not exceed $500 (non-cash winnings are not limited). Administered by Department of Revenue. (230 ILCS 30/1 ff.)

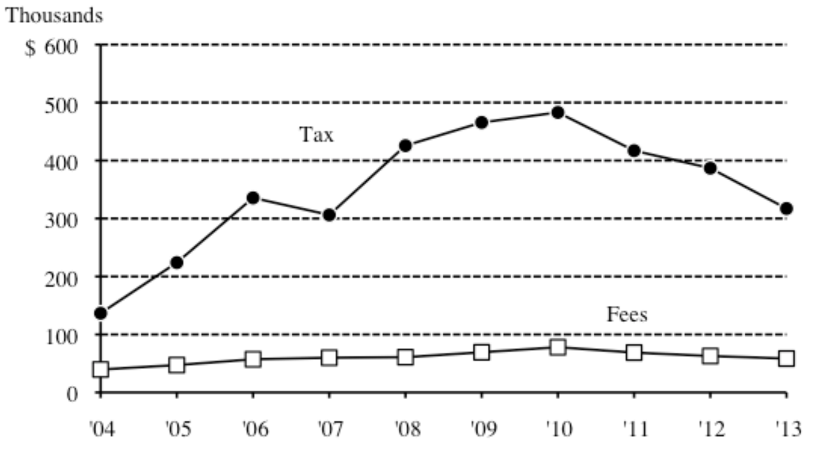
Rate and base:

1. Charitable games license fees: (a) $400 fee for 2 years (which can be extended up to 1 year by the Department of Revenue) for a license to a nonprofit charitable, religious, fraternal, veterans', labor, or educational organization to hold up to 12 charitable-games nights per year. (b) $50 fee for 1 year or $150 for 3 years (which can be extended by up to 1 year by the Department of Revenue) for a license issued to anyone leasing out facilities to licensed organizations holding charitable-games nights (up to 12 games nights each year; up to 48 if owned by a municipality). (c) $500 fee for 1 year or $1,500 for 3 years (which can be extended by up to 1 year by the Department of Revenue) for a license to sell supplies or equipment for such games. (d) $50 one-time fee for a licensee owning its equipment.
2. Charitable games receipts tax: 5% of net proceeds from charitable-games nights.

History: The tax took effect September 1, 1986 at a rate of 3% of *gross* proceeds. In 2013 the rate was changed to 5% of *net* proceeds. A tax amnesty program in fiscal year 2011 collected $139.

State revenue collected

Fiscal	*License fees*		*Charitable games tax*	
year	*Receipts*	*Change*	*Receipts*	*Change*
2004	$39,600	9.4%	$136,600	33.2%
2005	47,200	19.2	224,002	64.0
2006	57,200	21.2	335,654	49.8
2007	59,900	4.7	306,200	-8.8
2008	60,800	1.5	425,700	39.0
2009	69,300	14.0	465,700	9.4
2010	78,000	12.6	483,000	3.7
2011	68,750	-11.9	417,048	-13.7
2012	62,850	-8.6	386,889	-7.2
2013	58,450	-7.0	317,181	-18.0



Disposition: To Illinois Gaming Law Enforcement Fund.

Other taxes on charitable games
Federal: None.

Local: No tax is authorized by statute. Home-rule units probably cannot collect license fees due to the restriction on licensing for revenue in the Illinois Constitution, Art. 7, subsec. 6(e). A tax on gross receipts of charitable-games operators probably would be invalid under the same provision as an occupation tax.

Counties and municipalities are authorized to license and regulate raffles held by nonprofit charitable, educational, religious, fraternal, veterans', labor, and some kinds of business organizations. (230 ILCS 15/1 ff.)

Comparison of states' taxes
At least 12 states tax proceeds of charitable games. In Alaska, an organization that applies for a license to operate a game of chance or skill must pay a fee of 1% of net proceeds from gaming in the previous year. Colorado has a tax at a rate set by regulation; it is currently 3% of adjusted gross proceeds (receipts minus payments to players). Net receipts of charitable games are also taxed in New Mexico (10% for nonprofit organizations); manufacturers and distributors pay 10% of gross receipts. Gross receipts are taxed in Minnesota (8.5%), Kentucky (0.53%), and Iowa (1%, at fairs only). Minnesota also collects a combined receipts tax on gross receipts from gambling (excluding bingo, raffles, and paddlewheels) at four rates: 9% on gross receipts up to $87,500; 18% on

receipts from $87,501 to $122,500; 27% on receipts from $122,501 to $157,500; and 36% on receipts beyond $157,500. Oklahoma charges a 10% tax on the price paid for all charity game equipment except bingo faces, U-PIK-EM bingo game sets, and break-open ticket games. Nebraska collects 2% of gross receipts from lotteries and raffles. North Dakota collects taxes on all gambling at 1% of gross receipts up to $1,500,000 and 2.25% of receipts over that. New Hampshire charges $6 or $15 per package of "Lucky Seven" tickets sold to charitable organizations, depending on the type of ticket. Also in New Hampshire, charitable organizations pay a tax of 3% of gross receipts (if chips sold have no monetary value), or 10% of net receipts (if chips have monetary value), minus amounts spent by the state Pari-Mutuel Commission on personnel and related expenses. West Virginia charges wholesalers and distributors of charitable raffle boards and games 20% of the retail value of each board or game sold to a retailer.

In New York and Washington, municipalities may impose fees of up to 5%.

Cigarette and Other Tobacco Taxes

A matching pair of taxes applies to cigarettes: the cigarette tax, and the cigarette use tax. Wholesale distributors collect the cigarette tax from retailers, who collect the use tax from customers. Retail sellers are relieved of paying the use tax if they pay the cigarette tax to distributors. Ultimately, distributors are responsible for sending the money to the state. An occupation tax on cigarette machine operators is imposed at the same rate as the cigarette tax; cigarette machine operators may recover the tax from customers through prices they charge. Little cigars are taxed at the same rate (and proceeds are distributed in the same manner) as cigarettes. Administered by Department of Revenue. (Cigarette tax, 35 ILCS 130/1 ff.; cigarette use tax, 35 ILCS 135/1 ff.; cigarette machine operators' occupation tax, 35 ILCS 128/1-1 ff.; little cigars, 35 ILCS 143/10-1 ff.)

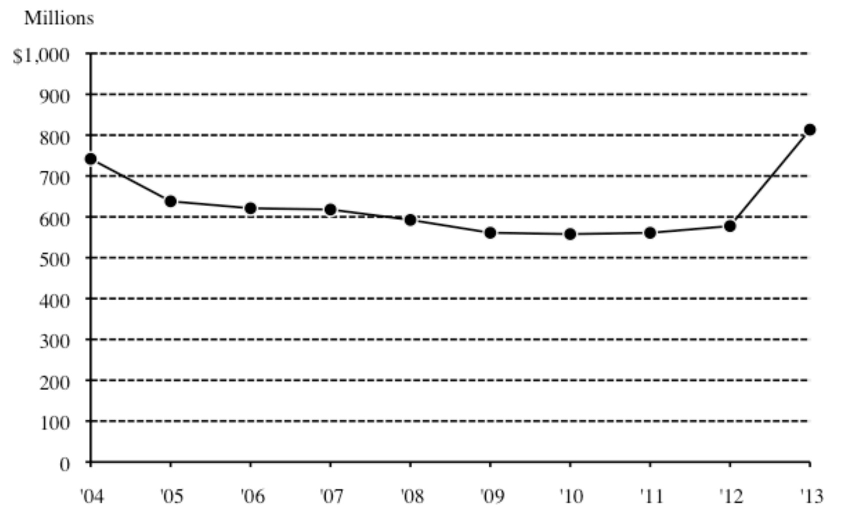
Rate and base: 9.9¢ per cigarette ($1.98 per package of 20).

History: The cigarette tax was enacted in 1941 at a rate of 0.1¢ per cigarette (2¢ on a package of 20). The use tax was added in 1951. Rate changes since then are shown below. (The increase from 2.9¢ to 4.9¢ per cigarette took effect July 1, 2002—the start of fiscal year 2003. The increase from 4.9¢ to 9.9¢ per cigarette took effect June 24, 2012, so very little of it is reflected in FY 2012 receipts.) A tax amnesty program in fiscal year 2004 collected only $26. An amnesty in fiscal year 2011 collected $22,080. Starting August 1, 2012, cigarettes from machines were taxed at the same rate as other cigarettes, and cigarette machine operators were required to get an annual license for $250.

Year	*Per cigarette*	*Per pack of 20*	*Year*	*Per cigarette*	*Per pack of 20*
1941	0.10¢	2¢	1969	0.6¢	12¢
1947	0.15	3	1985	1.0	20
1959	0.20	4	1989	1.5	30
1960	0.15	3	1993	2.2	44
1961	0.20	4	1997	2.9	58
1965	0.35	7	2002	4.9	98
1967	0.45	9	2012	9.9	$1.98

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$741.8	18.7%	2009	$561.0	-5.3%
2005	638.0	-14.0	2010	557.8	-0.6
2006	621.0	-2.7	2011	560.8	0.5
2007	617.9	-0.5	2012	577.4	3.0
2008	592.4	-4.1	2013	813.4	40.9



Distribution:

Cigarette tax and cigarette use tax:

1. 1¢ per pack of 20 cigarettes (0.05¢ per cigarette) to the General Revenue Fund.
2. $9 million per month of the amount resulting from the 8¢ per pack increase enacted in 1985, to the Common School Fund.
3. All additional revenue from the 1997 increase of 14¢ per pack, to the Common School Fund.
4. An amount that when added to the amount paid into the Common School Fund equals $29.2 million, to the General Revenue Fund.
5. All added revenue from the 2012 increase of $1 per pack, to the Healthcare Provider Relief Fund.
6. Remainder:
   (a) Any unpaid amounts required to be paid into the General Revenue Fund for past months.
   (b) $5 million per month to the School Infrastructure Fund.
   (c) Any unpaid amounts required to be paid into the School Infrastructure Fund for past months.
   (d) Remainder, if any, to be paid into the Long-Term Care Provider Fund.

Cigarette machine operators' occupation tax and license fee:
To Healthcare Provider Relief Fund.

Other taxes on cigarettes
Federal: The federal tax is $1.0066 per pack of 20 cigarettes. Large cigarettes (weighing more than 3 pounds per 1,000) are taxed at $2.1138 per 20 cigarettes (unless over 6½ inches long).

Local: State law authorizes a municipal cigarette tax of 1¢ per package of 20, but it cannot be imposed by municipalities for which the state already collects a municipal home-rule retailers' occupation (sales) tax. (65 ILCS 5/8-11-3) Home-rule units can collect their own taxes on cigarettes. Chicago collects $1.18 per pack of 20, and Cook County collects $3.00. Cook County's tax applies both in Chicago and elsewhere in the county. Combined rates are:

	Chicago	*Cook County suburbs*	*Rest of state*
City	$1.18	-	-
County	3.00	$3.00	-
State	1.98	1.98	$1.98
Federal	1.0066	1.0066	1.0066
Totals	$7.17	$5.99	$2.99

Comparison of states' taxes

States' taxes per pack of 20 cigarettes on January 1, 2014 were:

New York	$4.35	Florida	1.339
Rhode Island	3.50	Oregon	$1.31
Connecticut	3.40	Ohio	1.25
Minnesota	3.342[a]	Arkansas	1.15
Hawaii	3.20	Oklahoma	1.03
Washington	3.025	Indiana	0.995
New Jersey	2.70	California	0.87
Vermont	2.62	Colorado	0.84
Wisconsin	2.52	Nevada	0.80
Massachusetts	2.51	Kansas	0.79
Alaska	2.00	Mississippi	0.68
Arizona	2.00	Nebraska	0.64
Maine	2.00	Tennessee	0.6205[b]
Maryland	2.00	Kentucky	0.601[b]
Michigan	2.00	Wyoming	0.60
Illinois	**1.98**	Idaho	0.57
New Hampshire	1.78	South Carolina	0.57
Montana	1.70	West Virginia	0.55
Utah	1.70	North Carolina	0.45
New Mexico	1.66	North Dakota	0.44
Delaware	1.60	Alabama	0.425
Pennsylvania	1.60	Georgia	0.37
South Dakota	1.53	Louisiana	0.36
Texas	1.41	Virginia	0.30
Iowa	1.36	Missouri	0.17

Notes

a. Minnesota collects $2.83 per pack, plus 51.2¢ sales tax added to the wholesale price for a tax stamp.

b. Amounts shown for these two states include enforcement and administrative fees of 0.1¢ per pack in Kentucky and 0.05¢ per pack in Tennessee.

Other Tobacco Products

Illinois taxes other tobacco products, including cigars; cheroots; stogies; perique, granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff or snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; and other forms of tobacco usable for chewing or smoking in a pipe or otherwise. Little cigars are taxed at the same rate (and proceeds are distributed in the same manner) as cigarettes. (35 ILCS 143/10-1 ff.)

Rate and base: 36% of wholesale price (distributor's cost price for the products); 30¢ per ounce for moist snuff.

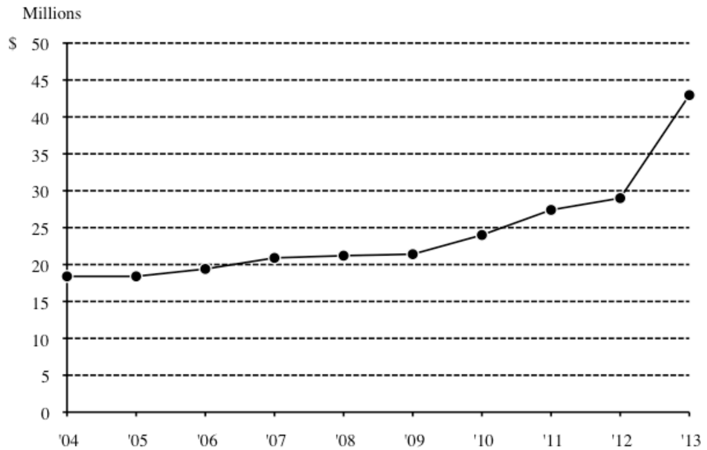
History: The tax was enacted in 1993. In January 1995 a trial court held that it violated the U.S. Constitution's Commerce Clause because the law defined the distributor's cost price for these products in such a way that an Illinois manufacturer might have a lower cost price (and thus a lower tax base) than a distributor of the products from out of state. In 1995 that tax was repealed and replaced with a new tax avoiding the defects in the 1993 law. The rate was reduced from 20% to 18% of the wholesale price of these tobacco products.

A trial judge then held that the 1995 law violated the single-subject requirement of the Illinois Constitution (Article 4, subsec. 8(d)). The Department of Revenue stopped collecting the tax, and no revenue was collected in fiscal year 1999. But the Illinois Supreme Court in July 1999 reversed that decision and upheld the 1995 law. (*Arangold v. Zehnder*, 187 Ill. 2d 341, 718 N.E.2d 191 (1999)) All revenues for fiscal years 1999 and afterward were held in a special account. In fiscal year 2003 a total of $74.9 million (the amount collected since FY 1999) was deposited into the Long-Term Care Provider Fund.

The rate was raised on July 1, 2012 to 36% of wholesale price, except that a separate rate was imposed starting January 1, 2013 for moist snuff of 30¢ per ounce. The tax per ounce on moist snuff may not exceed 15% of the tax on a package of 20 cigarettes. A tax amnesty program in fiscal year 2011 collected $52,800.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$18.4	0.5%	2009	$21.4	0.9%
2005	18.4	0.0	2010	24.0	12.1
2006	19.4	5.4	2011	27.4	14.2
2007	20.9	7.7	2012	29.0	5.8
2008	21.2	1.4	2013	43.0	48.1



Disposition: Divided evenly between the Long-Term Care Provider Fund and the Healthcare Provider Relief Fund.

Other taxes on other tobacco products
Federal:

Class	*Rate*
Cigars	
small (under 3 lbs. per 1,000)	$50.33 per 1,000 cigars
large (over 3 lbs. per 1,000) (limited to 40.26¢ per cigar)	52.75% of sales price
Smokeless tobacco	
snuff	$ 1.51 per pound
chewing tobacco	0.5033 per pound
Pipe tobacco	2.8311 per pound
Roll-your-own tobacco	24.78 per pound

Local:
As of January 1, 2014, Cook County taxes other tobacco products as follows:

Class	*Rate*
Smoking and smokeless tobacco	60¢ per ounce
Large cigars	30¢ per ounce
Little cigars	5¢ per ounce

Comparison of states' taxes
All states except Pennsylvania tax various forms of tobacco other than cigarettes (and Pennsylvania's cigarette tax also applies to little cigars).

Among some 39 states that tax most tobacco products at a fixed percentage of price (as Illinois does for non-cigarette products), rates range from 5% in South Carolina to 95% in Washington. States' taxes on other tobacco products on January 1, 2014 are shown below.

States with uniform rates on most non-cigarette tobacco products

Key:

WP = wholesale price
MP = manufacturer's price
PP = retail purchase price
SP = taxable sales price

	Rate	*Price to which applied*		*Rate*	*Price to which applied*
Washington[1]	95 %	SP	Maryland[15]	30 %	WP
Utah[2]	86	MP	Nevada	30	WP
Florida[3]	85	WP	New Jersey[16]	30	WP
Rhode Island[4]	80	WP	California[17]	29.82	WP
Alaska	75	WP	New Mexico[18]	25	PP
New York[5]	75	WP	Indiana[19]	24	WP
Wisconsin[6]	71	MP	Nebraska[20]	20	WP
Hawaii[7]	70	WP	Wyoming[21]	20	WP
Minnesota[8]	70	WP	Ohio	17	WP
Arkansas	68	MP	Delaware[22]	15	WP
New Hampshire[9]	65.03	WP	Kentucky[23]	15	WP
Oregon[10]	65	WP	Mississippi	15	MP
Connecticut[11]	50	WP	North Carolina	12.8	WP
Iowa[12]	50	WP	Kansas	10	WP
Montana[13]	50	WP	Missouri	10	MP
Colorado	40	MP	Virginia[24]	10	MP
Idaho	40	WP	West Virginia	7	WP
Illinois[14]	**36**	**WP**	Tennessee	6.6	WP
South Dakota	35	WP	South Carolina	5	MP
Michigan	32	WP			

Notes

1. Washington taxes little cigars as cigarettes. Other cigars are taxed at 95% of the taxable sales price, up to 65¢ per cigar. Moist snuff is taxed at $2.105 per ounce (with a $2.526 minimum, the tax on 1.2 ounces).
2. Utah taxes moist snuff at $1.83 per ounce.
3. Florida's tax applies to tobacco and snuff only. Distributors are taxed at 25% of the wholesale price for products transported into the state for sale or use there.
4. Rhode Island taxes little cigars at the same rate as cigarettes and snuff at $1 per ounce (minimum of $1.21 per container). Cigar tax may not exceed 50¢ per cigar.
5. New York taxes snuff at $2 per ounce (minimum of $2 per container), and taxes little cigars as cigarettes.
6. Wisconsin's tax may not exceed 50¢ per cigar. Moist snuff is taxed at 100% of the manufacturer's price.
7. Hawaii's rate is 50% on large cigars, and little cigars are taxed at the same rate as cigarettes.

8. Minnesota taxes moist snuff at 95% of the wholesale price (with a minimum of $2.83 per container). Its tax on cigars may not exceed $3.50 per cigar.
9. New Hampshire taxes little cigars at the same rate as cigarettes. "Premium" cigars are not taxed.
10. Oregon taxes moist snuff at $1.78 per ounce (minimum of $2.14 per retail container). The tax may not exceed 50¢ per cigar.
11. Connecticut's tax may not exceed 50¢ per cigar. Little cigars are taxed at the same rate as cigarettes. Snuff tobacco is taxed at $1 per ounce.
12. Iowa taxes little cigars at the same rate as cigarettes, and snuff at $1.19 per ounce. The cigar tax is 22% and 28% of wholesale price, and the 28% may not exceed 50¢ per cigar.
13. Montana taxes moist snuff at 85¢ per ounce. Little cigars are taxed at the same rate as cigarettes.
14. Illinois taxes moist snuff at 30¢ per ounce.
15. Maryland's rate on cigars is 15% of the wholesale price for "premium" cigars and 70% of the wholesale price for other cigars.
16. New Jersey taxes moist snuff at 75¢ per ounce.
17. California's rate is adjusted each July 1. Little cigars are taxed at the same rate as cigarettes.
18. New Mexico taxes little cigars at the same rate as cigarettes.

States whose rates vary by product type

Alabama	Cigars*	3.0-40.5¢ per 10 cigars
	Tobacco and snuff	1-12¢ per ounce
	Smoking tobacco/cigar wrapper	4-9¢ per ounce
Arizona	Cigars*	22.05¢-$2.18 per 10 cigars
	Tobacco and snuff	22.3¢ per ounce
Georgia	Little cigars	2.5¢ per 10 cigars
	Other cigars	23% of WP
	Tobacco	10% of WP
Louisiana	Cigars*	8-20% of MP
	Tobacco and snuff	20-33% of MP
Maine	Chewing tobacco and snuff	$2.02 per ounce
	Smoking tobacco and cigars	20% of WP
Massachusetts†	Smokeless tobacco	210% of WP
	Smoking tobacco and cigars	40% of WP
North Dakota	Tobacco/Cigars	28% of WP
	Chewing tobacco and snuff	16-60¢ per ounce
Oklahoma	Cigars*	36¢-$1.20 per 10 cigars
	Tobacco and snuff	60-80% of factory list price
Texas	Cigars*	1-15¢ per 10 cigars
	Tobacco and snuff	$1.22 per ounce
Vermont	Cigars*	$2-4 (if WP exceeds $2.17)
	Snuff and smokeless tobacco	$1.87 per ounce
	Other products	92% of WP

* Rates on cigars in these six states vary with selling prices.

† Massachusetts taxes little cigars at the same rate as cigarettes.

Coin-Operated Amusement Device and Redemption Machine Tax

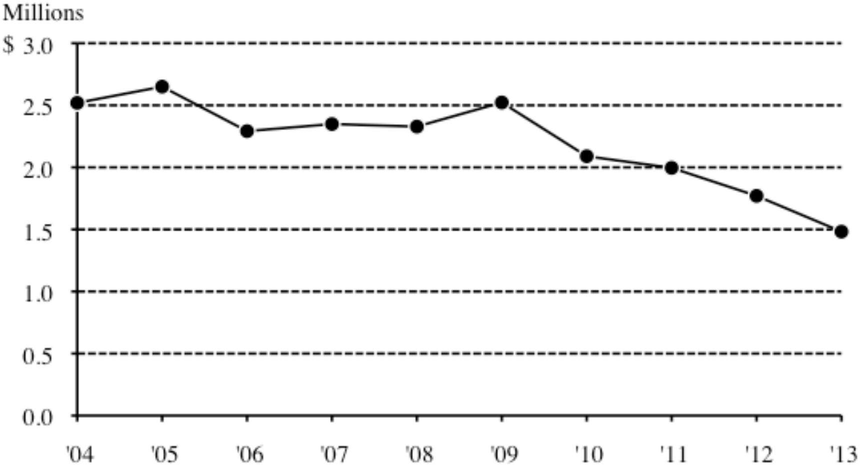
The tax is imposed on the privilege of operating coin-receiving amusement devices (video games, jukeboxes, pinball and redemption machines, and the like) using coins, tokens, chips, or similar objects. (The more recently invented video gambling machines are regulated under a separate act. See "Video Gaming Tax and License Fees" on page 143.) Administered by Department of Revenue. (35 ILCS 510/1 ff.)

Rate and base: $30 per machine per year. Licenses expire every July 31.

History: The tax was enacted in 1953 at rates of $10 to $50 per machine, depending on machine type. In 1963 that was simplified into a privilege tax of $10 per coin-receiving slot. In 1989 it was briefly changed to $25 (then reduced to $15) per machine. In 1992, "redemption machines" (devices involving throwing, rolling, shooting, etc., a ball into a hole or at a target to win a prize valued at no more than $5, or seven times the cost of a single play) were legalized and added to the tax base. In 2003 the rate was doubled to $30 per machine. (That increase took effect June 20, 2003—10 days before the end of fiscal year 2003—so very little of it is reflected in the revenue collections for that fiscal year.)

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$2.520	116.4%	2009	$2.523	8.3%
2005	2.650	5.2	2010	2.090	-17.2
2006	2.292	-13.5	2011	1.996	-4.5
2007	2.349	2.5	2012	1.770	-11.3
2008	2.329	-0.9	2013	1.482	-16.3



Disposition: To the General Revenue Fund.

Other taxes on coin-operated amusement machines
Federal: None.

Local: Illinois law permits municipalities to impose taxes or license fees on amusement devices. (65 ILCS 5/11-55-1) Counties can do so in unincorporated areas. (55 ILCS 5/5-1076)

Comparison of states' taxes
Thirteen states including Illinois impose annual taxes on each coin-operated amusement device; seven states tax gross receipts from such devices; and four (Arkansas, Delaware, Florida, and South Dakota) tax both.

State	*Rate per machine*	*State*	*Percent of gross receipts*
Delaware	$75	Iowa	6.00 %
Oklahoma	75	West Virginia	6
Texas	60	Arizona	5.6
Idaho	35	Florida	4
Nebraska	35	South Dakota	4
Florida	30	Arkansas	3
Illinois	**30**	Delaware	0.3983†
North Dakota	25		
South Carolina	25 to 2,000 (varies by type of machine)*		
Georgia	25 to 125 (varies by type of machine)		
South Dakota	12		
Tennessee	10		
Arkansas	5		

* South Carolina's charges are twice those listed, but are payable biennially.
† In Delaware, each enterprise is allowed one exemption of $100,000 of gross receipts per year.

In addition to taxes on gross receipts and per machine, Arkansas charges a license fee of $500 for an operator of up to three devices, and $1,000 for an operator of more than three. Delaware charges $75 per year, plus $25 for each additional branch or location. Georgia charges a license fee for machines that do not award prizes of $500 for an operator of up to 5 devices; $2,000 for 6 to 60 devices; and $3,500 for over 60 devices. For machines that *do* award prizes, the fee is $5,000 for any number of devices. Georgia also charges an additional license fee of $25 per device that does not award prizes, and $125 per device that does award prizes. In North Dakota, machine operators who do not own the premises where the machines are used must pay $1,000 annually. In South Carolina, each operator must get a biennial license that costs $25 to $1,000 per year depending on machine type. Tennessee charges an annual license fee of $500 to $2,000 based on number of machines. Texas charges an annual license fee of $200 for an operator of up to 50 devices; $400 for an operator of 51 to 200 devices; and $500 for an operator of more than 200 devices.

Oregon has a tax on amusement devices that also applies to video lottery game terminals. It is described under "Video Gaming Tax and License Fees" beginning on p. 143.

At least 6 states authorize local fees for coin-operated amusement devices. Kentucky and Louisiana allow municipalities to tax coin machines up to $20 per machine (up to $50 for electronic pinball machines, flipper machines, and video games in Louisiana). In Missouri, St. Louis charges $10 per machine per year. New Hampshire allows towns to set licensing fees for coin-operated amusement devices, and South Carolina allows cities and counties to do so. New York City may charge up to $25 per machine annually. Virginia authorizes local taxes on coin-operated amusement devices, up to a maximum of $200 for 10 or more machines. Massachusetts sets a fee of $20 per machine and allows cities to set fees up to $100; and localities may also impose taxes on gross receipts of amusement device operators.

Corporation Franchise Taxes and Fees

Each corporation doing business in Illinois, whether it is domestic (incorporated in Illinois) or foreign (incorporated elsewhere), must pay an annual franchise tax. The tax also applies when a corporation starts doing business in Illinois. An "additional franchise tax" applies when a corporation changes its capital structure or engages in a merger or consolidation. Administered by Secretary of State. (805 ILCS 5/15.05 ff.)

Rate and base: Rates are based on a corporation's paid-in capital (the total amount paid to the corporation by initial buyers of shares):

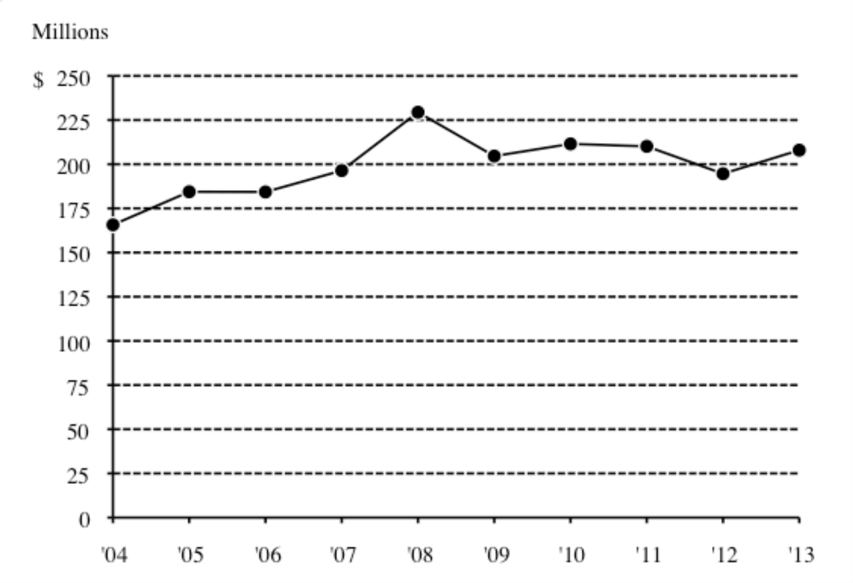
1. Initial franchise tax: 0.15% of paid-in capital.
2. Additional franchise tax: 0.15% of any increases in paid-in capital during the year.
3. Annual franchise tax: 0.1% of paid-in capital each year.

History
1. Initial franchise tax: From 1934 through 1966 the rate was 0.05% of stated capital and paid-in surplus. In 1967 it was doubled to 0.1%, and in 1991 it rose again to 0.15%.
2. Additional franchise tax: From 1934 to 1966 the rate was 0.05% of the increase in the sum of stated capital and paid-in surplus. In 1967 it was doubled to 0.1%. In 1991 the rate rose again to 0.15%.
3. Annual franchise tax: The rate was 0.05% of stated capital and paid-in surplus from 1934 until 1983, when it was doubled to 0.1%.

A tax amnesty program from February 1, 2008 to March 15, 2008 allowed taxpayers to pay outstanding tax liabilities without penalty or interest. Collections totaled $21,877,003.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$165.7	14.4%	2009	$204.6	-10.8%
2005	184.4	11.3	2010	211.5	3.4
2006	184.3	-0.1	2011	210.1	-0.7
2007	196.4	6.6	2012	194.6	-7.4
2008	229.4	16.8	2013	208.0	6.9



Distribution:
1. 98% to the General Revenue Fund.
2. 2% to the Corporate Franchise Tax Refund Fund.

Other corporate franchise taxes

Federal: None.

Local: Local taxation of invested capital of large corporations would be impractical.

Other states' taxes

All states impose a variety of initial and annual franchise taxes on corporations based on their capital stock and paid-in surplus. Tax schedules vary considerably among states.

Driver's License and Vehicle Fees

The state imposes a wide variety of fees on operators of motor vehicles. Administered by Secretary of State. (625 ILCS 5/2-119, 5/3-801 to 5/3-834, and 5/6-118)

Rates and bases: Some fees are flat amounts per driver or vehicle; others vary by vehicles' maximum load capacity or weight.

Driver's License Fees	
Original driver's license (lasts 4 years)	$ 30
Renewal (4 years)	30
License or renewal—age 69 to 80:	5
age 81 to 86 (2 years)	2
age 87 or over	0
Original driver's license or renewal—	
age 18, 19, or 20 (lasts 3 months past age 21)	5
Instruction permit—original:	20
age 68 or below, previously licensed in Illinois but not now licensed	10
age 69 or over	5
Changing driving classification	5
Restricted driving permit	8
Monitoring device driving permit	8
Duplicate or corrected license or permit	5*
Active-duty Armed Forces member, spouse, and dependent children	0
Reinstatement fees after:	
first DUI suspension	250
later DUI suspension	500
uninsured motorist suspension	100
other suspension	70
revocation	500
summary suspension or revocation for DUI	500
Original commercial driver license (lasts 1 year)	60
Renewal (1 year)	60
Commercial driver license (if holder has a valid Illinois driver's license)	50

Vehicle Registration Fees (annual unless otherwise noted)	
Passenger car	$101†Δ
Motorcycle	41†
Low-speed vehicle	18
Delinquent vehicle registration renewal	20
Person eligible for Benefit Access Program (formerly Circuit Breaker)	26
Electric vehicle (2 years)	35
Antique vehicle (2 years)	13
Expanded-use antique vehicle	45
Some vehicles owned by local governments or Mutual Aid Box Alarm System (one-time fee)	8
POW plates (one car per former POW or unmarried widow(er))	0
Disabled veteran meeting stated requirements (one car)	0

Recipient of Congressional Medal of Honor (one car)	0
Duplicate plate (without sticker)	6
Duplicate plate lost with sticker	26
Pair of duplicate plates with sticker	29
Duplicate sticker	20
Expedited vehicle registration	10

* Duplicate fees may be waived for disaster victims for 30 days after the Governor files a disaster declaration.

† A $2 surcharge goes to the Park & Conservation Fund for the Department of Natural Resources' conservation efforts, and a $1 surcharge goes to the State Police Vehicle Fund. The passenger car fee is halved for anyone who was on active military duty outside the U.S. for at least 120 days of the preceding registration year.

Δ Persons over 65 who qualify for the Benefit Access Program (which replaced the Circuit Breaker program) get a $75 discount from the fee to register one passenger vehicle weighing up to 8,000 pounds.

Charges for special plates (in addition to regular fee)

Personalized plates*	$47
Annual renewal	7
Vanity plate*	94
Annual renewal	13
Amateur radio (first issuance) plate	4
Korean Service plate	2
Annual renewal	0
Marine Corps plate	5
Annual renewal	18
Custom Vehicle or Street Rod plate	15
Annual renewal	2
Illinois Congressional Delegation Retired Member plate	15
Biennial renewal	2
Deceased Police Officer or Firefighter, Mayor/Village President, Universal Charitable Organization, and West Point Bicentennial plates	15
Annual renewal	2
Share the Road plates	22
Annual renewal	22
U.S. Air Force plates	20
Annual renewal	20
Alzheimer's Awareness, Chicago and Northeast District Council of Carpenters, Chicago Police Memorial Foundation, Hospice, Illinois Fraternal Order of Police, Illinois Police Association, Illinois Police Benevolent and Protective Association, Knights of Columbus, Mammogram, Master Mason, Organ Donor Awareness, Ovarian Cancer Awareness, Police Memorial Committee, Prince Hall Freemasonry, Retired Law Enforcement, Rotary Club, Sheet Metal Workers International Association of Illinois, Stop Neuroblastoma, United Auto Workers, and Illinois State Police Memorial Park plates	25
Annual renewal	25
Illinois EMS Memorial Scholarship and Training, and Illinois Fire Fighters Memorial plates	27
Annual renewal	17
4-H plates	40
Annual renewal	12

Agriculture in the Classroom, American Red Cross, Autism Awareness, Boy Scout/Girl Scout, Collegiate, Diabetes Awareness, Ducks Unlimited, Environmental, H Foundation—Committed to a Cure for Cancer, Illinois and Michigan Canal, Illinois Police K-9 Memorial, International Brotherhood of Teamsters, National Wild Turkey Federation, Pan Hellenic, Park District Youth Program, Pet Friendly, Professional Sports Teams, Illinois Public Broadcasting System Stations, Illinois Route 66, September 11, Soil and Water Conservation District, Sportsmen Series, St. Jude Children's Research Hospital, Support Our Troops, Violence Prevention, and Wildlife Prairie Park plates	40
Annual renewal	27
Education and Illinois Professional Golfers Association Foundation Junior Golf plates	40
Annual renewal	40
Law Enforcement Torch Run for Special Olympics and Public Safety Diver plates	45
Annual renewal	27
D.A.R.E. plates	45
Annual renewal	29
Curing Childhood Cancer plates	65
Annual renewal	52
Illinois Nurses plates	35
Annual renewal	22
Legion of Merit plates	0
Annual renewal	0

Motorcycles
(in addition to regular fee)

Vanity plate	50
Personalized plate	25

Trailers only

Up to 3,000 lbs.	18 to
to 40,000 lbs.	1,502

Vehicles with permanently mounted equipment
(trucks with mounted facilities, cranes, etc.)

Up to 10,000 lbs.	45 to
to 80,000 lbs.	385

Recreational Vehicles

Up to 8,000 lbs.	78† to
to 10,000 lbs. or more	102

Camping or travel trailers

Up to 3,000 lbs.	18 to
to 10,000 lbs. or more	50†

Farm trucks

Up to 16,000 lbs.	150 to
to 80,000 lbs.	1,490

Farm trailers	
Up to 10,000 lbs.	60 to
to 36,000 lbs.	650
Commercial vehicles—bus, truck, or truck trailers	
Up to 8,000 lbs.	99Δ to
to 80,000 lbs. with 5 or more axles	2,790
Former military vehicles	
Up to 26,000 lbs.	100 to
to 65,000 lbs.	1,000
(plus $25 or $75 per trailer, based on weight)	

* There is no additional charge for personalized or vanity plates in a military plate series, or for Gold Star recipient plates.

† A person who qualifies for the Benefit Access Program (which replaced the Circuit Breaker) gets a $75 discount from the fee to register one passenger vehicle weighing up to 8,000 pounds.

Δ For vehicles up to 8,000 pounds, the fee includes a $1 surcharge that goes to the State Police Vehicle Fund. The fee is $49.50 for anyone who was on active military duty outside the U.S. for at least 90 days of the preceding registration year.

The owner of a commercial vehicle has the option of buying a license based on its annual miles traveled. A $10 registration fee is included in the following rates by vehicle weight:

Gross weight of vehicle and load	*Minimum guaranteed mileage weight tax*	*Maximum mileage under guaranteed tax*	*Mileage weight tax for mileage over guaranteed mileage*
Bus, truck, or truck tractor			
Up to 12,000 lbs. to 80,000 lbs.	$ 83 to 1,425	5,000 to 7,000	2.6¢ to 27.5¢
Trailer			
Up to 14,000 lbs. to 40,000 lbs.	$ 85 to 760	5,000 to 7,000	3.1¢ to 15.0¢

A "commercial distribution fee" equal to 14.35% of total vehicle taxes is charged for use of the public highways, state infrastructure, and state services. This fee applies to commercial vehicles over 8,000 lbs., and to any under 8,000 lbs. that have claimed the sales and use tax exemption for rolling stock.

History: When Illinois motor vehicle laws were codified in 1919, license fees on cars ranged from $8 to $25 depending on horsepower (as estimated using a formula). Fees for commercial vehicles ranged from $12 to $60 depending on weight. The fees rose at times, but did not change between 1967 and 1984.

A revised fee schedule took effect January 1, 1984. License fees for small cars rose from $18 to $36 initially, and to $48 the next year. The fee for large cars rose from $30 to $48 immediately. Graduated fees on large commercial vehicles rose by as much as 66% (for semitrailers up to 40,000 pounds), and fees on recreational vehicles weighing over 10,000 pounds rose 44%.

In 1999, motor vehicle fees were again raised significantly. The annual passenger car registration fee rose from $48 to $78. Another 1999 law substantially raised annual registration fees on commercial vehicles.

A 2003 law raised motor vehicle license reinstatement fees. It also added several special plate types. Another 2003 law added a "commercial distribution" fee equal to 36% of total taxes imposed on commercial vehicles. (That percentage declined to 14.35% by July 2006.) A $20 fee for delinquent registration was added in 2004.

In 2009 the annual registration fee for passenger cars, motorcycles, and commercial vehicles up to 8,000 pounds rose from $78 to $79. Also in 2009, the fees for a driver's license, and for registration of passenger and small commercial vehicles, were each raised by $20. A 2012 law raised the annual registration fee for passenger cars, motorcycles, and commercial vehicles from $99 to $101 in 2013.

A 2010 law eliminated special license plate fees for six plates starting in 2010: World War II Veteran, Korean War Veteran, Universal Veteran, Vietnam Veteran, Army Combat Veteran, and U.S. Army Veteran plates.

A 2011 law eliminated special fees, starting in 2012, for seven plates: Paratrooper, Iraq and Afghanistan Campaigns, U.S. Navy, Distinguished Flying Cross, Operation Iraqi Freedom, and Women Veteran plates. It also reduced the fees for Korean Service and U.S. Marine Corps plates.

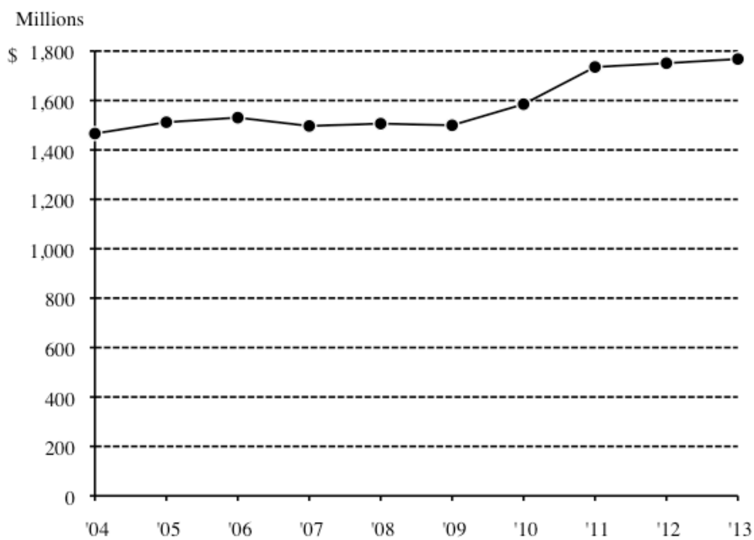
The original driver's license fee was $1. A fee of $10 for a 4-year license became law in 1983, and was raised to $30 in 2009.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$1,466.2	12.1%	2009	$1,499.7	-0.4%
2005	1,512.0	3.1	2010	1,585.1	5.7
2006	1,530.6	1.2	2011	1,735.5	9.5
2007	1,496.9	-2.2	2012	1,751.0	0.9
2008	1,506.3	0.6	2013	1,767.9	1.0

* Starting with FY 2009, the totals include revenue to the Secretary of State from two funds that were not included in earlier editions. Revenue from those two funds in FY 2009 totaled about $5.4 million.

† Starting with FY 2011, the totals exclude revenue to the Secretary of State and the Criminal Justice Information Authority from four funds. Revenue from those funds in FY 2012 totaled $22.0 million.



Distribution:

1. 37% of all registration fees and taxes received by the Secretary of State to the State Construction Account Fund.
2. $20 from each delinquent registration fee to the General Revenue Fund.
3. Of new revenues from additional personalized plate fees:
   (a) 50% to Special License Plate Fund.
   (b) 50% to General Revenue Fund.
4. $16 from each original driver's instruction permit, $5 from each original driver's license, $5 from each driver's license renewal, $4 from each restricted driving permit, and $4 from each monitoring device driving permit to the Driver's Education Fund.

5. 27% of each annual motorcycle registration fee (or 27% of each semiannual fee) and the $5 from original and renewal registrations with M or L endorsement to the Cycle Rider Safety Training Fund.
6 $6 of each original commercial driver's license, renewal license, or instruction permit fee to the Commercial Driver's License Information System/American Association of Motor Vehicle Administrators Network Trust Fund.
7. $20 of the total fee for a commercial driver's license or commercial driver's instruction permit to the Motor Carrier Safety Inspection Fund.
8. To the Drunk and Drugged Driving Prevention Fund:
   (a) $30 of each $250 reinstatement fee after suspension due to DUI.
   (b) $190 of each $500 reinstatement fee after a repeat suspension or revocation due to DUI, or after a summary revocation due to DUI.
9. To the General Revenue Fund:
   (a) $190 of each $250 reinstatement fee after suspension due to DUI.
   (b) $440 of each $500 reinstatement fee for a first revocation.
   (c) $310 of each $500 reinstatement fee for a later revocation.
   (d) $40 of each $70 reinstatement fee for other suspensions.
10. $30 of each $70 reinstatement fee for other suspensions under the Family Financial Responsibility Law, to the Family Responsibility Fund.
11. All money from Monitoring Device Driving Permit administration fees after a first DUI to the Monitoring Device Driving Permit Administration Fee Fund. For repeat DUI offenses, to the Secretary of State DUI Administration Fund.
12. From each registration for passenger cars, motorcycles, and commercial vehicles up to 8,000 pounds, $1 to the State Police Vehicle Fund.
13. From each certificate of title, and each duplicate and corrected certificate:
   (a) $48 to the Road Fund.
   (b) $4 to the Motor Vehicle License Plate Fund.
   (c) $3.25 to the Park and Conservation Fund.

At least part of the fees for most special license plates go to the Secretary of State Special License Plate Fund, as described below:

- All fees to the Special License Plate Fund: Custom Vehicle, Deceased Police Officer or Fire Fighters Memorial, Mayor/Village President, Street Rod, Universal Charitable Organization, and West Point Bicentennial plates.

- $15 from initial plate, and $2 from annual renewal to the Special License Plate Fund: 4-H, Agriculture in the Classroom, Alzheimer's Awareness, American Red Cross, Autism Awareness, Boy Scout and Girl Scout, Chicago and Northeast Illinois District Council of Carpenters, Collegiate, Curing Childhood Cancer, D.A.R.E., Diabetes Awareness, Ducks Unlimited, Education, Environmental, H Foundation—Committed to a Cure for Cancer, Hospice, Illinois and Michigan Canal, Illinois Fire Fighters' Memorial, Illinois Fraternal Order of Police, Illinois Nurses, Illinois Police Benevolent and Protective Association, Illinois Police K-9 Memorial, Illinois Police Memorial, Illinois Professional Golfers Association Foundation Junior Golf, Illinois Public Broadcasting System Stations, Illinois Route 66, Illinois State Police Memorial Park, Knights of Columbus, Law Enforcement Torch Run for Special Olympics, Lewis and Clark Bicentennial, Mammogram, Master Mason, National Wild Turkey Federation, Organ Donor Awareness, Ovarian Cancer Awareness, Pan Hellenic, Park District Youth Program, Pet Friendly, Prince Hall Freemasonry, Professional Sports Teams, Public Safety Diver, Retired Law Enforcement, Rotary Club, September 11th, Sheet Metal Workers International Association of Illinois, Soil and Water Conservation District, Sportsmen, St. Jude Children's Research Hospital, Stop Neuroblastoma, Support Our Troops, U.S. Air Force, Violence Prevention, and Wildlife Prairie Park plates.

For the Illinois Congressional Delegation Retired Member plate, the $15 initial fee goes to the Fund and the $2 biennial renewal fee goes to the Retired Members of the Illinois Congressional Delegation Fund. For Share the Road plates, $5 of the initial fee and $2 of the annual renewal fee goes to the Fund.

All fees for the Marine Corps plate go to the Marine Corps Scholarship Fund; all fees for the Korean Service plate go to the Korean War Memorial Construction Fund.

All fees not designated by law for the Special License Plate Fund go to the special funds listed below:

- $25 from initial plate and $25 from annual renewal: Agriculture in the Classroom Fund (Agriculture in the Classroom plate), American Red Cross Fund (American Red Cross plate), Autism Awareness Fund (Autism Awareness plate), Boy Scout and Girl Scout Fund (Boy Scout and Girl Scout plate), Diabetes Research Checkoff Fund (Diabetes Awareness plate), Ducks Unlimited Fund (Ducks Unlimited plate), H Foundation—Committed to a Cure for Cancer (Committed to a Cure Fund), Illinois and Michigan Canal Fund (Illinois and Michigan Canal plate), Illinois Habitat Fund (Sportsmen plate), Illinois Police K-9 Memorial Fund (Illinois Police K-9 Memorial plate), Illinois Route 66 Heritage Project Fund (Illinois Route 66 plate), International Brotherhood of Teamsters Fund (International Brotherhood of Teamsters plate), National Wild Turkey Federation Fund (National Wild Turkey Federation plate), Pan Hellenic Trust Fund (Pan Hellenic plate), Park District Youth Program Fund (Park

District Youth Program plate), Pet Population Control Fund (Pet Friendly plate), Professional Sports Teams Education Fund (Professional Sports Teams plate), Public Broadcasting Fund (Public Broadcasting System Stations plate), September 11 Fund (September 11 plate), Soil and Water Conservation District Fund (Soil and Water Conservation District plate), St. Jude Children's Research Fund (St. Jude Children's Research Hospital plate), State College and University Trust Fund or University Grant Fund (Collegiate plate), State Parks Fund (Environmental plate), Support Our Troops Fund (Support Our Troops plate), Violence Prevention Fund (Violence Prevention plate), and Wildlife Prairie Park Fund (Wildlife Prairie Park plate).

- \$10 from initial plate and \$23 from annual renewal: Alzheimer's Awareness Fund (Alzheimer's Awareness plate), Chicago and Northeast Illinois District Council of Carpenters Fund (Chicago and Northeast Illinois District Council of Carpenters plate), Chicago Police Memorial Foundation Fund (Chicago Police Memorial Foundation plate), Fraternal Order of Police Fund (Illinois Fraternal Order of Police plate), Hospice Fund (Hospice plate), Illinois Police Association Fund (Illinois Police Association plate), Illinois Police Benevolent and Protective Association Fund (Illinois Police Benevolent and Protective Association plate), Illinois Sheriffs' Association Scholarship and Training Fund (Retired Law Enforcement plate), Illinois State Police Memorial Park Fund (Illinois State Police Memorial Park plate), Knights of Columbus Fund (Knights of Columbus plate), Mammogram Fund (Mammogram plate), Master Mason Fund (Prince Hall Freemasonry plate and Master Mason plate), Organ Donor Awareness Fund (Organ Donor Awareness plate), Ovarian Cancer Awareness Fund (Ovarian Cancer Awareness plate), Police Memorial Committee Fund (Police Memorial Committee plate), Rotary Club Fund (Rotary Club plate), Sheet Metal Workers International Association of Illinois Fund (Sheet Metal Workers International Association of Illinois plate), Stop Neuroblastoma Fund (Stop Neuroblastoma plate), and United Auto Workers' Fund (United Auto Workers plate).

- \$25 from initial plate and \$38 from annual renewal: Illinois Future Teacher Corps Scholarship Fund (Education plate) and Illinois Professional Golfers Association Foundation Junior Golf Fund (Illinois Professional Golfers Association Foundation Junior Golf plate).

- \$12 from initial plate and \$15 from annual renewal: Illinois Fire Fighters' Memorial Fund (Illinois Fire Fighters' Memorial plate) and Illinois EMS Memorial Scholarship and Training Fund (Illinois EMS Memorial Scholarship and Training plate).

- \$30 from initial plate and \$25 from annual renewal: Special Olympics Illinois Fund (Law Enforcement Torch Fund for Special Olympics plate) and Public Safety Diver Fund (Public Safety Diver plate).

- $50 from initial plate and $50 from annual renewal: Curing Childhood Cancer Fund (Curing Childhood Cancer plate).
- $25 from initial plate and $10 from annual renewal: 4-H Fund (4-H plate).
- $20 from initial plate and $20 from annual renewal: Illinois Nurses Foundation Fund (Illinois Nurses plate).
- $17 from initial plate and $20 from annual renewal: Share the Road Fund (Share the Road plate).
- $5 from initial plate and $18 from annual renewal: Octave Chanute Aerospace Heritage Fund (U.S. Air Force plate).

For the D.A.R.E. license plate, $10 from initial registration and $9 from annual renewal goes to each of the following funds: State D.A.R.E. Fund, County D.A.R.E. Fund (if the county where the applicant lives has a D.A.R.E. program; otherwise to the State D.A.R.E. Fund), and Municipal D.A.R.E. Fund (if the municipality where the applicant lives has a D.A.R.E. program; otherwise to the County D.A.R.E. Fund or State D.A.R.E. Fund).

15. $17 from the $30 fee for a certificate of title for an off-highway, all-terrain vehicle, or off-highway motorcycle to the Off-Highway Vehicle Trails Fund.
16. All of the $30 fee for an expedited certificate of title to the Motor Vehicle License Plate Fund.
17. All money from the commercial distribution fee to the General Revenue Fund.
18. All other money from certificates of title and filing of security interests to the General Revenue Fund.
19. All revenue from driver's license and registration fee increases that took effect in the 2010 registration year to the Capital Projects Fund.
20. All other money received by the Secretary of State from driver's license and motor vehicle registration fees to the Road Fund.

Other vehicle taxes

Federal: A federal tax applies only to trucks (including trailers) weighing over 55,000 lbs., at the following rates:

Taxable gross weight	*Tax rate*
55,000 to 75,000 lbs.	$100 + $22 per 1,000 lbs. over 55,000
Over 75,000 lbs.	$550

Local: State law allows any municipality to tax motor vehicles owned by its residents at rates set by its governing body (65 ILCS 5/8-11-4). Home-rule units can tax motor vehicles that are registered in their jurisdictions, as some do.

Comparison of states' taxes

Drivers' license fees range from $15 for 6 years ($2.50 per year) in North Dakota to $48 for 4 years ($12 per year) in Vermont. The following 24 states each charge a flat fee for vehicle registration:

State	*Fee*	*State*	*Fee*
Illinois	**$101**	Alabama	$23
Wisconsin	75	Kentucky	21
Vermont	70[a]	Georgia	20
Alaska	50[b]	Wyoming	15[f]
California	46[c]	Mississippi	12.75[g]
Oregon	43[b]	Massachusetts	25[b, h]
Connecticut	40[b]	South Carolina	12[b, i]
Delaware	40	Minnesota	45[j]
Pennsylvania	36	Arizona	8[k]
Maine	35		
Ohio	34.50[d]		
Nevada	33[e]		
West Virginia	30		
North Carolina	28		
Tennessee	24		

Notes

a. Vermont charges $27 instead for a diesel-powered pleasure car.
b. The official charge is twice the amount listed in the table, but is imposed biennially. In Connecticut, only persons at least 65 may renew annually. In Oregon, new vehicles are registered for 4 years.
c. California also charges a vehicle registration fee of 0.65% of purchase price.
d. Ohio localities also charge vehicle taxes.
e. Nevada charges $33 for the first four vehicles. After that, the fee declines to $8 for the 9th and each additional vehicle registered.
f. A fee for counties is also charged based on factory price.
g. Mississippi also charges a $15 privilege tax, and an *ad valorem* tax based on a vehicle's assessed value.
h. Massachusetts also charges an excise tax based on the value of the vehicle.
i. South Carolina's charge is only $10 per year of registration if 65 or older, or disabled; or $11 if 64 years old when registering.
j. Minnesota charges $10 plus a fee of 1.25% of the vehicle's base value (minimum $35).
k. $8.25 in Phoenix and Tucson. A vehicle license tax is also charged, based on a vehicle's assessed value.

Nine states base registration fees on vehicle weight: Arkansas ($19.50-$32.50), Florida ($225 initial registration, then $47.35-$71.85), Kansas ($39-$49), Maryland ($67.50-$93.50), New Hampshire ($31.20-$55.20), New York ($13-$70), Rhode Island ($35-$977+), Texas ($50.75-$54+), and Virginia ($40.75-$51.75). Three states charge flat registration fees plus additional weight taxes: Colorado ($22.50-$55 plus 20¢-60¢ per 100 lbs. over stated weights), Hawaii ($45 plus 1.75¢-2.25¢ per pound), and Washington ($33.75 plus $10-$30 based on weight). Five states base registration fees on both the age and weight of the vehicle: New Jersey ($35.50-$84), New Mexico ($27-$62), North Dakota ($49-$274), and South Dakota ($21-$120), and Utah ($43-$69.50, plus $10-$150 based on vehicle age). Iowa's registration fee is based on a percentage of value as determined by the Department of Motor Vehicles, plus 40¢ per 100 pounds of vehicle weight. Nebraska charges $20 plus a fee based on the vehicle's value and weight.

Registration fees are based on vehicle age in Montana ($28-$217) and Oklahoma ($21-$91). Idaho charges $35 to $60 based on vehicle age and county of residence. Louisiana's biennial fee ranges from $20 to $82, based on a percentage of value. Indiana charges $21.05 plus an excise tax based on the vehicle's value and age, ranging from $12 to $532. Missouri's fee is $18.25 to $51.25 based on horsepower (as calculated using a formula). Michigan registration fees range from $30 to $148 or more based on age and either list price or weight.

Graduated fees for commercial vehicles vary considerably by state.

The fees described above are basic registration fees. Many states impose additional surcharges or taxes.

Estate and Generation-Skipping Transfer Tax (Death Taxes)

The Illinois estate tax is imposed on a decedent's estate before distribution to heirs. The amount of the tax is calculated after allowable deductions. Until 2003, the amount of this tax was equal to the "state tax credit" allowed by the Internal Revenue Code against each estate's federal estate tax liability (if any). An estate too small to have federal estate tax liability also had no Illinois estate tax liability. But a 2001 federal law phased out the federal credit over 4 years, which would have effectively ended Illinois' estate tax by 2005. In 2003 the General Assembly responded by 'decoupling' the Illinois estate tax from the federal tax—making it (in 2003-2009 only) what it would have been if the 2001 federal change had not taken place. In lieu of the former credit for state death taxes, the Internal Revenue Code now allows any state death tax on an estate to be deducted from the estate before federal estate tax is applied to it (similar to the deduction of state income taxes paid when calculating federal taxable income).

The General Assembly did follow Congress in one respect, by allowing the threshold at which an estate becomes subject to the Illinois estate tax (formerly $1 million) to rise to $1.5 million in 2004 and 2005, and $2 million in 2006-2008. The amount free of federal estate tax was $3.5 million in 2009, with a 45% rate applying to anything beyond that level; but the threshold amount for Illinois estate tax remained at $2 million (subject to a reduction in the adjusted taxable estate for any "qualified terminable interest property" as defined in the Internal Revenue Code). For persons dying in 2010 through 2012, the amount free of federal estate tax was $5 million (adjusted for inflation in 2012), with a 35% rate applying to anything beyond that level. For persons dying in 2013, the amount free of federal estate tax was $5.25 million. In 2014, $5.34 million is free of federal estate tax, with a 40% rate applying to anything beyond that. No Illinois estate tax applied in 2010; the threshold amount for Illinois estate tax in 2011 was $2 million. In 2012 it rose to $3.5 million. Starting in 2013 it is $4 million.

The federal estate tax, and the Illinois estate tax, exempt all property left to a decedent's surviving spouse—including the decedent's interest in any property that was jointly owned by both spouses. Only the amount of an estate that passes to persons other than the surviving spouse is taxed.

The federal estate tax was repealed as scheduled at the end of 2009. But a December 2010 federal law imposed new rates, retroactive to the beginning of 2010. As noted above, the first $5.34 million of an estate is free of federal tax, with amounts beyond that taxed at a rate of 40%.

Since the federal estate tax ceased to exist for most of 2010 (the federal law reinstating it retroactive to the start of that year was not enacted until December 2010), and the Illinois estate tax was based on the (then nonexistent) federal credit, no Illinois estate tax applied to estates of persons dying in 2010. The Illinois estate tax was scheduled to reappear in 2011 and equal the "state tax credit" allowed by the Internal Revenue Code against each estate's federal tax liability. But the 2010 federal law extended the elimination of that state tax credit through 2012, so there would have been no Illinois estate tax until 2013. However, a January 2011 Illinois law made the Illinois estate tax equal to the "state tax credit" allowed by the Internal Revenue Code before enactment of the 2001 law phasing it out, so Illinois estate tax has applied again beginning in 2011.

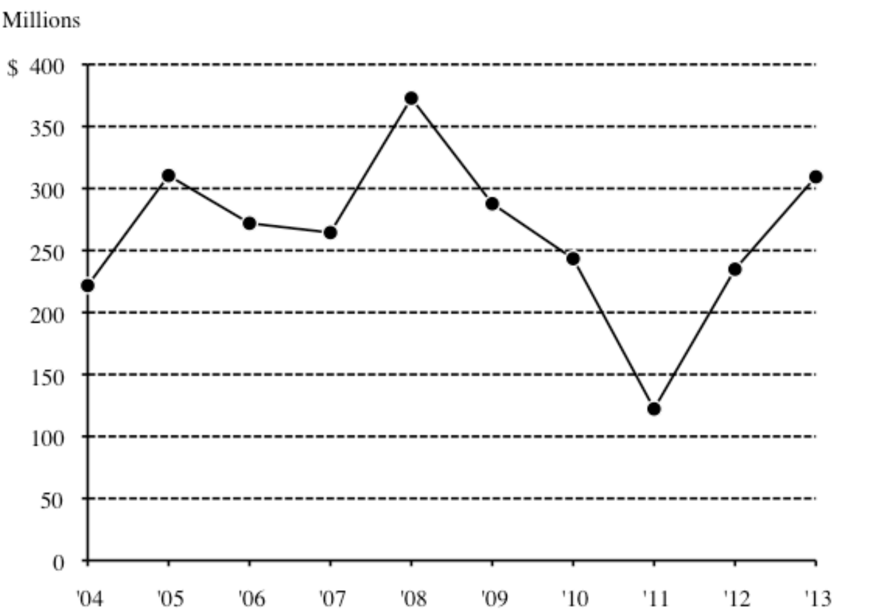
The Illinois generation-skipping transfer tax applies to bequests in which the transferor is at least two generations removed from the transferee (typically the transferor's grandchildren). It is not often levied, because the federal generation-skipping tax does not apply to the first $5.34 million of such transfers, and the Illinois generation-skipping tax does not apply to the first $4 million. Like the federal estate tax, the federal generation-skipping transfer tax was applied retroactively to 2010; but its rate for 2010 was set at 0%, so there was effectively no federal generation-skipping transfer tax in 2010. Starting in 2011, the rate is equal to the highest estate tax rate in effect for the year (35% in 2011 and 2012 and 40% in 2013). Administered by Attorney General and State Treasurer. (35 ILCS 405/1 ff.; see also 26 U.S. Code secs. 2001, 2010, 2058, 2602, 2604, 2631, and 2641)

History: From 1949 until 1983, Illinois imposed two taxes at death—an inheritance tax and an estate tax. The inheritance tax was abolished for persons dying after 1983.

Illinois imposed an estate tax based on the federal estate tax beginning in 1949. It was initially set at 80% of the federal estate tax, minus state inheritance tax due. A 1955 amendatory act set the amount of the estate tax at the maximum credit against estate taxes allowed by the federal government for state death taxes (minus any inheritance tax due to the state—which since 1983 has been zero). Congress enacted a 4-year phaseout of the federal credit for state death taxes starting in 2002, reducing Illinois collections in calendar years 2002 and 2003. A 2003 Illinois law caused the rates of Illinois estate tax to revert to their pre-phaseout levels.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$221.7	-6.4%	2009	$287.7	-22.8%
2005	310.4	40.0	2010	243.4	-15.4
2006	271.9	-12.4	2011	122.2	-49.8
2007	264.4	-2.8	2012	234.9	92.1
2008	372.8	41.0	2013	309.4	31.7



Distribution:
1. 94% to the General Revenue Fund.
2. 6% to the Estate Tax Refund Fund for refunding estate tax overpayments.

Other taxes on estates
Local: None are authorized by statute. Home-rule units likely could impose inheritance taxes, but they might be avoided by moving outside the unit imposing them before death.

Other states' taxes

Fourteen other states either retained their estate taxes after repeal of the federal estate tax credit, or reinstated them later:

Connecticut	Massachusetts	Rhode Island
Delaware	Minnesota	Tennessee*
Hawaii	New Jersey	Vermont
Maine	New York	Washington
Maryland	Oregon	

* Tennessee's estate tax, called an inheritance tax, is scheduled to end after 2015.

Six states impose their own inheritance taxes in addition to estate taxes:

Iowa	Pennsylvania
Kentucky	
Maryland*	
Nebraska	
New Jersey*	

* Maryland and New Jersey impose both an estate tax and an inheritance tax.

Two states impose their own gift taxes in addition to estate taxes:

Connecticut
Minnesota

Health-Care Assessments

Assessments are collected from medical providers to help fund Illinois' participation in the state's Medical Assistance (Medicaid) program, helping the state to qualify for the maximum amount of federal matching funds. The pool of federal plus state money so obtained goes to medical providers to treat patients. The providers receiving those payments (and paying these assessments) are hospitals, nursing homes, and facilities for the developmentally disabled. (305 ILCS 5/5A-1 ff., 5/5B-1 ff., 5/5C-1 ff., 5/5E-1 ff., and 5/15-1 ff.)

Rates and Bases

1. Hospital provider assessment: $218.38 per occupied hospital bed-day (except Medicare bed-days), through 2014; and 0.8766% of outpatient gross revenue from June 10, 2012 through December 31, 2014.
2. Developmentally disabled care provider assessment: 6% of the provider's adjusted gross developmentally disabled care revenue in the preceding fiscal year (or the maximum allowed under federal regulations, whichever is less).
3. County hospital provider assessment (applies to Cook County Hospital only): an amount equal to the difference between total payments made from the County Provider Trust Fund to county hospital providers and the total federal financial participation monies received by the Fund.
4. Nursing home license fee: $1.50 per licensed nursing bed-day.
5. Long-term-care provider assessment: $6.07 per occupied bed-day (except Medicare bed-days).

History: The original assessments became law in July 1991 and have changed considerably over the years.

1. Hospital services assessment: Initially this was equal to the positive difference between a hospital's anticipated annualized spending and its total Medicaid base-year spending. This was replaced by hospital provider assessment fees that declined over time from 2.5% in July 1992 to 1.25% (adjusted for Cigarette Tax contributions and changes in statewide hospital revenues) from July 1995 until July 1996, when the formula was changed again. Collection of these fees ceased in April 1997.

   A 2004 act imposed a hospital services assessment of $84.19 per occupied bed-day for fiscal years 2004 and 2005, beginning February 3, 2004. This assessment is reflected in the revenue collections shown on the next page for fiscal year 2005 (the first deposit reportedly was in March 2005).

A 2005 act imposed a hospital services assessment of 2.5835% of each provider's adjusted gross hospital revenue for inpatient and outpatient services in fiscal years 2006 through 2008, beginning August 1, 2005. This assessment is not reflected in the fiscal year 2006 revenue collections reported below; the fiscal year 2008 collections reflect 2 years' assessments.

An act effective August 19, 2008 imposed a hospital services assessment of $218.38 per occupied hospital bed-day, except Medicare bed-days, during fiscal years 2009 through 2014. A 2012 act extended that assessment to December 31, 2014, and added an assessment equal to 0.8766% of outpatient gross revenue from July 1, 2012 through December 31, 2014. A 2013 act retroactively started the additional assessment on June 10, 2012.

2. Long-term-care assessment (nursing homes): 15% of each facility's gross receipts for services provided in the last state fiscal year. This was replaced by a long-term-care provider assessment fee from July 8, 1992 through June 30, 1993. This fee was abolished July 1, 1993 and replaced by the Nursing Home License Fee. A new long-term-care provider assessment took effect July 1, 2011.

3. Developmentally disabled assessment: Initially, this was equal to 15% of a facility's gross receipts for services provided in the preceding state fiscal year. This was replaced by a developmentally disabled care provider assessment fee of 13% from July 1, 1992 through June 30, 1993. The current assessment took effect July 1, 1993.

4. County hospital services assessment (on Cook County Hospital): An amount equal to 60% of the difference between total payments to Cook County Hospital from federal Medicaid assistance funds and $78 million. That percentage was 63% from July 8, 1992 through July 13, 1993. Beginning July 14, 1993, the assessment was 71.7% of the difference between total payments to Cook County Hospital from federal Medicaid assistance funds and $108.8 million, not to exceed the state's net payments to the county for hospital services after federal reimbursement. The current assessment took effect August 19, 2008.

State revenue collected

	*Hospital services**		*County hospital services*	
Fiscal year	*Receipts (millions)*	*Change*	*Receipts (millions)*	*Change*
2004	-	-	$827.0	12.3%
2005	$ 637.0	∞	895.8	8.3
2006	-	-	816.2	-8.9
2007	732.8	∞	720.0	-11.8
2008	1,462.8	99.6%	659.8	-8.4
2009	899.1	-38.5	747.9	13.4
2010	874.8	-2.7	629.2	-15.9
2011	908.6	3.9	655.5	4.2
2012	889.7	-2.1	720.2	9.9
2013	892.9	0.4	696.1	-3.3

Notes

∞ (the symbol for infinity) for FYs 2005 and 2007 reflects the fact that collections in each of those years rose from zero in the preceding year.

* No assessments were collected from April 1, 1997 until February 3, 2004. The 2005 collections reflect a tax of $89.14 per occupied bed-day.

	Nursing home license fee		*Developmentally disabled*	
Fiscal year	*Receipts (millions)*	*Change*	*Receipts (millions)*	*Change*
2004	$54.1	-13.2%	$20.0	5.3%
2005	57.9	7.0	20.6	3.0
2006	53.1	-8.3	20.4	-1.0
2007	55.5	4.5	20.7	1.5
2008	47.7	-14.1	18.8	-9.2
2009	57.2	19.9	19.8	5.3
2010	51.8	-9.4	19.1	-3.5
2011	52.0	0.4	18.9	-1.1
2012	47.3	-9.1	20.3	7.3
2013	47.1	-0.3	20.1	-0.7

	Total all health-care provider fees	
Fiscal year	*Receipts (millions)*	*Change*
2004	$ 901.1	10.2%
2005	1,611.3	78.8
2006	889.7	-44.8
2007	1,529.0	71.9
2008	2,189.2	43.2
2009	1,723.9	-21.3
2010	1,574.9	-8.6
2011	1,635.0	3.8
2012	1,677.4	2.6
2013	1,656.3	-1.3

Distribution

1. Hospital services assessment fee: Hospital Provider Fund
   (a) Hospital Provider Fund
   (b) For FYs 2009 through 2014: Up to $20 million of total assessments transferred to the Health and Human Services Medicaid Trust Fund; up to $30 million to the Long-Term Care Provider Fund; and up to $80 million to the General Revenue Fund. For FY 2015: Up to $10 million of total assessments to the Health and Human Services Medicaid Trust Fund; up to $15 million to the Long-Term Care Provider Fund; and up to $40 million to the General Revenue Fund.
   (c) For FYs 2013 and 2014: Up to $50 million of the assessment on outpatient gross revenue to Healthcare Provider Relief Fund. For FY 2015: Up to $25 million of the assessment on outpatient gross revenue to Healthcare Provider Relief Fund.
2. Nursing home license fee and long-term-care provider assessment: Long-Term Care Provider Fund.
3. Developmentally disabled assessment fee: Care Provider Fund for Persons with a Developmental Disability.
4. County hospital services assessment (Cook County Hospital): County Provider Trust Fund.

Other taxes on medical providers

Federal: None.

Local: None.

Other states' taxes

Medicaid costs have soared in recent decades. Other states, like Illinois, have tried to reduce its effects on their budgets by adopting a variety of assessments and fees. Some tax each provider's gross receipts; others base each provider's assessment on its portion of Medicaid disbursements in the state; still others tax the number of licensed beds in a facility by patient- day, month, or year. It is not possible to summarize the broad and constantly changing pattern accurately, but the following description is the best available as of early 2014.

Federal law and regulations restrict what kinds of assessments states can use to match federal Medicaid payments. In general, the federal government does not allow a state to guarantee that every health-care provider will get back, in higher Medicaid payments, the entire amount that it pays in assessments.

Hospital-care assessments are imposed by at least 37 other states, at rates as follows:

State	*Assessment rates*
New Jersey	0.53% of total operating revenue, plus $10 per admission, adjusted by a ratio of total gross revenue to inpatient gross revenue
New York	1% of gross inpatient services revenue (set to expire at the end of 2014), plus 0.35% of gross receipts from all patient care services, and plus an assessment based on each hospital's proportion of costs reported by all general hospitals statewide, limited to 0.1% of such statewide total costs
Georgia	1.45% of net patient revenues
Florida	1.5% of net operating revenues for inpatient services, and 1% of such revenues for outpatient services
Kansas	1.83% of fiscal year 2001 net operating revenue
Colorado	Up to 1.983% of total outpatient charges, plus up to $82.44 per managed-care inpatient day and up to $368.45 per day for all other inpatient days (set by state agency)
Minnesota	2% of gross revenues, plus 1.56% of net patient revenue minus Medicare revenue
Maine	2.23% of calendar year 2008 net operating revenue
Kentucky	2.5% of gross receipts in fiscal year 2006
Oklahoma	Up to 4% of net patient revenue
West Virginia	2.5% of gross receipts (plus 0.45% of gross receipts of some acute-care hospitals)
Hawaii	3.0% of net outpatient revenue (may not exceed 3% of total Medicare revenue in FY 2010), plus 2.471% of net inpatient revenue (through June 30, 2014)
Pennsylvania	3.22% of net inpatient revenue (through FY 2016)
Tennessee	4.52% of net patient revenue (through June 30, 2014)
Connecticut	4.6% of net patient revenue
Oregon	5.3% of net revenue (set annually by state agency)
Rhode Island	5.35% of net patient revenue in fiscal year 2011
Alabama	5.5% of 2009 net patient revenue (through fiscal year 2016)
New Hampshire	5.5% of net charges for patient services
Missouri	5.95% of 2007 net revenues
Vermont	6.0% of net inpatient revenues

Montana's assessment is $50 per inpatient bed-day. Michigan charges $8.28 per licensed bed annually, plus an amount based on federal limits on hospital fees. Arizona charges up to $125.25 per discharge; discharges over 29,000 per year at any one institution incur a charge of only $12.50

each. State agencies set assessment rates in Arkansas, California, Idaho, Indiana, Mississippi, North Carolina, and Wisconsin, subject only to federal limits on hospital fees; but the rate for private hospitals in Idaho may not exceed 2.5% of net patient revenue. Ohio's fee is set by the Department of Jobs and Family Services, and may not exceed 2% of total facility costs. Maryland's fee covers the expenses of the Health Care Commission; fees are paid by hospitals, nursing homes, and health care practitioners. Hospital fees are apportioned based 50% on the percentage of all hospital admissions in the state, and 50% on the percentage of gross operating revenues at hospitals in the state. Massachusetts' fee is based on acute care hospitals' ratio of private sector charges to all such charges in the state. It also has a surcharge based on the ratio of receipts for services at acute hospitals and ambulatory surgical centers to all such receipts in the state. Facilities also cover at least 33% of the expenses of the Health Policy Commission and the Center for Health Information and Analysis. South Carolina's tax is based on each hospital's total expenditures as a percentage of total statewide hospital expenditures, with a rate that will collect at least $264 million annually. Connecticut (in addition to its assessment described above) assesses each hospital a share of expenditures of the state Department of Public Health, Office of Health Care Access. Utah's rate is set by the state Division of Health Care Financing, based on each hospital's Medicaid reimbursements. That tax may collect up to $1 million annually. Washington's rates vary widely based on type of hospital and annual receipts.

Nursing-home care assessments, levied by at least 42 other states, are generally either amounts per bed-day or per resident-day, or percentages of revenues. Assessments per resident-day or bed-day are shown below. An asterisk (*) indicates that an assessment is per resident-day; all others are per bed-day.

State	*Daily assessment*	*State*	*Daily assessment*
Nebraska	$3.50*	New Jersey	11.92
Iowa	5.26*	Colorado	12.00
Kansas	5.34	Missouri	12.11*
Wisconsin	5.59	Utah	14.57*
Tennessee	6.10	California	15.43*
Minnesota	7.71	Vermont	13.48
Montana	8.30	North Carolina	17.50
Alabama	11.04		
Louisiana	10.00		
Ohio	11.67		

* Assessments in these states are per resident-day.

Eleven other states impose assessments that are percentages of revenues: Kentucky, up to 1%, 2%, or 6% of average daily revenue per patient bed (depending on type of facility); Arizona, up to 3.5% of net patient service revenue; Hawaii, up to 4% of net patient service revenue; Rhode Island, 5.5% of gross patient revenue; New Hampshire, 5.5% of net patient services revenue; West Virginia, 5.5% of gross receipts by nursing facilities; Arkansas, 6% of statewide gross receipts for services; Maine, 6% of net operating revenue; New York, 6.8% of gross receipts at any residential care facilities; and Oregon, up to 6% of gross revenue. In Oklahoma, the total amount to be collected is equal to 6% of total gross revenues of all such facilities divided by total number of patient-days; that amount is apportioned among individual nursing homes based on their number of patient-days. Assessments in Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Kansas, Michigan, Mississippi, Nevada, Ohio, Pennsylvania, Washington, and Wyoming are set by state agencies, subject to federal limits on nursing home assessments. Delaware's fee may be up to $26 per resident-day. Massachusetts' rate (based on non-Medicare patient-days) must be sufficient to collect $145 million annually. In Pennsylvania it must be sufficient to collect at least $50 million annually. Maryland's fees are based 50% on the ratio of a nursing home's admissions to all admissions in the state, and 50% on the ratio of its gross operating revenue to total revenues statewide. Michigan's fee may not exceed 6% of total industry revenues; the state also charges $2.20 per licensed bed annually.

Health-care assessments for services to the developmentally disabled are imposed by at least 30 states. Assessments that are stated as percentages of revenue are:

State	*Assessment rate*
Kentucky	4% of gross receipts
Colorado	5% of annual costs
Missouri	5.95% of net revenues
Iowa	5.5% of gross receipts
New York	5.5% of gross receipts
South Dakota	5.5% of net receipts
Tennessee	5.5% of gross receipts
Texas	5.5% of gross receipts
West Virginia	5.5% of gross receipts
Vermont	5.9% of expenses
California	6% of gross receipts
Indiana	6% of gross receipts
Maine	6% of gross receipts
Washington	6% of gross receipts
Nebraska	6% of net revenue
Montana	6% of gross revenue

Seven states charge based on the number of beds or patients: Connecticut, $53.81 per resident-day; North Carolina, $20.36 per non-Medicare patient-day; Utah, $6.50 per patient-day; South Carolina, $8.50 per patient-day; Florida, $14.23 per resident-day; Louisiana, up to $30 per occupied bed-day; Ohio, $18.24 per bed-day ($18.17 starting in fiscal year 2015); and Minnesota, $3,679 per licensed bed per year. Arkansas's fee is set by its Department of Human Services, and must be enough to collect a total equal to 6% of gross receipts of all intermediate-care facilities for the developmentally disabled in the state. North Dakota's rate is set by its Department of Human Services; total collections may not exceed 1.5% of gross revenues of all such facilities in the state in the preceding year. The rates in Colorado, Connecticut, Florida, Idaho, Kentucky, Mississippi, Pennsylvania, Texas, Utah, and Wisconsin are set by state agencies within federal limitations. Wisconsin may charge up to $910 per licensed bed per month.

At least 15 states tax HMOs and similar organizations. Arizona collects 2% of premium revenues from managed-care organizations. Kansas charges 5.9% of all non-Medicare premiums collected by an HMO that has a state Medicaid managed-care contract. Kentucky collects 2% of gross revenue for HMO services, and 5.5% of gross revenue for Medicaid managed-care organization services. Maryland collects revenues from HMOs based on their portions of all premiums written in the state. Michigan collects 1% of paid claims of an insurer, HMO, or prepaid health plan. Minnesota collects a surcharge of 0.6% of total premium revenues on HMOs and Community Integrated Service Networks. New Jersey charges 2% of net written premiums collected by HMOs. New Mexico collects 3.003% of gross premiums and of membership and policy fees. North Carolina collects 1.9% of an HMO's gross premiums. Ohio charges managed-care organizations a 5.75% sales tax. Oregon collects 1% of managed-care premiums. Pennsylvania collects 5.9% of gross receipts from a Medicaid managed-care contract. Rhode Island charges 2% of gross premiums on insurance contracts of nonprofit hospitals, medical services corporations, HMOs, and nonprofit dental service corporations. Tennessee collects 5.5% of an HMO's gross collections from enrollees. Texas charges 0.875% of the first $450,000 of an HMO's gross revenues, and 1.75% of the remainder.

Eight states tax ancillary service providers. Florida charges 1% of net operating revenues of ambulatory surgical centers, clinical laboratories, and diagnostic imaging centers. Louisiana charges a medical service transportation providers' fee of up to $7.50 per trip. Minnesota imposes a health-care tax of 2% of gross revenue on surgical centers, wholesale drug distributors, hearing aid sales and repair places, and providers of prescription eyewear. The Missouri Department of Social Services sets rates of up to 6% of gross receipts (which may be graduated) for ambulatory services. New Jersey imposes a tax on ambulatory care facilities with annual gross receipts over $300,000 at 2.95% of gross receipts (subject to a maximum of $350,000 per year from a single facility). Rhode Island charges 2% of net patient services revenue of outpatient medical facilities and providers of imaging services. West Virginia imposes a tax on gross receipts of 5.5% on ambulance services; 5.0% on independent laboratory, X-ray, and behavioral health services; and 1.75% on ambulatory service centers, chiropractic services, nursing services, dentists, opticians, optometric services, podiatric services, and therapists. Wisconsin's Department of Health Services sets rates for ambulatory service centers, subject to federal limits.

Five states tax community and home care services. Kentucky charges 2% of gross revenue of home health-care services and up to 4% of gross revenue of community mental health services. Maine imposes a tax of 5% on the value of community support services for people with mental health diagnoses, mental retardation, or autism, and home support services. Missouri's Department of Social Services sets a rate for in-home services, up to 6.5% of gross receipts. New York charges 6.8% of gross receipts of residential health-care facilities. Vermont imposes a tax of 19.3% of non-Medicare net operating revenues of home health agencies (up to 6% of net patient revenue).

Five states tax pharmacy services. Three of those collect fixed amounts per prescription (10¢ in Alabama, Louisiana, and Vermont). Minnesota collects 2% of the charge for each prescription. Missouri taxes gross retail prescription receipts at a rate set by the Department of Social Services (1.82%), up to 6%.

Four states tax psychiatric services. Kentucky charges up to 5.5% of gross revenue for psychiatric residential treatment. Mississippi collects from psychiatric residential treatment facilities rates up to the maximum allowed under federal law. Vermont imposes a tax of 4.21% of net patient revenues for mental hospitals and psychiatric care facilities. West Virginia collects 1.75% of gross receipts from providing psychological services.

Minnesota and West Virginia charge 2% of gross revenue from physicians' services.

Connecticut charges 1.75% of net direct subscriber charges by health-care centers. Maine collects 5% of charges at private, nonmedical institutions. As mentioned above, Maryland imposes an annual assessment on all medical practitioners except pharmacists, and on self-insured health-care groups based on the ratio of their premiums to total earned premiums of all payers in the state. The total may not exceed $12 million per fiscal year. Vermont imposes a nursing home transferor tax of 8% of the selling price.

Utah counties may impose sales and use taxes on rural health facilities, and some may tax other types of facilities; but funds must be used for stated purposes.

Hotel Operators' Tax

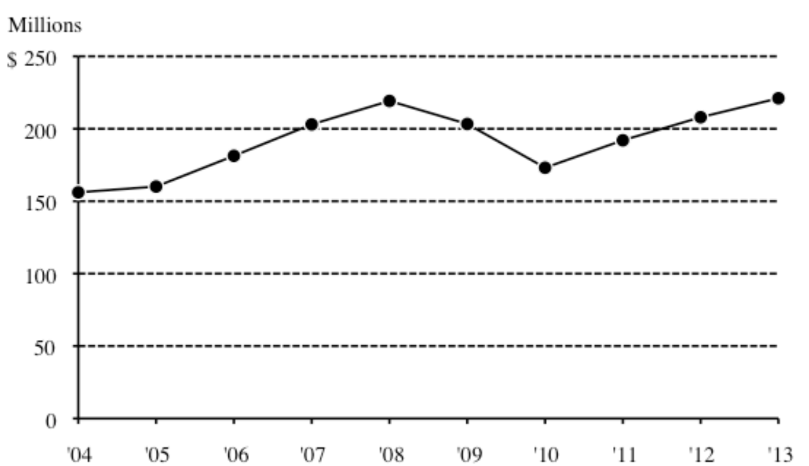
This tax is a percentage of each operator's gross receipts from operating a hotel or motel. Administered by Department of Revenue. (35 ILCS 145/1 ff.)

Rate and base: The tax is the sum of two rates: (a) 5% of 94% of gross rental receipts from transient guests, plus (b) 1% of 94% of gross rental receipts from such guests. (The additional 1% is earmarked for the Build Illinois Fund.) Receipts from permanent residents of a lodging place are exempt.

History: The hotel operators' occupation tax was enacted in 1961 at a rate of 3% of 97% of gross receipts from transient guests. From 1969 to 1984 the rate was 5% of 95% of gross receipts. The current rates were enacted in 1984 to help pay for a planned 1992 World's Fair. When that was cancelled, the revenue was earmarked for the Build Illinois program. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalties or interest; collections totaled $223,211. An amnesty program brought in $304,896 in fiscal year 2012.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$156.1	7.2%	2009	$203.3	-7.3%
2005	160.1	2.6	2010	173.1	-14.9
2006	181.3	13.2	2011	192.0	10.9
2007	203.0	12.0	2012	207.9	8.3
2008	219.2	8.0	2013	221.0	6.3



Distribution:

1. 5% tax: (a) 40% to Build Illinois Fund and (b) 60% to General Revenue Fund. Of that, (i) $5 million per fiscal year is transferred to the Illinois Sports Facilities Fund, Subsidy Account; (ii) an advance of state hotel tax revenues up to $22.179 million in fiscal year 2002 and increased by 5.615% each year is transferred to the Illinois Sports Facilities Fund, Advance Account (that amount must be repaid to the General Revenue Fund using receipts from the 2% hotel tax imposed by the Illinois Sports Facilities Authority as described below, or (if those revenues are insufficient) by the city of Chicago from its share of state income tax revenues); (iii) 8% is deposited as follows: 18% to the Chicago Travel Industry Promotion Fund and 82% to the Local Tourism Fund; (iv) 4.5% is deposited as follows: 55% to the Chicago Travel Industry Promotion Fund and 45% to the International Tourism Fund; and (v) 21% of net revenue from the tax is transferred from the General Revenue Fund to the Tourism Promotion Fund for use by the Department of Commerce and Economic Opportunity. (20 ILCS 665/4a)
2. Additional 1% tax: To the Build Illinois Fund.

Other taxes on hotels

Federal: None.

Local: State law permits Chicago to levy a tax up to 1% of gross rental receipts of hotel operators (excluding taxes imposed by the Metropolitan Pier and Exposition Authority). The Illinois Department of Revenue collects the tax for Chicago. (65 ILCS 5/8-3-13)

Other municipalities can impose taxes up to 5% of gross rental receipts of hotel operators (6% in East Peoria and Morton). The money must be spent to promote tourism. (65 ILCS 5/8-3-14) Over 350 local governments collect hotel taxes, at rates usually ranging from 1% to 5%; and at least 4 impose a tax per room rented, ranging from $1 to $3. A municipality that does not impose such taxes may impose a "municipal hotel use tax" of up to 5% of rental proceeds. The money must be spent to promote tourism and conventions, or otherwise attract overnight visitors to the municipality. The two taxes may not be imposed in the same place; nor may either be imposed where Chicago's Metropolitan Pier and Exposition Authority hotel tax applies. (65 ILCS 5/8-3-14a) A county may impose a tax up to 5% of the gross rental receipts of hotels not within municipalities imposing such a tax; proceeds must be used to promote tourism and attract overnight visitors to the county. Additionally, Winnebago County (with the consent of municipalities in the county) may impose a tax of 2% on the gross rental receipts countywide; proceeds must be used for entertainment and tourism purposes. (55 ILCS 5/5-1030) These taxes are administered and collected by those municipalities and counties. Home-rule units are not bound by these limits (Bedford Park collects 10.5%). Chicago collects a hotel accommodations tax of 4.5% of the gross rental or base charge.

A municipality may designate an area as a business district and, if the area is found to be blighted and unlikely to be developed without assistance, impose a tax in 0.25% increments up to 1% on gross rental receipts of hotel operators within the district to pay for costs of plans and projects in the district. These taxes are administered and collected by municipalities. (65 ILCS 5/11-74.3-6(d))

The Illinois Sports Facilities Authority imposes a tax of 2% of gross rental receipts of hotel operators in Chicago to construct and maintain the new White Sox baseball park. (70 ILCS 3205/19) The tax is collected by the Illinois Department of Revenue and paid to the Authority. The Downstate Illinois Sports Facilities Authority may impose a tax up to 2% of gross rental receipts of hotel operators outside Chicago, if approved by ordinance in the municipality where the tax is to be imposed. (70 ILCS 3210/105)

The Metropolitan Pier and Exposition Authority imposes a tax of 2.5% of gross receipts of hotel operators in Chicago to finance construction of the McCormick Place expansion project. (70 ILCS 210/13(c)) The tax is collected by the Illinois Department of Revenue for the Authority.

The total effective tax rate on hotels and motels in Chicago is over 16%. That is because the state tax, Chicago Municipal Tax (called "CMT" in the table below), and Illinois Sports Facilities Authority (ISFA) tax are each imposed on the lodging bill that includes the other two of those taxes (but not the MPEA and city taxes). The calculations are as follows:

State:	(6%	of	94%)	x	(1% CMT	+	2% ISFA)	+	6%	=	6.17%
CMT:	(1%	of	99%)	x	(6% State	+	2% ISFA)	+	1%	=	1.08%
ISFA:	(2%	of	98%)	x	(6% State	+	1% CMT)	+	2%	=	2.14%
MPEA:		2.50%									
City:		4.50%									
Total:		16.39%									

Comparison of states' taxes

Twenty-three states impose taxes on hotel operators in addition to general sales taxes (see also "Related Provisions" list on the next page):

State	*Percentage*	
Connecticut	15.0 %	
Hawaii	9.25	
New Hampshire	9.0	
Vermont	9.0	
Delaware	8.0	
Maine	7.0	
Montana	7.0	
South Carolina	7.0	
Pennsylvania	6.0	
Rhode Island	6.0	
Texas	6.0	
Massachusetts	5.7	(5.0% + 14% surtax on that amount)
Illinois	**5.64**	
Arizona	5.5	
Iowa	5.0	
New Jersey	5.0	
Alabama	4.0	
Arkansas	2.0	
Idaho	2.0	
South Dakota	1.5	
Kentucky	1.0	
Nebraska	1.0	
Oregon	1.0	

Related provisions:

Alabama:	5% in 16 counties.
Arizona:	Some counties add up to at least 7%.
Arkansas:	Local taxes of up to 4% may also be added.
Delaware:	Municipalities of over 50,000 may also charge up to 3%.
Idaho:	Resort cities and auditorium districts may levy an additional tax; auditorium districts are limited to 5%.
Iowa:	Local taxes of up to 7% may also be added.
Kentucky:	Local taxes of up to 4% may also be added, plus additions for specified purposes.
Massachusetts:	Local taxes of up to 6.5% may also be added.
Montana:	Includes a 4% lodging tax and a 3% sales and use tax on accommodations.
Nebraska:	Some counties may add up to 4%.
New Jersey:	Municipalities may add up to 6%.
Oregon:	Local taxes may be added.
Pennsylvania:	Local taxes of up to at least 5% may also be added.
Rhode Island:	Includes a 1% local tax.
South Carolina:	Plus 5% on additional guest charges.
South Dakota:	Imposed June-September. Local taxes up to 1% may be added.
Texas:	Local taxes of up to 9% may also be added.
Vermont:	Local taxes of 1% may also be added.

At least 26 other states allow localities to impose separate taxes. Some must be within a specified range or up to a stated limit, although other states have no lower or upper limit.

State	*Low*	*High*	*State*	*Low*	*High*
California	-	-	Utah	-	4.75%
Florida	1	8%	Virginia	-	2*
Georgia	3	8	Washington	1	5.8
Indiana	-	5	West Virginia	3	6
Kansas	1	8	Wisconsin	-	8
Maryland	-	8	Wyoming	1	4
Michigan	-	5			
Minnesota	-	7			
New Mexico	-	5			
New York	3	5			
North Carolina	-	-			
North Dakota	-	3			
Ohio	-	7			
Oklahoma	-	5			
Tennessee	-	6			

* 5% in some Virginia counties.

Note: The local taxes described above are those that apply to all or most localities in a state. Laws authorizing taxes in only a few specific areas of a state are not included.

In Colorado, the rate is 10.75% in the city and county of Denver, and regional transportation authorities may charge up to 2%. Louisiana tourist commissions in some parishes must impose hotel taxes of 2% to 4% depending on population, except that in Orleans Parish it is 7% plus 50¢ to $2.00 per occupied room-day depending on the number of rooms. Michigan has an additional Convention Facility Development Tax ranging from 1.5% to 6% on convention hotels, based on total rooms. Several localities in Mississippi levy taxes, up to 3%; others impose daily charges per occupied room of up to $2. Missouri localities may impose three taxes with voter approval: a tourism sales tax up to 4% (in any city with more than 2,500 rooms); a lodging tax up to 5%; and a lodging tax up to 1¢ per occupied room-night. In Nevada, counties of under 700,000 must impose a 1% lodgings tax, and counties of 300,000 or more a 3% lodgings tax (both taxes apply in a county of 300,000 to 699,999); counties of 700,000 or more must impose a 2% lodgings tax. With voter approval, counties may impose an additional 1% lodgings tax. Some New Mexico municipalities may impose a 2.4% tax for a sports and recreation facility. New York City charges 5.875% plus $1.50 per unit per day and imposes an additional tax of 50¢ to $2.00 per night, depending on the daily rental rate. In Washington, Seattle may charge up to 7%, and surrounding counties 2.8%. Some Washington counties may require hotels in county-designated tourism promotion areas to charge up to $2 per occupied room per night to fund tourism promotion.

Income Tax (Corporate)

This tax is imposed on the taxable income of corporations, associations, joint-stock companies, and cooperatives. (See also "Personal Property Tax Replacement Taxes" on page 89.) Most states use apportionment formulas to tax the income of firms that do business in more than one state (as Illinois once did). Now, a multistate firm's sales in Illinois are the only determinant of how much of its income Illinois taxes (except that the Department of Revenue may allow a firm to use other factors that fairly represent the market for its goods, services, or other forms of business income). Administered by Department of Revenue. (35 ILCS 5/101 ff.)

Rate and base: 7% of the tax base, which is the taxpayer's federal taxable income with several modifications. The rate is scheduled to decline to 5.25% in 2015 and 4.8% in 2025.

The amount of tax that would otherwise be due is reduced by credits of:

1. $500 per eligible employee hired during the tax year to work full-time in an Illinois River Edge Redevelopment Zone or a federal Foreign Trade Zone or Sub-Zone.
2. 0.5% of amounts invested in qualified property in an enterprise zone or a River Edge Redevelopment Zone (may be carried forward up to 5 years).
3. 25% of unreimbursed eligible environmental remediation costs over $100,000 at a site within a River Edge Redevelopment Zone (may be carried forward for 5 years).
4. 0.5% of amounts invested in a qualified property by a high-impact business as defined.
5. 20% of direct payroll costs for cooperative Tech-Prep vocational programs for students in high school—including services rendered by a Tech-Prep student or instructor that would otherwise be subject to withholding and are not claimed by another taxpayer.
6. 5% of expenses to operate a day-care facility for employees' dependents at a factory (may be carried forward for 2 years).
7. Amounts equal to: (a) 30% of startup costs to establish a child-care facility for a corporation's employees and (b) 5% of the annual costs of a child-care facility for employees. The 5% credit is not available if the company claims a credit under the preceding item for on-site dependent care.
8. A credit negotiated between the taxpayer and the Department of Commerce and Economic Opportunity (DCEO), based on the economic growth potential of a business project that provides capital improve-

ments and new jobs, under the Economic Development for a Growing Economy (EDGE) Tax Credit Act. Credit for a project authorized under the Corporate Headquarters Relocation Act cannot be used more than 15 years. A firm with up to 100 employees can qualify if it plans a project involving investment of at least $1 million in capital improvements and hiring of at least five new Illinois employees. Firms that locate or expand at location-efficient sites (as approved by DCEO) or that create jobs in labor-surplus areas may get up to 10% more than the maximum credit for which they are eligible under the EDGE Tax Credit Act, or other adjustments to the credit amount as approved by DCEO.

9. 50% of amounts donated to an affordable housing project authorized under the Illinois Housing Development Act. This credit is to continue through 2016.
10. 5% of qualified wages paid to Illinois residents who are qualified ex-offenders. Total credit may not exceed $1,500 per ex-offender.
11. 10% of qualified wages paid to Illinois residents who are qualified veterans, not to exceed $1,200.
12. 20% of gross wages paid to qualified veterans hired after May 2012 who were unemployed for at least 4 of the last 6 weeks before hiring, and are employed for at least 185 days (30 days if unemployed at least 6 months in the year before hiring), not to exceed $5,000. May be carried forward 5 years. This credit is to continue through 2016. It is not available to employers who take the 10% credit for wages to veterans under the preceding item.
13. Amounts equal to 30% of an employer's Illinois production spending in the tax year for a motion picture or television production approved by DCEO, plus 15% of Illinois labor expenditures employing residents of areas of high poverty or high unemployment in a production starting on or after January 1, 2009 (may be carried forward 5 years; this credit is to apply through May 6, 2021). This includes spending on animated productions starting in 2013.
14. A credit for an investment in low-income community businesses, approved by DCEO, by an entity certified by the U.S. Treasury Department as a community development entity. There is no credit in the first 2 years after an investment is made. The credit is equal to 7% of the purchase price in the third year, and 8% of the purchase price in each of the next 4 years. No more than $20 million in total credits may be awarded per year, and no credits may be approved after fiscal year 2017. (This credit may be taken against insurance or corporate franchise taxes in the alternative to taking it against income tax.)
15. Amounts equal to 25% of contributions to a College Savings Pool or Illinois Prepaid Tuition Trust Fund account that match contributions

made by an employee (not to exceed $500 per contributing employee per tax year). The credit may be carried forward 5 years, and is to apply through 2020.

16. For 2010 through 2015, 25% of qualified annual costs for restoration and preservation of a Peoria hotel certified as a historic structure under federal law. Such costs must be at least $5,000 and exceed half its purchase price. The credit may be carried forward 10 years after a rehabilitation plan for the property is approved. No more than $10 million in credits may be used for a single rehabilitation.
17. For 2011 through 2016, 25% of an investment of up to $2 million in a small, early-stage technology company certified as eligible by DCEO. The investment must remain in place at least 3 years. No more than $10 million in credits may be used per year; credits may be carried forward 5 years.
18. For 2012 through 2016, 25% of qualified costs to restore and preserve a qualified historic structure in a River Edge Redevelopment Zone, if those costs are at least $5,000 and over half the property's purchase price.
19. Amounts equal to 20% of an employer's Illinois labor expenditures in the tax year for a live stage production approved by DCEO; 20% of Illinois production spending; and 15% of Illinois labor expenditures employing residents in areas of high poverty or high unemployment. May be carried forward 5 years. No more than $2 million may be awarded in a fiscal year.
20. Through 2015, 6.5% of qualifying costs for increased research and development activities in Illinois (credits can be carried forward 5 years).
21. Starting in 2012, an amount equal to the lesser of (a) hospital property taxes paid during the year by a for-profit hospital, or (b) the cost of free or discounted services provided during the year by the hospital. May be carried forward 5 years.
22. Up to 20% of annual labor and production expenditures (up to 35% of labor expenditures in areas of high poverty or high unemployment) on pre-Broadway or long-run (at least 6 weeks) live theater productions with labor and production expenditures of at least $100,000. Credits must be approved by DCEO.

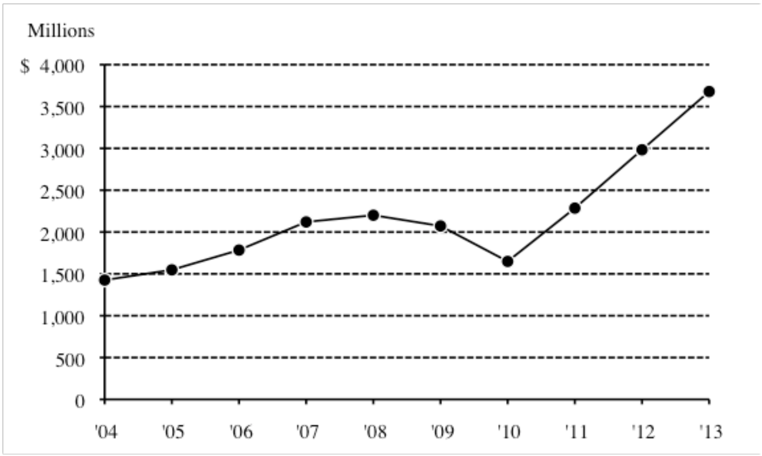
A business with no more than 50 full-time workers may apply to DCEO for a credit against employee income tax withholding for each new full-time employee hired in FY 2011 through FY 2016 and paid at least $10 per hour, resulting in a net increase in employees that lasts at least 1 year. Credits may not exceed $2,500 per new employee working 1 year. A credit is also available for businesses that hire someone in FY 2011 who participated in the Put Illinois to Work Program during 2010. Total statewide credits may not exceed $50 million.

History: The corporate income tax was enacted in 1969 at a 4% rate. The rate was temporarily increased to 4.8% from January 1, 1983 to June 30, 1984; it reverted to 4% on July 1, 1984; it rose again to 4.8% on July 1, 1989. It was scheduled to fall to 4.4% later; but on July 1, 1993 the 4.8% rate became permanent. It was increased to 7% effective January 1, 2011. The rate is scheduled to drop to 5.25% on January 1, 2015, and back to 4.8% on January 1, 2025. Under the Illinois Constitution, the corporate income tax rate cannot exceed the individual rate by a ratio of more than 8 to 5.

In 2003, Illinois "decoupled" from the federal "bonus depreciation" (30% of the cost of some capital assets bought between September 10, 2001 and September 11, 2004). Illinois taxpayers must add back the 30% federal bonus depreciation on their Illinois returns, but can deduct the bonus depreciation amount over the following years. A 2004 act expanded the definition of "business income" (for all taxpayers receiving such income) to include all income that may be treated as apportionable business income under the U.S. Constitution, net of allowable deductions. A tax amnesty in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $271,613,123. A fiscal year 2011 amnesty brought in $302,218,072. The net loss carryover deduction was suspended in 2011, and is limited to $100,000 per taxpayer in 2012 and 2013 (except for Subchapter S corporations).

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$1,426.0	41.0%	2009	$2,072.5	-5.8%
2005	1,548.1	8.6	2010	1,648.9	-20.4
2006	1,784.3	15.3	2011	2,285.6	38.6
2007	2,120.6	18.8	2012	2,983.0	30.5
2008	2,200.9	3.8	2013	3,679.2	23.3



Distribution:

1. 14% of gross receipts were to be deposited in the Income Tax Refund Fund in FY 2013. The Department of Revenue adjusts this percentage annually under a statutory formula. The percentage is 13.4% for FY 2014. Any surplus in the Refund Fund at the end of a fiscal year goes to the General Revenue Fund.
2. Of the remainder:
   (a) Through January 31, 2015, 6.86% (plus 6% of individual income tax proceeds) is transferred to the Local Government Distributive Fund. Those rates are scheduled to change in the years that the income tax rate changes, to maintain the same ratio of funding to local governments. On February 1, 2015, the transfer becomes 9.14% (plus 8% of individual income tax proceeds) until January 31, 2025.
   (b) 7.3% to the Education Assistance Fund.
   (c) The remainder (85.84%) to the General Revenue Fund.

Other taxes on corporate income

Federal: The federal corporate income tax has a graduated rate schedule. It has eight rates: 15% on taxable income up to $50,000; 25% on taxable income from there to $75,000; 34% from there to $100,000; 39% from there to $335,000; 34% from there to $10,000,000; 35% from there to $15,000,000; 38% from there to $18,333,333; and 35% on taxable income over $18,333,333.

Local: No local tax is authorized by statute. The Illinois Constitution prohibits even home-rule units from imposing income taxes without statutory authorization.

Comparison of states' taxes

Illinois is among 28 states that tax corporate income at flat rates. Their rates for 2013 are:

State	*Rate*	*State*	*Rate*
Pennsylvania	9.99 %	Arizona[5]	6.5 %
Minnesota	9.8	Tennessee	6.5
New Jersey[1]	9.0	West Virginia[6]	6.5
Rhode Island	9.0	Missouri	6.25
California	8.84	Georgia	6.0
Delaware	8.7	Michigan[7]	6.0
New Hampshire[2]	8.5	North Carolina[8]	6.0
Maryland	8.25	Oklahoma	6.0
Wisconsin	7.9	Virginia	6.0
Connecticut[3]	7.5	Florida	5.5
Indiana[4]	7.5	South Carolina	5.0
Idaho[1]	7.4	Utah	5.0
Illinois	**7.0**	Colorado[1]	4.63
Montana[1]	6.75		
Alabama[1]	6.5		

1. Small businesses (generally, those with annual net incomes up to $100,000) pay lower rates.
2. Plus 0.75% of total compensation, interest, and dividends paid, if that total is over $75,000 or gross income exceeds $150,000.
3. Plus a 20% surcharge through 2015 on companies with at least $100 million in gross income and a tax liability over $250 in either of those years.
4. Indiana's rate is scheduled to drop 0.5% in each of the next 2 years, reaching 6.5% on July 1, 2015.
5. Arizona's rate is scheduled to drop to 6% in 2015; 5.5% in 2016; and 4.9% in 2017.
6. West Virginia's rate will stay at 6.5% only if state reserves are sufficient.
7. Levied only on "C" corporations (those that are not subchapter S corporations).
8. North Carolina's rate is scheduled to drop to 5% in 2015.

Fourteen states tax corporate income at graduated rates, ranging from 1.48% to 12%. Five other states—Nevada, South Dakota, Texas, Washington, and Wyoming—do not tax corporate income. (Texas and Washington have gross receipts taxes; but their rates are not entirely comparable to corporate income tax rates in other states.) Massachusetts imposes a tax at the greater of (a) $2.60 per $1,000 in value of taxable tangible property plus 8% of income, or (b) $456. New York's rate is the highest of the following: 7.1% of all net income; 1.5% of minimum taxable income allocated within the state; 0.15¢ per $1 of allocated capital; or a fixed amount ranging from $25 to $5,000 based on New York receipts; plus 9¢ per $100 of capital invested in subsidiaries. Ohio imposes a Commercial Activity Tax of $150 plus 0.26% of gross receipts over $1 million (and a litter tax).

Illinois' corporate income tax rate is sometimes listed as 9.5%. That rate includes the 2.5% Personal Property Tax Replacement Income Tax collected for local governments, described on page 89.

Income Tax (Individual)

This tax is imposed on the taxable income of individuals, trusts, and estates. A $2,100 personal exemption applied to each taxpayer, spouse, or dependent in 2013. That amount is adjusted annually for inflation. An additional exemption of $1,000 applies to any taxpayer or spouse who is at least 65 or blind ($2,000 if both). Administered by Department of Revenue. (35 ILCS 5/101 ff.)

Rate and base: 5% on the taxpayer's base income, defined as federal adjusted gross income with the modifications below. That rate is scheduled to decline to 3.75% in 2015 and 3.25% in 2025.

The following items are **added** to adjusted gross income:

1. Any interest, dividends, and capital gains that were excluded from federal adjusted gross income.
2. Distributive shares of additions from partnerships, estates, and trusts.
3. Any previously deducted property taxes if later refunded.
4. Any money withdrawn from a medical care savings account, plus interest on the account earned in the year of withdrawal, that was not included in adjusted gross income.
5. Distributions from tuition programs other than (1) the College Savings Pool, (2) the Illinois Prepaid Tuition Trust Fund, or (3) tuition programs that comply with the College Savings Plans Network's disclosure principles and that inform in-state residents of in-state tuition programs.
6. Transfers from a state-administered tuition program to an out-of-state program that were deducted from adjusted gross income.
7. The contribution component of any nonqualified withdrawal or refund from a tuition savings program that was previously deducted from adjusted gross income and did not result from the death or disability of the beneficiary.
8. Any credit taken for matching contributions to an employee's College Savings Pool or Illinois Prepaid Tuition Trust Fund account.

The following items are **subtracted** from adjusted gross income:

1. Interest received on Treasury bonds and notes.
2. For property acquired before August 1, 1969 (when the Illinois income tax took effect) but sold after that date, appreciation in the

property before that date.

3. Benefits from employee benefit and retirement plans, to the extent such plans are included in federal adjusted gross income.
4. Military and National Guard pay from any state, and compensation to a government employee who was a prisoner of war.
5. State income tax refunds.
6. Distributive shares of subtractions from partnerships, estates, and trusts.
7. Dividends paid by corporations doing substantially all their business in a River Edge Redevelopment Zone, or by High Impact Businesses conducting business in a foreign trade zone.
8. Recoveries from bad debts, prior taxes, and delinquency accounts.
9. Any amortizable bond premium disallowed as a federal deduction, and any expenses and interest costs incurred in earning federally tax-exempt income and disallowed as a federal deduction.
10. Any contribution made to a job training project established under the Real Property Tax Increment Allocation Redevelopment Act.
11. Other income exempted by the Illinois Constitution or federal law.
12. Social Security and railroad retirement benefits.
13. Interest from Puerto Rican bonds, some kinds of Illinois bonds, and Illinois college savings bonds.
14. Payment of life, endowment, or annuity benefits to the taxpayer as an advance indemnity for a terminal illness.
15. Any federal or state bonus paid to veterans of the 1991 war in the Persian Gulf area.
16. Any amount included in a taxpayer's federal adjusted gross income as a result of the taxpayer's conversion of a traditional IRA to a Roth IRA.
17. Up to $10,000 per tax year contributed to a College Savings Pool account or the Illinois Prepaid Tuition Trust Fund, if included in federal adjusted gross income. Contributions made by an employer on behalf of an employee, or matching contributions made by an employee, must be treated as made by the employee.
18. Any amount received by a driver in a ridesharing arrangement using a motor vehicle.
19. Income from interest and intangible property with respect to transactions with entities who are excluded as members of a unitary business group only because of how their income is apportioned.
20. Any amount awarded to a taxpayer by the Court of Claims for time unjustly served in state prison.

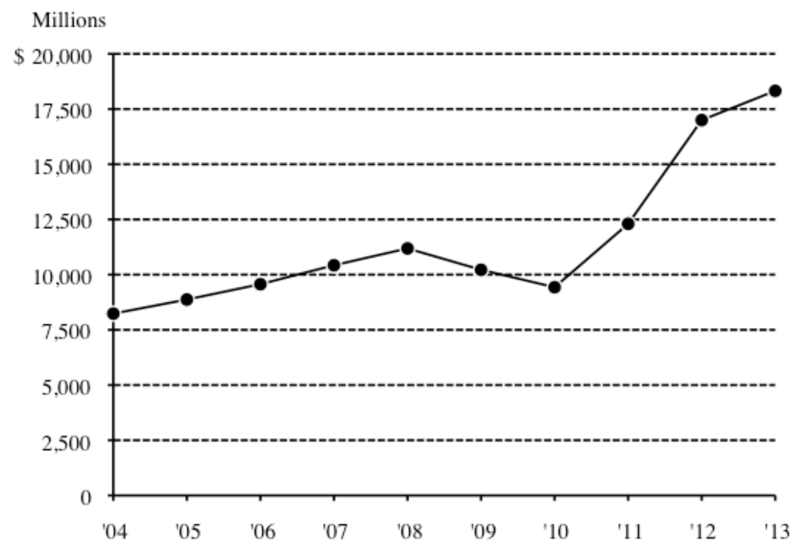
The amount of tax otherwise due is reduced by **credits** of:

1. 0.5% of amounts invested in qualified property in an enterprise zone (can be carried forward for 5 years).
2. 0.5% of amounts invested in qualified property by a high-impact business.
3. 5% of property taxes paid on the taxpayer's principal residence.
4. 25% of qualified educational expenses (tuition, book fees, and lab fees) exceeding $250 per student at any public or private elementary or secondary school. The maximum credit is $500 per family.
5. 10% of the amount of the federal earned income tax credit.
6. 50% of donations to an affordable housing project authorized under the Illinois Housing Development Act. This credit lasts through 2016.
7. The amount of pass-through tax paid on behalf of a nonresident member of a partnership, corporation, or some kinds of insurance businesses, or of resident members of a partnership or corporation as allowed by the Department of Revenue.
8. Through 2020, amounts equal to 25% of contributions to a College Savings Pool or Illinois Prepaid Tuition Trust Fund account that match contributions made by an employee (not to exceed $500 per contributing employee per tax year). The credit may be carried forward 5 years.
9. For 2012 through 2016, 25% of qualified costs to restore and preserve a qualified historic structure in a River Edge Redevelopment Zone, if those costs are at least $5,000 and over half the property's purchase price.

History: The individual income tax was enacted in 1969 at a rate of 2.5%. The rate was temporarily raised to 3% from January 1, 1983 to June 30, 1984; it reverted to 2.5% on July 1, 1984; and it rose again to 3% on July 1, 1989. It was scheduled to fall to 2.75% later; but on July 1, 1993 the 3% rate became permanent. The rate was increased to 5% effective January 1, 2011. It is scheduled to drop to 3.75% on January 1, 2015, and then to 3.25% on January 1, 2025. The personal exemption was raised from $2,000 to $2,050 for tax year 2012, and is to be indexed for inflation after that. Another 2012 law increased the state earned income tax credit from 5% to 7.5% of the federal credit in 2012 and 10% of the federal credit starting in 2013. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $40,156,054. A fiscal year 2011 amnesty collected $40,869,220.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$ 8,236.1	3.2%	2009	$10,219.4	-8.7%
2005	8,872.5	7.7	2010	9,429.8	-7.7
2006	9,568.0	7.8	2011	12,301.8	30.5
2007	10,424.9	9.0	2012	16,999.8	38.2
2008	11,187.3	7.3	2013	18,323.8	7.8



Distribution:

1. 9.75% of gross receipts were deposited into the Income Tax Refund Fund for FY 2013. The Department of Revenue adjusts this percentage annually under a statutory formula. This percentage is 9.5% for FY 2014. Any surplus in the Refund Fund at the end of the fiscal year goes to the General Revenue Fund.
2. Of the remainder:
   (a) Through January 31, 2015, 6% (plus 6.86% of corporate income tax proceeds) is transferred to the Local Government Distributive Fund. Those rates are scheduled to change in the years that the income tax rate changes, to maintain the same ratio of funding to local governments. On February 1, 2015, the transfer becomes 8% (plus 9.14% of corporate tax proceeds) until January 31, 2025.
   (b) 7.3% to the Education Assistance Fund.
   (c) Starting February 1, 2015, $\frac{1}{30}$ (3.3%) will be transferred to the Fund

for the Advancement of Education until January 31, 2025.

(d) Starting February 1, 2015, $^{1}/_{30}$ (3.3%) will be transferred to the Commitment to Human Services Fund until January 31, 2025.

(e) The remainder (86.7%) to the General Revenue Fund. Starting February 1, 2015, the remainder will be 78.03%.

Other taxes on personal income

Federal: The federal income tax has 7 brackets for individual taxpayers, with marginal rates of 10%, 15%, 25%, 28%, 33%, 35%, and 39.6%.

Local: No local tax is authorized by statute. The Illinois Constitution prohibits even home-rule units from imposing income taxes without statutory authorization.

Comparison of states' taxes

Individual income taxes are levied at graduated rates in 33 states. Their rates range from 0.36% to 13.3%, in from 2 to 12 brackets. Illinois is among the 10 states that impose individual income taxes at flat rates. The remaining seven states have no individual income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

The nine states with flat rates are:

State	*Rate(s)*	*Base*
Massachusetts	12.0 %	Net capital gains
	5.2	Other income
Tennessee	6.0	Stock dividends; interest on nonfederal bonds and other obligations
North Carolina	5.8	Taxable income (as described in statute)
Illinois	**5.0**	**Adjusted gross income**
New Hampshire	5.0	Interest and dividend income
Utah	5.0	Taxable income (as described in statute)
Colorado	4.63	Federal taxable income under Internal Revenue Code §63
Michigan	4.25	Taxable income (as described in statute)
Indiana	3.4	Adjusted gross income
Pennsylvania	3.07	Specified classes of income

Insurance Taxes and Fees

The state imposes a number of taxes and fees on insurance companies. Foreign companies (those not incorporated in Illinois) pay a privilege tax. All companies writing fire or fire-related policies, including domestic companies, pay a fire marshal's tax. Insurance brokers writing non-standard policies (such as coverage for amusement parks) with companies not licensed to do business in Illinois pay a surplus line producer's tax. Administered by Department of Insurance. (215 ILCS 5/408 to 5/416 and 5/445; 425 ILCS 25/12)

Various fees are also imposed on the activities of insurance companies. The fee bringing the most revenue is based on amounts of life insurance that domestic companies have in force in the state.

Rate and base:
1. Privilege tax on insurers and HMOs:
   (a) 0.4% of net taxable written premiums for accident and health insurance.
   (b) 0.5% of net taxable written premiums for all other types of insurance.
2. Fire marshal's tax: 1% of premiums on fire or fire-related insurance policies.
3. Surplus line producers' tax: 3.5% of gross insurance premiums from policies issued in Illinois.
4. Workers' Compensation Commission Operations Fund Surcharge: 1.01% of direct written premiums for workers' compensation liability insurance.
5. Numerous other fees on particular types of insurance activities.

History: A 2% privilege tax on foreign companies was enacted in 1853, and retained when the state's insurance laws were consolidated into an Illinois Insurance Code in 1937. That tax was held unconstitutional by the Illinois Supreme Court in 1997. A new privilege tax, on all insurance companies, was enacted in 1998.

The fire marshal's tax was enacted in 1909 at a rate of 0.5% of all fire and fire-related insurance premiums paid in Illinois. The rate dropped to 0.25% in 1931, reverted to 0.5% in 1941, and doubled again to 1% in 1979.

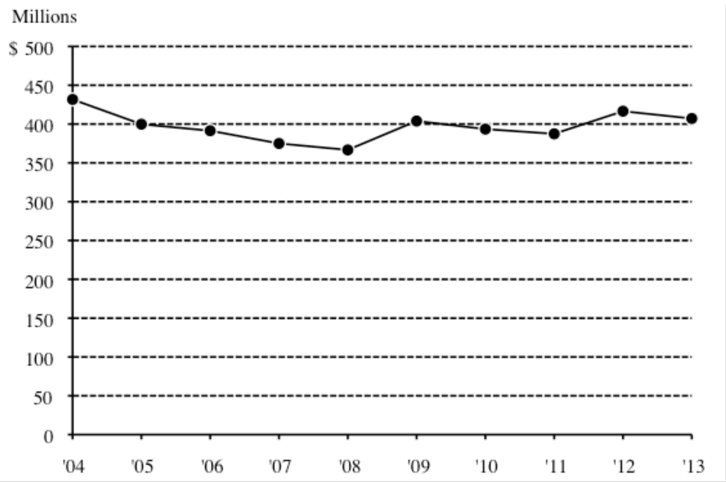
The surplus line producers' tax was enacted in 1937 at the rate of 2% of gross insurance premiums on surplus line policies in Illinois. It rose to 3% in 1963. A 2003 law increased the rate to 3.5%.

A life insurance policy fee on domestic companies of 3¢ per $1,000 of direct life insurance policies in force was enacted in 1979, but abolished in 1998.

The Illinois Workers' Compensation Commission Operations Fund Surcharge was enacted in 2003 at a rate of 1.5% of direct written premiums for employers' liabilities under the Workers' Compensation Act (820 ILCS 305/1 ff.) or Workers' Occupational Diseases Act (820 ILCS 310/1 ff.). The surcharge was reduced to 1.01% in 2004. It is imposed on every company licensed or authorized by the Department of Insurance.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$431.7	19.4%	2009	$403.9	10.1%
2005	399.8	-7.4	2010	393.5	-2.6
2006	391.4	-2.1	2011	387.4	-1.5
2007	375.0	-4.2	2012	416.5	7.5
2008	366.7	-2.2	2013	407.1	-2.3



Distribution:
1. Insurance taxes and fees to the General Revenue Fund.
2. Insurance fees imposed under 215 ILCS 5/408 and up to 2% of the surcharge on workers' compensation premiums to the Insurance Financial Regulation Fund.
3. Fire marshal's tax to the Fire Prevention Fund.
4. Fees collected from companies writing workers' compensation and employers' liability insurance policies to the Insurance Producers' Administration Fund.

5. A percentage (set annually by the Department of Insurance) of privilege tax and retaliatory tax revenue to the Insurance Premium Tax Refund Fund.
6. Illinois Workers' Compensation Commission Operations Fund Surcharge to Illinois Workers' Compensation Commission Operations Fund.

Other taxes on insurance companies

Federal: Foreign insurance companies pay taxes at these rates:

1. 4% of premiums on casualty insurance and indemnity bonds.
2. 1% of premiums on life insurance, sickness and accident policies, and annuity contracts.
3. 1% of premiums on reinsurance under policies listed above.

Local: Each municipality having a fire department, or fire protection district, can levy a tax of up to 2% of gross premiums on fire insurance policies that are issued by insurance companies incorporated outside Illinois on property within its boundaries. Proceeds go to the fire protection district, or the fire department's foreign fire insurance board, for "the maintenance, use, and benefit of the fire department." (65 ILCS 5/11-10-1 ff.)

Other taxes by non-home-rule units are prohibited by statute. Home-rule taxation probably is prohibited by the Illinois Constitution, Art. 7, subsec. 6(e) as a tax on occupations.

Other states' taxes

All states impose a variety of privilege taxes and fees on insurers. Seventeen states have rates under 2%; 25 have rates between 2% and 3%; and four have rates over 3%. Kentucky taxes non-life mutual companies at 2% of premiums; most other insurers must collect and pay a surcharge of $1.80 per $100 of premiums or other charges. Louisiana imposes a $140 minimum tax if a company's total annual premiums are $7,000 or less, and adds $225 per $10,000 of premiums over $7,000. Oregon phased out its insurance taxes but included insurance companies in its corporate excise tax.

Insurance tax rates are complicated by "retaliatory" taxes that nearly every state has. These impose higher rates on insurers from any state that taxes out-of-state insurers at a higher rate than its own insurers.

Some HMO and managed-care organization taxes are described as health-care assessments on page 45.

Liquor Taxes and Fees

A tax is imposed on the privilege of making or distributing alcoholic beverages in Illinois, based on beverage type and volume. The Illinois Liquor Control Commission also imposes a variety of annual fees on each maker, distributor, and retail seller. Administered by Department of Revenue. (235 ILCS 5/8-1 ff.)

Rate and base (per gallon): 23.1¢ on beer and cider with 0.5% to 7% alcohol; $1.39 on wine (excluding cider with up to 7% alcohol); $8.55 on distilled liquor. Annual Liquor Control Commission fees are $500 for retail sellers, and $120 to $3,600 on some manufacturers.

History: The present liquor tax was enacted in 1934. Rates since then are shown below.

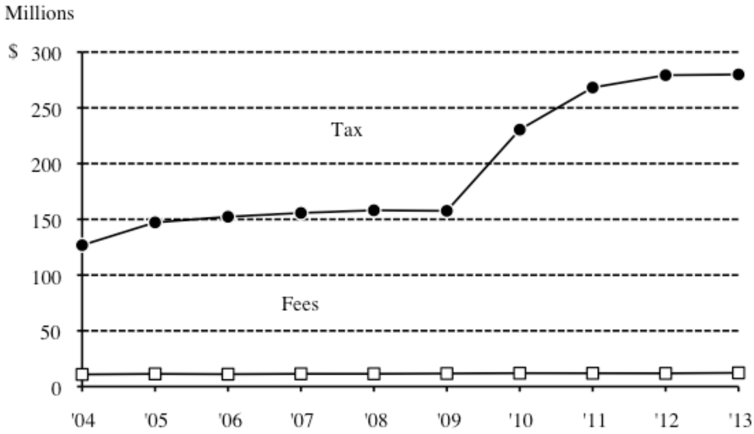
	Rate per gallon			
Year	*Beer and cider*	*Wine up to 14% alc.*	*Wine over 14% alc.*	*Distilled liquor*
1934	2 ¢	$0.10	$0.25	$0.50
1941	4	0.15	0.40	1.00
1959	6	0.23	0.60	1.52
1969	7	0.23	0.60	2.00
1999	18.5	0.73	0.73	4.50
2009	23.1	1.39	1.39	8.55

A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest. Collections totaled $16,669. An amnesty program in fiscal year 2011 collected $65,821.

State revenue collected

	Taxes		*License fees*	
Fiscal year	*Receipts (millions)*	*Change*	*Receipts (millions)*	*Change*
2004	$126.8	3.3%	$10.9	48.8%
2005	147.2	16.1	11.4	4.8
2006	152.3	3.5	11.1	-2.5
2007	155.7	2.2	11.4	3.0
2008	158.1	1.5	11.4	0.1
2009	157.6	-0.3	11.7	2.1
2010	230.4	46.2	12.0	2.4
2011	268.2	16.4	11.9	-0.6
2012*	279.3	4.1	11.8	-0.7
2013	279.9	0.2	12.3	4.0

* Although tax rates were increased in 2009, funds were held in a protest fund until they were transferred to the Capital Projects Fund in July 2011. They are shown above for the year in which collected.



Collections by Beverage Type

When reporting liquor tax revenue to the Comptroller, the Department of Revenue lists only total revenue, not classified by type of beverage. The estimates below show collections (in millions of dollars) by beverage class, based on sales data from the Department of Revenue. (Starting in fiscal year 2010, the data include revenue from sales of liquor on airlines, which are reported separately from other sales. Sales by direct wine shippers are also reported separately, but in categories slightly different from those for sales by other sources. Starting in fiscal year 2012 they are included in the "over 14% but less than 20%" category.)

Fiscal year	*Beer*	*Change*	*Liquor 20% or more alc.*	*Change*
2004	$51.9	-2.1%	$ 80.6	15.5%
2005	51.5	-0.8	78.4	-2.7
2006	52.2	1.4	81.7	4.2
2007	51.6	-1.1	81.4	-0.4
2008	51.8	0.4	84.9	4.3
2009	51.5	-0.6	84.9	0.0
2010	60.3	17.1	142.5	67.8
2011	65.4	8.5	159.4	11.9
2012	62.7	-4.1	166.7	4.6
2013	60.7	-3.3	172.3	3.4

Fiscal year	Wine or liquor up to 14% alcohol		Wine or liquor over 14% but less than 20%	
	Amount	*Change*	*Amount*	*Change*
2004	$18.1	7.1%	$1.7	0.0%
2005	18.5	2.2	1.6	-5.9
2006	18.9	2.2	1.5	-6.3
2007	21.4	13.2	1.6	6.7
2008	21.0	-1.9	1.7	6.2
2009	20.8	-1.0	1.8	5.9
2010	36.3	74.5	3.3	83.3
2011	43.0	18.5	3.9	18.2
2012	44.4	3.3	4.5	15.3
2013	43.7	-1.7	5.0	10.4

Distribution:

1. Liquor tax revenue to the General Revenue Fund, except that revenue from the 2009 rate increases goes to the Capital Projects Fund.
2. Retailer's license fee:
   (a) $250 to the Dram Shop Fund.
   (b) $250 to the General Revenue Fund.
3. All other license fees to the Dram Shop Fund.

Other taxes on alcoholic beverages

Federal: The federal tax on distilled liquor is based on the number of "proof gallons" sold. A proof gallon is a gallon of liquor containing 50% alcohol (equivalent in alcohol content to one-half gallon of pure alcohol). The rate has been $13.50 per proof gallon since 1991. The rate is based on the alcohol content of a beverage. For example, an 80-proof beverage (40% alcohol) is taxed at $10.80 per gallon of beverage ($13.50 x 80% = $10.80); 100-proof at $13.50; and 120-proof at $16.20.

Beverage class		*Tax per gallon*
Beer		$ 0.58
Wines	Up to 14% alcohol	1.07
	14% to 21% alcohol	1.57
	21% to 24% alcohol	3.15
	Artificially carbonated	3.30
	Sparkling	3.40
	Hard cider	0.226
Distilled liquor (per 100-proof gallon)		13.50

Local: Municipalities and counties collect liquor fees. Home-rule units can impose taxes. Cook County's tax rates per gallon are: 9¢ on beer, 24¢ on alcoholic beverages with up to 14% alcohol, 45¢ on alcoholic beverages over 14% but less than 20% alcohol, and $2.50 on alcoholic beverages with 20% or more alcohol. Chicago's tax rates per gallon are: 29¢ on beer, 36¢ on alcoholic liquor up to 14% alcohol, 89¢ on alcoholic liquor over 14% but less than 20% alcohol, and $2.68 on distilled liquor or wines with 20% or more alcohol.

Comparison of states' taxes

Taxes on alcoholic beverages vary greatly among the 33 states (including Illinois) that license sellers of alcoholic beverages rather than selling them from state-run stores. The approximate ranges of rates are:

Beverage class	*Rates per gallon*				
Beer	$0.02	(Wyoming)	to	$ 1.15	(Tennessee)
Wine up to 14%	0.11	(Louisiana)	to	2.50	(Alaska)
Wine over 14%	0.23	(Louisiana)	to	3.00	(Florida) (over 17.259%)
Spirits	1.50	(Maryland)	to	14.27	(Washington)

The other 17 states are liquor monopoly states, which sell liquor from state-run stores:

Alabama
Idaho
Iowa
Maine
Michigan

Mississippi
Montana
New Hampshire
North Carolina
Ohio

Oregon
Pennsylvania
Utah
Vermont
Virginia

West Virginia
Wyoming

Lottery

The Illinois State Lottery was authorized in 1974. It gets revenues from ticket sales; agent fees; and interest on funds held. After the Lottery pays prizes, agent commissions, and administrative costs, net receipts go to the Common School Fund. Administered by Department of the Lottery. (20 ILCS 1605/l ff.)

Rate and base: The lottery law initially provided that "net lottery revenue" could never be less than 40% of total revenue from lottery ticket sales. That made it difficult to finance the startup costs of a daily game. An exception authorizing net revenue to fall below 40% was enacted for fiscal years 1979, 1980, and 1981 to allow operation of a daily game. The 40% requirement was repealed in 1981.

History: Total lottery revenue and net receipts to the state were substantial in fiscal years 1975 and 1976, but by fiscal year 1979 had dropped almost 62%. Variations of the 50¢ and $1 games were tried, but none brought in revenue at levels matching those of fiscal year 1976.

A daily online game (Pick 3) was started in 1980, bringing a significant increase in sales (about 24% higher in fiscal year 1981 than in 1976). A second daily game (Pick 4) was added in 1984. Although several years had flat or slightly declining sales, the overall sales trend was upward, with gross sales exceeding $2 billion in fiscal year 2007. A third daily game (My3) was added in 2012.

A weekly "Lotto" game was added in 1983. A second weekly "Lotto" game was added in 1986 but replaced with a "Lotto 7" game in 1987. "Lotto 7" was replaced in 1988 with a game now called "Lucky Day." The Lotto game returned to its twice-weekly drawing format in 1990, expanded to five days a week in 1998, and became a daily game in 2004.

Current lottery games include the four twice-daily games (My3, Pick 3, Pick 4, and "Lucky Day"); "Lotto" with three drawings per week; "Hit or Miss" with four drawings each day; and about 55 instant games. What is now called "Mega Millions"—a multistate lotto game conducted jointly with 42 other states—began in September 1996 with drawings on Tuesdays and Fridays. Powerball—a multistate lottery that Illinois joined in 2010—is conducted jointly with 42 other states and has drawings on Wednesdays and Saturdays. The occasional Millionaire Raffle, in which four prizes of $1 million and numerous lesser prizes are awarded, began in February 2007.

A 2009 law required the Department of Revenue (now the Department of the Lottery) to contract with a private manager to manage lottery operations. The private manager was to implement a pilot program to sell lottery tickets on the Internet if the U.S. Department of Justice approved. The Department of Revenue contracted with Northstar Lottery Group for it to manage lottery operations starting on July 1, 2011. A 2012 law allowed Powerball to be added to the pilot program to sell tickets on the Internet.

A provision enacted in 1985, as amended, requires that net lottery revenue after administrative expenses be deposited into the Common School Fund, except the net proceeds of five special games: (1) a game for the University of Illinois Athletic Association (20 ILCS 1605/21.2)—although no money has been so transferred since the early 1980s; (2) a "Carolyn Adams Ticket for the Cure" scratch-off game, to the Carolyn Adams Ticket for the Cure Grant Fund to fund breast cancer research and provide services to patients (20 ILCS 1605/21.5); (3) a scratch-off game to benefit Illinois Veterans, to the Illinois Veterans Assistance Fund for research or services related to veterans' post-traumatic stress disorder, homelessness, health insurance costs (limited to 20% of net revenue), disability benefits, long-term care, and veteran employment and employment training (20 ILCS 1605/21.6); (4) a "Quality of Life" scratch-off game for the Quality of Life Endowment Fund, to be appropriated to the Department of Public Health for HIV/AIDS prevention education and grants to organizations serving people at risk for HIV/AIDS; and (5) a "Scratch-Out Multiple Sclerosis" scratch-off game for the Multiple Sclerosis Research Fund, for appropriation to the Department of Public Health for grants to organizations researching ways to repair damage from multiple sclerosis (20 ILCS 1605/21.7).

Transfers of net proceeds for fiscal year 2013 were as follows: Quality of Life Endowment Fund, $602,986; Veterans Assistance Fund, $716,679; Ticket for the Cure Fund, $724,052; and Multiple Sclerosis Research Fund, $877,933. Under the contract for a private manager to manage the lottery, monthly transfers to the Common School Fund are to equal the transfers in the same month in FY 2009 as adjusted for inflation, with any remainder (except profits from dedicated lottery tickets listed above) going to the Capital Projects Fund.

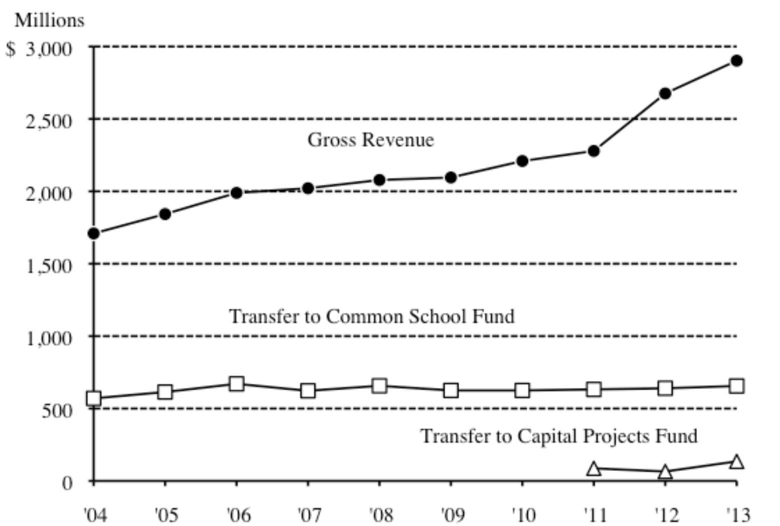
Net revenues for state use, after paying prizes, advertising, and administrative expenses, did not exceed $100 million until fiscal year 1982, when they were $137.6 million. Net revenues reached about $500 million in fiscal year 1985. They declined in recent years to a low of $501 million in fiscal year 2001, but recovered to $555 million in fiscal year 2002, and reached a then-record high of $670 million in fiscal year 2006. Fiscal year 2011 saw a record transfer of $719 million. (Due to a difference between when a fiscal year 2010 transfer was authorized and when it was recorded by the Comptroller, the Lottery recorded a transfer of only $686 million.)

State revenue collected (dollars in millions)

Fiscal year	*Gross revenues*	*Transfers to Common School Fund*	*Change*	*CSF transfers as % of gross revenues*	*Capital Projects Fund**	*Transfers to CSF + CPF total*
2004	$1,709.2	$570.1	5.5%	33.4%	-	-
2005	1,842.9	614.0	7.7	33.3	-	-
2006	1,989.2	670.5	9.2	33.7	-	-
2007	2,021.3	622.4	-7.2	30.8	-	-
2008	2,078.2	657.0	5.6	31.6	-	-
2009	2,095.5	625.0	-4.9	29.8	-	-
2010	2,209.3	625.0†	0.0	28.3	-	-
2011	2,278.8	631.9	1.1	27.7	$ 87.0	$718.9
2012	2,675.8	639.9	1.3	23.9	65.2	705.1
2013	2,902.4	655.6	2.5	22.6	135.0	790.6

* Actual transfers are based on estimates. The difference between each year's estimate and the actual required amount is transferred in the next fiscal year.

† Starting March 1, 2010, annual transfers to the Common School Fund are to equal the amount transferred in FY 2009, adjusted for inflation. Any additional net revenue goes to the Capital Projects Fund. The State Lottery authorized a transfer of $32.9 million to the Capital Projects Fund in FY 2010; but that transfer was not recorded by the Comptroller until FY 2011, so it is included in the FY 2011 amount in the next-to-last column, together with the $54.1 million transfer that the State Lottery authorized in FY 2011.



Disposition: After March 1, 2010, to the Common School Fund an amount equal to the amount transferred in FY 2009, adjusted for inflation. The remainder of net revenue to the Capital Projects Fund. (About 58% of gross revenue goes for prizes, 7% for agents' commissions, and 5% for other operating expenses.)

Other revenue from lotteries

Federal: Lotteries authorized by state laws are exempt from federal gambling taxes.

Local: Lotteries are illegal except as authorized by Illinois law. All municipalities and counties are authorized to license raffles and to charge license fees, to be set by their governing bodies (230 ILCS 15/l ff.).

Comparison of states' lotteries

Forty-four states operate lotteries. Those with net receipts over $200 million are listed below.

	*Net receipts (millions)**		
State	*FY 2012*	*FY 2013*	*Change*
New York	$2,888.0	$3,045.8	5.5%
Florida	1,321.7	1,424.3	7.8
California	1,300.2	1,262.1	-2.9
Texas	1,155.5	1,214.1	5.1
New Jersey	950.0	1,085.0†	14.2
Pennsylvania	1,060.9	1,067.4	0.6
Massachusetts	983.8	955.8	-2.8
Georgia	901.3	927.5	2.9
Ohio	771.0	803.1	4.2
IllinoisΔ	**705.1**	**790.6**	**12.1**
Michigan	786.9	739.8	-6.0
Oregon	525.1	548.4	4.4
Maryland	556.3	545.3	-2.0
West Virginia	663.0	545.2	-17.8
Virginia	487.1	486.5	-0.1
North Carolina	459.5	478.5	4.1
Rhode Island	377.7	379.2	0.4
Tennessee	323.4	339.7	5.0
Connecticut	310.0	312.0	0.6
South Carolina	300.1	305.2	1.7
Missouri	273.6	280.0	2.3
Delaware	325.1	273.8	-15.8
Indiana	205.3	224.7	9.5
Kentucky	216.4	223.8	3.4

* These figures are from states' lottery annual reports and state officials.

† New Jersey's fiscal year 2013 total includes a $120 million advance payment from a contract for sales and marketing services.

Δ Figures for Illinois include only receipts going to the Common School Fund and Capital Projects Fund—not receipts from the four kinds of special tickets, which are dedicated to special funds as described above.

Motor Fuel Taxes

The motor fuel tax is imposed on the privilege of operating motor vehicles or watercraft on Illinois' public highways or waterways. It is paid by distributors and suppliers, who include it in the retail price; it is also payable by anyone who makes biodiesel fuel or biodiesel blends for self-use. Aircraft fuels are exempt. Administered by Department of Revenue. (35 ILCS 505/l ff.) The Department also collects a tax of 0.3¢ per gallon, and an environmental impact fee of 0.8¢ per gallon, to fund cleanup of underground storage tanks. (35 ILCS 505/2a and 415 ILCS 125/301 ff.) Finally, Illinois' sales tax applies to motor fuel; see "Sales and Use Taxes" beginning on page 120.

Rates and base:

1. Gasoline: 19¢ per gallon.
2. Special fuel (primarily diesel fuel): 21.5¢ per gallon.
3. Additional levies for the Underground Storage Tank Fund on gasoline, special fuel, aviation fuel (unless sold at O'Hare or Midway Airports), kerosene, and home heating oil:
   (a) 0.3¢ per gallon tax (until 2025);
   (b) 0.8¢ per gallon environmental impact fee (until 2025).

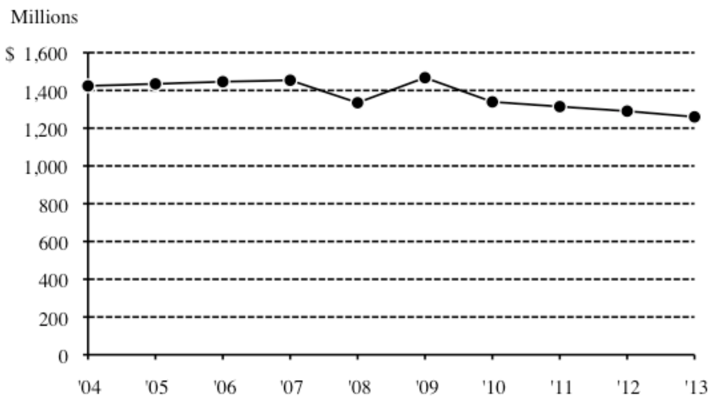
History: A motor fuel tax was enacted in 1927 at 2¢ per gallon. Rates since then are shown below.

	Tax per gallon			*Tax per gallon*	
Year	*Gasoline*	*Diesel fuel*	*Year*	*Gasoline*	*Diesel fuel*
1927	2.0¢	2.0¢	1983	11.0¢	13.5¢
1929	3.0	3.0	1984	12.0	14.5
1951	4.0	4.0	1985	13.0	15.5
1953	5.0	5.0	1989	16.0	18.5
1967	6.0	6.0	1990	19.3	21.8
1969	7.5	7.5	1996	20.1	22.6

A leaking underground storage tanks tax of 0.3¢ per gallon was added in 1990, and the 0.8¢ environmental impact fee in 1996. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $1,964,758. A fiscal year 2011 amnesty program collected $766,394.

State revenue collected

Fiscal year	Receipts (millions)	Change	Fiscal year	Receipts (millions)	Change
2004	$1,423.8	2.6%	2009	$1,467.4	9.9%
2005	1,434.6	0.8	2010	1,339.2	-8.7
2006	1,446.1	0.8	2011	1,314.2	-1.9
2007	1,453.7	0.5	2012	1,290.3	-1.8
2008	1,334.7	-8.2	2013	1,259.8	-2.4



Distribution: All motor fuel tax revenue goes to the Motor Fuel Tax Fund. Distributions from the Fund are as follows:

1. 2.5¢ per gallon from collections on special fuel to the State Construction Account Fund.
2. $5,040,000 per year to the State Boating Act Fund.
3. $42 million per year to the Grade Crossing Protection Fund.
4. $30 million per year (through June 30, 2014) to the Vehicle Inspection Fund to administer the Vehicle Emissions Inspection Law of 2005.
5. Sufficient amounts to:
   (a) the Department of Revenue for administrative expenses and refunds; and
   (b) the Department of Transportation to:
      - administer motor fuel tax distribution to local governments;
      - pay motor fuel taxes owed to other states under reciprocal agreements; and
      - pay Illinois Court of Claims judgments.
6. Of the remainder:
   (a) 45.6% is apportioned as follows:
      - 37% to the State Construction Account Fund;

  - 63% to the Road Fund ($15 million is reserved for bridge construction in townships and road districts); and

(b) 54.4% is apportioned as follows:
  - 49.10% to municipalities, distributed by population;
  - 16.74% to Cook County;
  - 18.27% to the other 101 counties based on motor vehicle license fees collected in each county; and
  - 15.89% to townships and road districts, distributed among counties in proportion to township and road district mileage, and redistributed within each county in proportion to road mileage in each township or road district.

All revenue from the tax of 0.3¢ per gallon and the fee of 0.8¢ per gallon for underground storage tank cleanup goes to the Underground Storage Tank Fund.

Other taxes on motor fuels

Federal: 18.4¢ per gallon on gasoline and 24.4¢ per gallon on diesel fuel.

Local: Home-rule units can tax motor fuels. Cook County collects 6¢ per gallon, and Chicago 5¢. DuPage, Kane, and McHenry Counties can impose taxes up to 4¢ per gallon without a referendum. (55 ILCS 5/5-1035.1) Each of those counties collects 4¢. Any city of over 100,000 can also impose a tax of 1¢ per gallon by referendum. (65 ILCS 5/8-11-15) At least 39 home-rule cities impose their own taxes. Home-rule taxes are summarized in the table below. (Amounts in the "Total" column include the 19¢ state tax.)

	County	*City*	*Total*
Cook County	6.0¢	-	25.0¢
Evergreen Park and Oak Park	6.0	6.0¢	31.0
Burbank, Chicago, Dolton	6.0	5.0	30.0
Alsip, Des Plaines, Evanston, Park Ridge, Mount Prospect	6.0	4.0	29.0
Berwyn, Melrose Park, Norridge, Rolling Meadows, Skokie	6.0	3.0	28.0
Niles	6.0	2.5	27.5
Carpentersville, Cicero, Lincolnwood, Morton Grove, Rosemont	6.0	2.0	27.0
DuPage County	4.0	-	23.0
Bolingbrook	4.0	5.0	28.0
Naperville	4.0	4.0	27.0
Downers Grove, Woodridge	4.0	2.5	25.5
Kane County	4.0	-	23.0
McHenry County	4.0	-	23.0
Municipalities in other counties			
Danville	-	6.7	25.3
North Chicago	-	5.0	24.0
Galesburg and Pekin	-	4.0	23.0
Carbondale	-	3.0	22.0
Freeport, Peoria, Rock Island, and Sycamore	-	2.0	21.0
Channahon, Joliet, Moline, and Park City	-	1.0	20.0

Other states' taxes

Motor fuel tax rates on gasoline and gasohol range from 8¢ in Alaska to 41.8¢ in Pennsylvania; rates on diesel fuel range from 8¢ in Alaska to 52.1¢ in Pennsylvania. Motor fuel is taxed at fixed rates per gallon in 38 states. The other 12 states periodically adjust rates per gallon, based on the retail or wholesale price of motor fuel or on other factors. Their latest available rates on gasoline were:

State	*Variable rate*	*Adjusted each*	*Amount per gal. (Jan. 2014)*
New York	18.4¢ (2014)[1] + a fixed rate	1 year	42.4 ¢
Pennsylvania	21.75% of avg. wholesale price[2]	1 year	41.8
California	39.5[3]	1 year	39.5[4]
North Carolina	Greater of 7% of avg. wholesale price or 3.5¢ + a fixed rate[5]	6 months	37.75
West Virginia	14.2¢ + a fixed rate[6]	1 year	35.7
Nebraska	Percentage of wholesale price[7]	6 months	27.3
Kentucky	9% of avg. wholesale price	3 months	30.8
Vermont	2% of avg. retail price	3 months	31.97
Maryland	Based on Consumer Price Index[8]	1 year	27.0
Massachusetts	19.1% of avg. wholesale price[9]	3 months	26.5
Iowa	Based on fuel distribution[10]	1 year	22.0
Florida	Based on Consumer Price Index	1 year	19.293
Virginia	3.5% of avg. wholesale price	6 months	11.7

Notes

1. The variable part of New York's rate is indexed to changes in the Producer Price Index for refined petroleum products.
2. A 2013 Pennsylvania law set the average price at $1.87 for 2014 and $2.49 for 2015 and 2016; after that it is limited to $2.99.
3. Set annually by California Board of Equalization at a rate intended to make up for exemption of motor fuel sales from state sales tax.
4. California's rate will decline to 36¢ per gallon on July 1, 2014.
5. A 2013 law limits the rate to 37.5¢ per gallon until June 30, 2015.
6. Set annually by West Virginia Tax Department; may not change more than 10% from the previous rate.
7. Set by the Department of Roads at a rate to ensure sufficient funding for highway projects.
8. May not change by more than 8% from the previous rate.
9. Massachusetts's minimum is 21¢ per gallon.
10. Iowa's rates are based on the "distribution percentage"—the percentage that gallons of gasohol distributed in the state are of gallons of all motor fuels distributed in the state.

Sales Taxes on Motor Fuel

Illinois is among 9 states that collect general sales taxes on motor fuel sales:

California	Indiana
Florida	Michigan
Georgia	New York
Hawaii	Virginia*
Illinois	West Virginia

* A 2.1% sales tax applies in localities served by mass transit.

Connecticut has a "Petroleum Products Gross Earnings Tax" of 8.1% of a company's gross earnings from the initial sale of petroleum products in the state, which is included in the retail price.

Personal Property Tax Replacement Taxes

The Illinois Constitution of 1970 required that all *ad valorem* (value-based) personal property taxes be abolished by 1979. The personal property tax was already limited to businesses and trusts, because a 1970 amendment to the former (1870) Constitution had abolished it as to individuals. In 1979 the General Assembly replaced the personal property tax on businesses with an income tax on most businesses and an invested capital tax on public utilities. A 1997 law repealed the invested capital tax as to electricity distributors (except electric cooperatives) and telecommunications providers. Electricity distributors now pay a personal property tax replacement tax based on amounts of electricity delivered in Illinois; telecommunications providers pay a telecommunications infrastructure maintenance fee. Electric cooperatives still pay the invested capital tax. These taxes are administered by the Department of Revenue. (35 ILCS 635/1 ff. (telecommunications companies); 615/2a.1 (gas distribution companies); 620/2a.1 (electric companies); and 625/3 (water companies))

1. Personal Property Tax Replacement Income Tax

This tax is imposed on the net income of corporations, business partnerships, trusts, and "S" corporations. Administered by Department of Revenue. (35 ILCS 5/201(c))

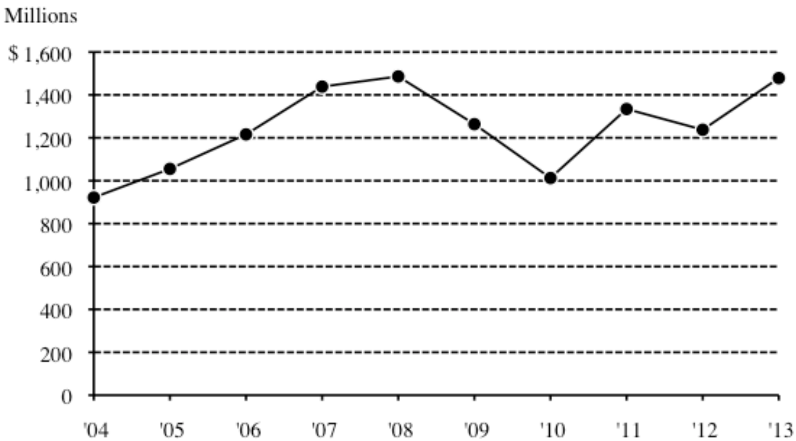
Rate and base:
1. Corporations: 2.5% of federal taxable income.
2. Partnerships, trusts, and "S" corporations: 1.5% of federal taxable income.

Since July 1, 1984, a 0.5% investment tax credit against this tax has been allowed for buying equipment used in manufacturing, mining, or retailing. A further 0.5% credit for buying such equipment is allowed if the company's Illinois employment base grew 1% over the preceding year's. These credits can be carried forward up to 5 years, but are not to apply to property acquired after 2018 unless bought under a contract made by the end of 2018. (35 ILCS 5/201(e))

History: The tax took effect July 1, 1979 at 2.85%. On January 1, 1981 its rate declined to 2.5%. An amnesty program in fiscal year 2011 collected $146,047,542.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$ 921.7	21.3%	2009	$1,263.7	-15.0%
2005	1,055.2	14.5	2010	1,012.6	-19.9
2006	1,216.0	15.2	2011	1,334.3	31.8
2007	1,438.6	18.3	2012	1,237.6	-7.2
2008	1,486.2	3.3	2013	1,478.5	19.5



Distribution: A percentage (normally calculated by the Department of Revenue based on refunds and revenues) goes to the Income Tax Refund Fund. State law sets this amount at 14% in fiscal year 2013 and 13.4% in fiscal year 2014.

The remainder goes to the Personal Property Tax Replacement Fund for this distribution: 51.65% to local governments in Cook County based on their shares of personal property tax collections in 1976, and 48.35% to local governments in the other 101 counties based on their shares of personal property tax collections in 1977.

Other taxes in lieu of personal property taxes
Federal: None.

Local: None.

Other states
No other state imposes a tax based on the invested capital of public utility companies, or an income tax specifically designated to replace a personal property tax. Ohio has phased out its tangible personal property tax on businesses, and replaced some of that revenue with a tax on electric and natural gas utilities. A portion of Idaho's sales tax replaces property tax revenue that would be raised if farm machinery and equipment were not exempted from that tax.

2. Invested Capital Tax

This tax is imposed on the invested capital of rural electric cooperatives and businesses that sell gas, electric, or water service. It does not apply to municipally owned electric and water companies, or to telephone cooperatives. (35 ILCS 615/2a.1, 620/2a.1(b), and 625/3)

Rate and base: The rate is 0.8% of capital invested in gas, electric, and water facilities in service during the taxable period. Invested capital is defined as the average of the totals at the beginning and end of the taxable period of shareholders' equity and long-term debt attributable to Illinois, minus investments in and advances to all corporations, as set forth on balance sheets in the company's annual report to the Illinois Commerce Commission for the taxable period.

History: The tax took effect July 1, 1979.

Distribution: Same as the distribution of Personal Property Tax Replacement Income Tax from the Personal Property Tax Replacement Fund.

3. Electricity Distribution Tax

This tax is imposed on electricity distributors other than electric cooperatives. Annual revenue from this tax is limited to an amount that was set in 1998 at $145.3 million and is increased each year as follows: the preceding year's revenue is multiplied by the lesser of (a) the percentage increase in the Consumer Price Index for All Urban Consumers, All Items (CPI-U) for that year or (b) 5%. If that limit is exceeded in a year, the Department of Revenue will issue credit memoranda to reduce all these taxpayers' future liability. (35 ILCS 620/2a.1)

Rate and base:

Kwh distributed per month			*Tax per kwh*
First	500	million	0.031¢
Next	1	billion	0.050
Next	2.5	billion	0.070
Next	4	billion	0.140
Next	7	billion	0.180
Next	3	billion	0.142
Over	18	billion	0.131

History: The tax took effect January 1, 1998.

Distribution: Same as the distribution of Personal Property Tax Replacement Income Tax from the Personal Property Tax Replacement Fund.

4. Telecommunications Infrastructure Maintenance Fee

This state tax is imposed on telecommunications services, including provision of messages or information through local, toll, and wide-area telephone services; channel, telegraph, teletypewriter, computer exchange, private line, and specialized mobile radio services; and any other transmission of messages or information by electronic or similar means, between or among points by wire, cable, fiber optics, laser, microwave, radio, satellite, or similar methods. (35 ILCS 635/10, 635/15, and 635/25b)

Rate and base: 0.5% of the retailer's gross charges for non-wireless telecommunications services.

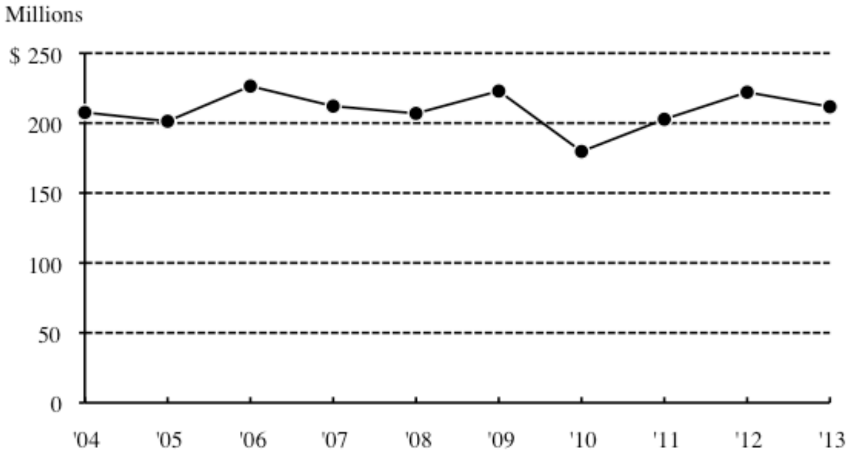
History: The tax took effect January 1, 1998. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest. Amnesty collections totaled $442,627.

Distribution: Same as the distribution of Personal Property Tax Replacement Income Tax from the Personal Property Tax Replacement Fund.

Public utility companies report liability for both the Invested Capital Tax and the Electricity Distribution Tax to the Department of Revenue on the same tax form. The Department of Revenue reports to the Comptroller only total proceeds of the two taxes. The telecommunications infrastructure maintenance fee is reported separately. A fiscal year 2011 amnesty program collected a total of $1,069,567 from those three taxes; $14,253 was collected in fiscal year 2012.

State revenue collected (totals from the Invested Capital Tax, Electricity Distribution Tax, and Telecommunications Infrastructure Maintenance Fee)

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$207.6	0.0%	2009	$222.9	7.7%
2005	201.3	-3.0	2010	179.7	-19.4
2006	226.4	12.5	2011	202.7	12.8
2007	212.1	-6.3	2012	222.1	9.5
2008	206.9	-2.5	2013	211.7	-4.7



Public Utility Taxes

There is one tax each on companies that sell electricity, communications, and natural gas. In addition, communications and gas companies must pay an intrastate gross revenue tax to help fund the Illinois Commerce Commission. (Part of the Electricity Excise Tax described below also funds the Commission.)

1. Electricity Excise Tax

Until August 1, 1998 the Public Utilities Revenue Tax was based on gross revenue of companies distributing and selling electricity in Illinois. Such companies were authorized to pass the tax on to consumers through a charge equal to the tax. On that date, the tax was replaced by a new Electricity Excise Tax on electric users in Illinois. Electric suppliers add this tax to residential customers' bills; the tax is based on the number of kilowatt-hours (kwh) used by each customer. Nonresidential customers can register as "self-assessing purchasers" and pay the tax directly to the Department of Revenue. Both the old and new laws exempt electricity used by municipalities to operate public transportation systems they own. Administered by Department of Revenue. (35 ILCS 640/2-1 ff.; see also 220 ILCS 5/9-222)

Rate and base:

Residential customers:

Kwh used per month		*Tax per kwh*	*Kwh used per month*		*Tax per kwh*
First	2,000	0.330¢	Next	2,000,000	0.270¢
Next	48,000	0.319	Next	2,000,000	0.254
Next	50,000	0.303	Next	5,000,000	0.233
Next	400,000	0.297	Next	10,000,000	0.207
Next	500,000	0.286	Over	20,000,000	0.202

Self-assessing (nonresidential) purchasers: 5.1% of purchase price.

Customers of municipal electric systems and rural electric cooperatives pay the lesser of (a) 0.32¢ per kilowatt-hour or (b) 5% of purchase price.

See "Note on Abatement of Public Utility Taxes" on page 103.

Exemption: A business enterprise classified by the Department of Commerce and Economic Opportunity as a "high impact business" is partly or fully exempt from this tax for up to 20 years, as determined by the Department, if it intends to do one of the following: (a) make a minimum investment of $12 million and create 500 full-time jobs; (b) make a minimum investment of $30 million and retain at least 1,500 full-time jobs at an Illinois location; (c) establish a new electric generating facility; (d) establish production operations at a new coal mine, re-establish production operations at a closed coal mine, or expand production at an existing coal mine; (e) construct new high-voltage electric transmission facilities or upgrade existing ones, or (f) make a minimum investment $500 million, establish a fertilizer plant, and create at least 125 full-time jobs. (220 ILCS 5/9-222.1A and 20 ILCS 655/5.5(a)(3)(B), (a)(3)(C), (a)(3)(D), and (a)(3)(F))

History: A 3% tax on public utilities' (electric) gross revenue was enacted in 1937. The rate was changed three times in the 1960s, eventually settling in 1967 at 5% of gross revenue. In 1985 it was set at the lesser of 5% or 0.32¢ per kilowatt-hour sold. That tax was repealed by a 1997 law deregulating the electric industry, and replaced on August 1, 1998 with the new excise tax. On that date the excise tax also replaced the intrastate gross (electric) revenue tax of 0.08% used to fund the Illinois Commerce Commission. The General Assembly intended that the excise tax raise substantially the same amount of revenue as the gross revenue taxes it replaced.

To encourage alternative energy production, electric utilities have been required to buy electricity from new qualified solid-waste-to-energy facilities (QSWEFs) in their service areas for 10 years (20 years if fueled by methane from a forest preserve district's landfill). QSWEFs use methane emitted by landfills as their primary fuel. Such a facility can take a credit against the Electricity Excise Public Utility Tax until the full capital costs incurred to develop the facility are paid. At that time, the QSWEF must reimburse the Public Utility Fund and General Revenue Fund for the amount of credit taken. (220 ILCS 5/8-403.1) The table on the next page lists such repayments, which are also included in the table on page 101. But recognition of new QSWEFs has been prohibited since

June 30, 2006, and repayments were required only through January 31, 2013.

QSWEFs' repayments of credits

Fiscal year	*Receipts (000 omitted)*	*Fiscal year*	*Receipts (000 omitted)*
2004	$700.0	2009	$0.024
2005	601.6	2010	-
2006	495.0	2011	-
2007	200.0	2012	-
2008	400.0	2013	-

From July 1, 2006 through January 31, 2013, the Comptroller was required to transfer to the Municipal Economic Development Fund an amount equal to the difference between the amount collected for that month and the amount collected for the same month in 2002.

A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $246,969. A fiscal year 2011 amnesty collected a total of $51,288.

Distribution:
1. 97% to the General Revenue Fund.
2. 3% to the Public Utility Fund. (Of that 3%, $5,000,004 annually goes to the General Revenue Fund.)

Other taxes on electric utilities
Federal: None.

Local: Each municipality can impose a tax on the privilege of using electricity in its territory. Rates decline with increasing electricity use by each customer, from 0.61¢ per kwh on the first 2,000 kwh per month to 0.30¢ per kwh on monthly usage over 20 million kwh. Again, this may be passed along to some customers. On request by a municipality, the Commerce Commission can approve alternative maximum rates. This tax was authorized by the 1997 electric deregulation law, replacing the tax of 5% of electric companies' gross revenue. The new tax was allowed to be imposed on nonresidential customers that choose alternative electric suppliers. (65 ILCS 5/8-11-2) As of February 2014, about 97 municipalities were using alternative rates issued by the Illinois Commerce Commission.

Municipalities can also charge electricity deliverers a fee for using public rights of way. Such a fee would be based on monthly usage by each customer, declining from 0.53¢ per kwh on the first 2,000 kwh to 0.26¢ per kwh on monthly amounts over 20 million kwh. (35 ILCS 645/5-5)

Other states' taxes
Taxes on gross receipts of electric companies vary widely. Rates range from under 1% to as high as 6.5% or are based on kilowatt-hours used.

2. Telecommunications (Messages) Excise Tax

This tax is imposed on those who send or receive intrastate and/or interstate telecommunications—including telephone, telegraph, private line, channel, teletypewriter, computer exchange, mobile radio and telephone, and paging services. The tax applies to the transmission of messages or information between or among points by wire, cable, fiber optics, laser, microwave, radio, satellite, and other methods; it excludes prepaid telephone calling agreements. Telecommunications providers collect the tax from customers. Administered by Department of Revenue. (35 ILCS 630/1 ff.)

Rate and base: 7% of gross charges by businesses for transmitting messages in intrastate or interstate commerce.

See "Note on Abatement of Public Utility Taxes" on page 103.

History: The messages tax was enacted in 1945 at 3% of gross receipts. Rate changes are shown below.

Year	*Rate*	*Year*	*Rate*
1945	3 %	1967	5%
1965	4	1985*	5
1966	3.92	1998	7

* In 1985 the tax was expanded to cover new telecommunications services and interstate messages; its rate stayed at 5%.

A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $11,154,187. A fiscal year 2011 amnesty collected $21,921,483; and $463,356 in fiscal year 2012.

Distribution:
Of the original 5% tax:

(a) $12 million per year to the Common School Fund.
(b) Remainder to the General Revenue Fund.

Of the additional 2 percentage points added in 1998:

(a) 50% to the School Infrastructure Fund.
(b) 50% to the Common School Fund.

Other taxes on telecommunications providers
Federal: A tax of 3% on amounts billed still applies to local service. (Its application to long-distance service was effectively ended by court decisions interpreting that section's definition of "toll telephone" service.)

Local: Through 2002, each municipality could impose an occupation tax of up to 5% of gross receipts of businesses transmitting messages. (65 ILCS 5/8-11-2, subd. 1) A municipality not imposing that tax could levy a 5% municipal telecommunications tax. (65 ILCS 5/8-11-17) Any municipality could also impose a local telecommunications infrastructure maintenance fee of up to 1% of gross charges by providers of telecommunications to addresses in its area (2% in Chicago).

On January 1, 2003, authority for the above taxes was replaced with authority for a Simplified Municipal Telecommunications Tax on gross retail charges for telecommunications. Each municipality that imposed any of the taxes described in the preceding paragraph automatically imposed the new tax, at a rate equal to the sum of (1) 70% of its rate for the first tax described in that paragraph, plus (2) its actual rates for the other two taxes—each rounded to the nearest 0.25%. Any municipality can change the rate of this tax in 0.25% increments, subject to a limit of 6% (7% in Chicago). (35 ILCS 636/5-1 ff.)

Other states' taxes
Taxes on gross receipts of telephone and telegraph companies vary widely among states; rates range from under 1% to 7%, or are based on the number of customers or length of phone lines.

3. Natural Gas Revenue Tax and Gas Use Tax

The Natural Gas Revenue Tax is imposed on companies distributing natural gas in Illinois; they can include the tax in bills to customers. Administered by Department of Revenue. (35 ILCS 615/1 ff.; see also 220 ILCS 5/9-222)

A Gas Use Tax was added in 2003. It is imposed, at the same rates as the Natural Gas Revenue Tax, on gas bought out of state for use in Illinois. (35 ILCS 173/5-1 ff.) Exemptions from the Gas Use Tax include gas used:

(a) by businesses in enterprise zones;
(b) by governmental bodies or any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes;
(c) to generate electricity;
(d) in a petroleum refinery;
(e) for use in liquefaction and fractionation processes to make value-added natural gas byproducts for resale; or
(f) in producing anhydrous ammonia and downstream nitrogen fertilizer products for resale.

Rate and base: The lesser of:
(a) 2.4¢ per therm of gas sold to each customer, or
(b) 5% of gross revenue from each customer.

See "Note on Abatement of Public Utility Taxes" on page 103.

History: The gas revenue tax was enacted in 1945 at 3%. Rate changes since then are shown below.

Year	*Rate*	*Year*	*Rate*
1945	3.00%	1967	5.00%
1965	4.00	1985	5.00% or 2.4¢ per therm
1966	3.92		

A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $44,680. A fiscal year 2011 amnesty collected $32,668.

Disposition: To the General Revenue Fund.

Other taxes on natural gas utilities
Federal: None.

Local: A municipality can impose an occupation tax based on the gross receipts of businesses that provide natural gas for consumption within the municipality, at a rate up to 5% (8% in Chicago). (65 ILCS 5/8-11-2)

Other states' taxes
Taxes on gross receipts of natural gas distribution companies vary widely among states. Rates range from under 1% to as much as 6.5%, or are based on amounts of gas sold.

4. Intrastate Gross Revenue Tax

This tax is imposed on public utility companies (except electric companies) regulated by the Illinois Commerce Commission. (The law excludes municipally operated utilities and mutual telephone companies.) Proceeds of the tax pay the Commission's expenses. Administered by Department of Revenue. (220 ILCS 5/2-202)

Rate and base: Up to 0.1% of a company's gross revenue from intrastate business for the calendar year.

History: The tax was first imposed in 1963 at a rate of 0.08%. Up to $3 million per biennium could be used to pay the Commission's expenses. That maximum transfer was increased to $3.5 million in 1967 and $5.5 million in 1970. A 1977 law abolished the limit on transfers to the Commission. In 1987 the Commission was authorized to raise the rate to as much as 0.1%. The 1997 law deregulating Illinois electric suppliers exempted them from this tax but provided for 3% of Electric Excise Tax revenue to go to the Public Utility Fund for this purpose.

If the balance in the Public Utility Fund in October of an odd-numbered year exceeds 50% of the preceding year's appropriations from the Fund, the Commission issues a memorandum of credit to each company for its proportionate share of the fund balance, and its tax liability is reduced by that amount.

Disposition: To the Public Utility Fund.

Other taxes on public utility companies
Federal: None.

Local: See previous entries on other public utility taxes.

Other states' taxes
Separate taxes on public utility companies to fund state regulatory bodies' administrative expenses are imposed in 45 other states. Almost all such rates are below 1% of gross intrastate revenue. In Washington, railroad companies pay 1.5%.

State revenue collected from utility taxes:

Total, all utility taxes

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$1,330.3	8.0%	2009	$1,439.8	1.1%
2005	1,295.7	-2.6	2010	1,387.9	-3.6
2006	1,319.0	1.8	2011	1,428.3	2.9
2007	1,387.9	5.2	2012	1,254.9	-12.1
2008	1,424.6	2.6	2013	1,291.1	2.9

Electricity Excise Tax

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$418.7	4.8%	2009	$460.7	-3.7%
2005	418.8	< 0.1	2010	460.7	0.0
2006	461.2	10.1	2011	462.6	0.4
2007	464.1	0.6	2012	452.5	-2.2
2008	478.6	3.1	2013	457.2	1.1

Telecommunications (Messages) Tax

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$708.8	7.1%	2009	$762.5	2.5%
2005	680.4	-4.0	2010	712.5	-6.6
2006	668.6	-1.7	2011	759.3	6.6
2007	729.7	9.1	2012	609.7	-19.7
2008	743.8	1.9	2013	644.6	5.7

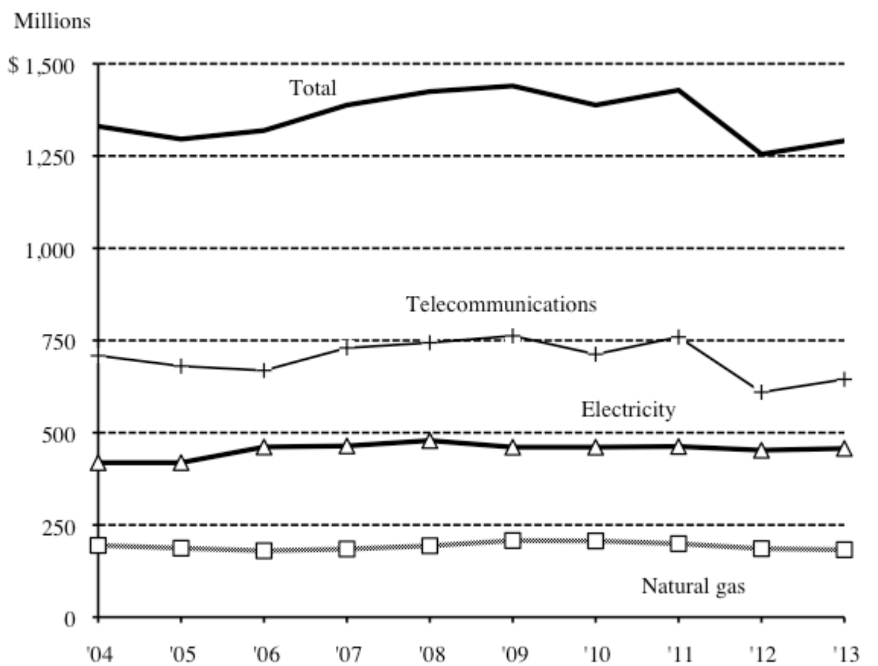
Natural Gas Revenue Tax

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$194.5	19.5%	2009	$207.6	7.3%
2005	187.0	-3.9	2010	206.7	-0.4
2006	180.0	-3.7	2011	199.1	-3.7
2007	184.7	2.6	2012	185.7	-6.7
2008	193.4	4.7	2013	182.8	-1.6

Intrastate Gross Revenue Tax

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$8.3	5.1%	2009	$8.8	-1.1%
2005	9.5	14.5	2010	8	-9.1
2006	9.2	-3.2	2011	7.3	-8.3
2007	9.4	2.2	2012	7.1	-3.9
2008	8.9	-5.3	2013	6.5	-8.3

Notes: Receipts from the Electricity Excise Tax and Natural Gas Revenue Tax (and thus total utility taxes) include receipts from an Energy Assistance Charge added to electric and natural gas bills. Those funds go to the Supplemental Low-Income Energy Assistance Fund. Receipts from the telecommunications tax include the surcharge for wireless connections. Those funds go to the Wireless Carrier Reimbursement Fund and the Wireless Service Emergency Fund.



Note on Abatement of Public Utility Taxes

State and/or municipal public utility taxes on a business can be abated if the Department of Commerce and Economic Opportunity certifies that:

(1) the business has (a) made investments that created at least 200 full-time-equivalent jobs in Illinois; (b) invested at least $175 million to create at least 150 jobs in Illinois; (c) kept at least 1,000 full-time jobs in Illinois; (d) made investments that retained at least 300 full-time-equivalent jobs in the manufacturing sector in an area of the state in which the unemployment rate is above 9%, and applied to the Department of Commerce and Economic Opportunity for the abatement by November 25, 2009; or (e) made investments that retained at least 500 full-time-equivalent jobs in 2009 and 2010, 675 jobs in 2011, 850 jobs in 2012, and 750 jobs in 2013 to 2017 in the manufacturing sector, and applied to the Department for the abatement by March 21, 2010; and
(2) the business is either (a) in an Illinois Enterprise Zone, or (b) in a federally designated Foreign Trade Zone or Subzone and designated by the Department as a High Impact Business.

The extent and length of abatement are decided by the state and local government. Abatements may last up to 30 years or the certified term of the enterprise zone, whichever is less (except that the only limit on the abatement period for a business qualifying under item (1)(d) is 30 years). If the state and/or local government decides to abate the public utility tax on a particular firm, each public utility serving that firm is excused from collecting public utility tax on service provided to it, and from paying the tax to the government imposing the tax. Also, a municipality that taxes a public utility may exempt a unit of local government or school district in the utility's territory from paying the tax. (20 ILCS 655/5.3; 65 ILCS 5/8-11-2, paragraphs (e) and (f); 220 ILCS 5/9-222.1; and 35 ILCS 640/2-3(d), last paragraph)

Pull Tab and Jar Games Tax and Fees

The state gets two kinds of revenue from pull tabs and jar games: license fees, and the pull tab and jar games receipts tax. Pull tabs and jar games use single-folded or banded tickets, or a card whose face is initially covered from view to conceal a number, symbol, or set of symbols. Each player chooses one of the tickets or positions on a card, then learns whether it is a winner. Pull tabs are played by pulling a tab from a board to reveal a number corresponding to the number for a given prize. The cost of a single ticket may not exceed \$2, and no prize for a single game may exceed \$500. No more than 6,000 tickets may be sold for a single game. Organizations with charitable-games licenses may conduct pull tab and jar games; such games may also be conducted at bingo locations. Administered by Department of Revenue. (230 ILCS 20/1 ff.)

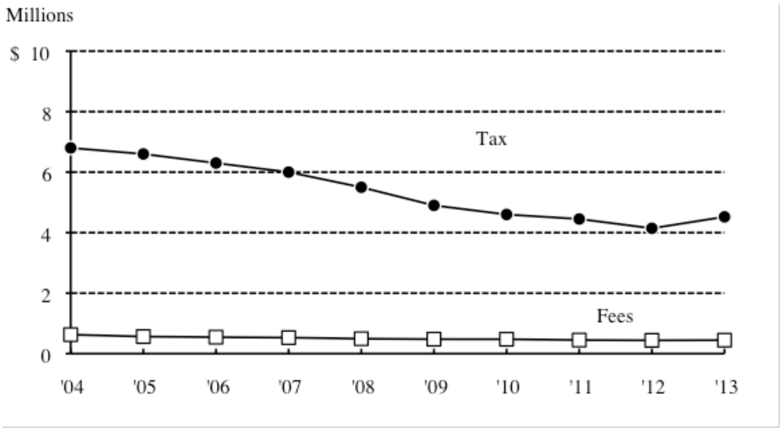
Rate and base:

1. Licenses offered and fees:
   (a) A \$500 annual license (with an extension up to 1 year if authorized by the Department of Revenue) for a nonprofit charitable, educational, religious, fraternal, veterans', labor, youth athletic, or senior citizens' organization to hold games at a single location.
   (b) A \$50 limited license for such an organization to hold games on up to 2 occasions per year for up to 5 consecutive days each.
   (c) A \$5,000 annual license, or a \$15,000 three-year license (with an extension up to 1 year if authorized by the Department of Revenue) for suppliers and manufacturers of pull tab and jar games materials and equipment.
2. Pull tab and jar games receipts tax: 5% of gross receipts.

History: The tax took effect July 1, 1988. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled \$1,955. A fiscal year 2011 amnesty program collected \$24,987.

State revenue collected

	License fees		Tax	
Fiscal year	Receipts (thousands)	Change	Receipts (millions)	Change
2004	$628.4	4.8%	$6.8	-2.9%
2005	564.9	-10.1	6.6	-2.9
2006	544.7	-3.6	6.3	-4.5
2007	529.8	-2.7	6.0	-4.8
2008	493.3	-6.9	5.5	-8.3
2009	478.5	-3.0	4.9	-10.9
2010	476.4	-0.4	4.6	-6.1
2011	449.4	-5.7	4.5	-3.2
2012	439.9	-2.1	4.1	-6.9
2013	446.1	1.4	4.5	9.1



Distribution:
1. 50% to the Common School Fund.
2. 50% to the Illinois Gaming Law Enforcement Fund.

Other taxes on similar wagering

Federal: A federal tax of 0.25% is imposed on the amount of any wager permitted by state law. But drawings, punchboards, and similar devices are exempt if operated by an organization that is exempt from taxation under section 501 of the Internal Revenue Code. (26 U.S. Code secs. 4401, 4421, and 501) A federal license fee of $50 is also imposed on persons accepting wagers authorized by state law. (26 U.S. Code sec. 4411)

Local: No tax is authorized by statute. Even home-rule units probably cannot collect license fees due to the restriction on licensing for revenue in the Illinois Constitution, Art. 7, subsec. 6(e). A tax on the gross receipts of game operators probably would also be invalid under that provision as an occupation tax.

Counties and municipalities are authorized to license and regulate raffles held by nonprofit charitable, educational, religious, fraternal, veterans', labor, and some kinds of business organizations. (230 ILCS 15/1 ff.)

Other states' taxes

At least 18 states separately tax proceeds of pull tabs and jar games. Taxes on gross receipts from such games are 10% in Oklahoma, 3% in Alaska, 0.53% in Kentucky, and 0.5% in New Mexico. Alaska also collects 1% of net pull-tab proceeds if gross annual receipts are at least $20,000. Minnesota also imposes a combined receipts tax on gross receipts from gambling (except bingo, raffles, and paddlewheels) at four rates: 9% on receipts up to $87,500; 18% on receipts from $87,501 to $122,500; 27% on receipts from $122,501 to $157,500; and 36% on receipts over $157,500. North Dakota collects taxes on all gambling in the state of 1% of gross receipts if up to $1,500,000 and 2.25% of receipts over that.

Indiana charges 10% of the price paid for pull tabs, punchboards, and tip boards. Louisiana collects up to 3% of net proceeds. Michigan collects 40% of the proceeds from the sale of pull-tab games for charity. Suppliers of numeral tickets (similar to pull tabs) must pay $5 per 1,000 tickets sold. Maryland collects 30% of net proceeds from electronic tip jar machines (33% in Calvert County). Mississippi imposes a tax of 2.5% on net proceeds, and New York 5%. Nebraska collects 10% of the net profit from pickle cards. Missouri imposes a tax of 2% of the pull tabs' retail sales value. Pennsylvania collects 60% of net revenue from tavern gaming, which includes pull-tabs, tavern daily drawings, and tavern raffles. An additional 5% tax is imposed, with revenues going to local governments, for a total tax rate of 65%. South Dakota distributors pay 5% of their gross sales of pull tabs. Washington charges 1.5% of gross income, plus 0.13% of gross income if it is at least $50,000 annually. Also, local governments may charge up to 10% of gross receipts minus prizes paid. New Hampshire charges $15 per package of "Lucky Seven" tickets sold to charitable organizations.

Some other states authorize local governments to tax pull tabs and jar games.

Racing Taxes

The pari-mutuel tax is imposed on daily racing receipts of racetrack operators. Smaller amounts of revenue come from the state's racetrack admission tax (15¢ per person) and from license fees on racing organizations and racetrack personnel. Administered by the Illinois Racing Board. (230 ILCS 5/15, 5/18, 5/20, 5/25 ff., and 5/32.1)

Rate and base:

(a) 1.5% of daily pari-mutuel handle (total amount bet).
(b) 1.5% of advance-deposit wagers from a location other than a wagering facility, plus 0.25%.
(c) 0.18% of advance-deposit winnings.

The tax on the licensees of any track holding live racing dates during a tax year is reduced by credits equal to the greater of:

(a) half the property tax paid on the racetrack in the preceding year, or
(b) the amount by which the property tax paid on the racetrack in the preceding year exceeds 60% of the average property taxes paid in the preceding year by all racetracks with live horse racing meets in the tax year.

The tax is not levied on winning wagers made in Illinois on races held outside Illinois.

For licensees of Fairmount Park, the tax is 0.75% of the daily pari-mutuel handle until all money required under the Riverboat Gambling Act. (230 ILCS 10/13(c-5))

The fee for an organization license is $1,000 plus $110 per racing date awarded. License fees for racetrack personnel are up to $25 per year (up to $60 for 3 years).

History: The Horse Racing Act of 1927 had different privilege tax schedules for thoroughbred and harness racing wagers. The Horse Racing Act of 1975 established a single privilege tax schedule for wagers on both types of racing. The 1975 Act based the tax on the daily wagering handle, rather than on the cumulative handle at a race meeting as under the 1927 Act. In 1979 the graduated tax rate on daily wagers was reduced by percentages ranging from 53.3% for amounts wagered up to $200,000 per day, to 20.5% for amounts over $3 million per day. Downstate tax rates were enacted in 1985 but repealed January 1, 2000.

A 1986 law phased out the graduated racing privilege tax rates. Beginning in 1988, the privilege tax rate was a flat 2% at Cook County tracks (Arlington, Hawthorne, and Maywood). At Downstate tracks (Balmoral and Fairmount) the tax rate was 1% of the first $400,000 wagered each day and 2% on the excess over $400,000. The Quad City Downs in Rock Island stopped live racing in 1994, but it still has off-track betting. Arlington was closed for the 1998 racing season, and Sportsman's closed in 2003.

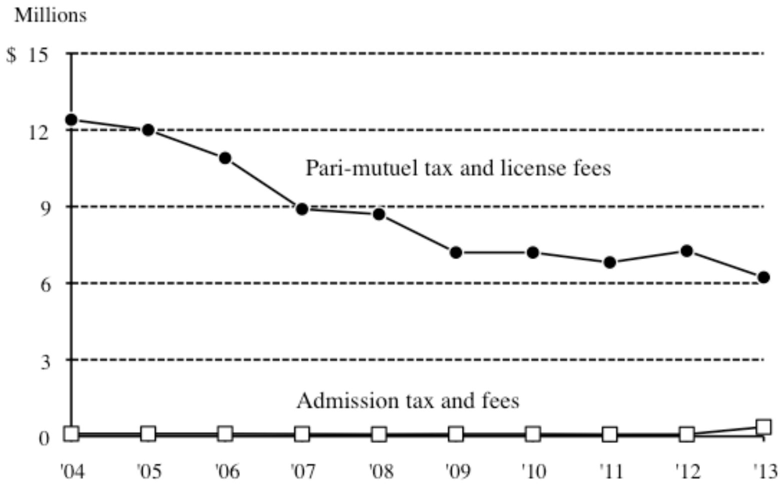
Off-track betting was authorized on July 1, 1987. Hawthorne is authorized to operate 6 OTB locations; Quad City Downs, 5; Arlington and Maywood, 4; and Balmoral and Fairmount, 3. The 14 locations for the three Cook County tracks cannot be more than 90 miles from their respective sponsoring tracks. The 11 locations of the three Downstate tracks cannot be more than 135 miles from their sponsoring tracks. Neither kind of location can be within 5 miles of an existing track without written permission from the track owner.

The graduated privilege tax was abolished in 1999 and replaced by a flat-rate pari-mutuel tax. A 2009 law authorized advance-deposit wagering from August 25, 2009 through August 25, 2012. Proceeds from the additional 0.25% tax on advance-deposit wagers went to the Quarter Horse Purse Fund (a non-appropriated trust fund administered by the Racing Board for paying purses for quarter horse races). A 2012 law continued this authorization through December 31, 2012; added a 0.18% tax on winnings from advance-deposit wagering; and changed distribution of the 0.25% tax to the standardbred purse accounts of the organization licensees. Although advance-deposit wagering authorization expired at the start of 2013, a 2013 law (98-18) continued the authorization through January 31, 2014 and retroactively authorized any wagering that had taken place. That law also changed distribution of the 0.25% tax to the Standardbred Purse Fund (a non-appropriated fund administered by the Racing Board to pay purses for standardbred horse races). A 2014 law continued advance-deposit wagering authorization through February 1, 2017.

A 2010 law raised the tax rate for licensees of Fairmount Park from 0.25% to 0.75%.

State revenue collected

	Pari-mutuel tax and license fees		Admission tax and fees	
Fiscal year	*Receipts (millions)*	*Change*	*Receipts (millions)*	*Change*
2004	$12.4	0.8%	$0.1	0.0%
2005	12.0	-3.2	0.1	0.0
2006	10.9	-9.2	0.1	0.0
2007	8.9	-18.3	0.09	-10.0
2008	8.7	-2.2	0.08	-11.1
2009	7.2	-17.2	0.09	12.5
2010	7.2	0.0	0.09	0.0
2011	6.8	-5.6	0.08	-14.4
2012	7.3	6.6	0.08	1.3
2013	6.2	-14.3	0.37	367.9



Distribution:

1. 8.5% of pari-mutuel tax collected for quarter-horse racing to the Illinois Quarter Horse Breeders Fund.
2. Starting August 25, 2012, amounts from the 0.25% tax on advance deposit wagers to the Standardbred Purse Fund. (Before that, funds went to the Quarter Horse Purse fund.)
3. All other pari-mutuel tax to the Horse Racing Fund.
4. License fees to the Horse Racing Fund.
5. Amounts from the 0.18% tax on advance deposit winnings to the tracks' standardbred purse accounts.

Other taxes on race wagering

Federal: The federal tax of 0.25% of the amount of any wager allowed by state law does not apply to wagers made with a pari-mutuel wagering enterprise licensed under state law. (26 U.S. Code subsec. 4402(1))

Local: A municipality or township hosting a race licensed by the Illinois Racing Board may charge an admission tax up to 10¢ per person. A township may do so only if the racetrack is in an unincorporated area. Imposition by a home-rule unit of such a tax before it was authorized by statute was held invalid. A municipality and a county with an OTB facility may each impose an admission fee up to $1 per admission; so admission fees may total $2. (230 ILCS 5/27(f))

An OTB licensee must pay 1% of the pari-mutuel handle at each OTB location to the municipality and 1% to the county. If the OTB location is in an unincorporated area, the county gets 2%. (230 ILCS 5/26(h)(10.1))

Other states' taxes

In states allowing wagers on horse racing, each track is allowed to retain a percentage of the money wagered each day to pay state taxes, compensate track management, and provide the purses for winning horses. This percentage, commonly called the "take," is regulated by state law. Most other money wagered is distributed among winning bettors.

The "take" may vary by type of race (thoroughbred or harness), or by type of wager. A regular wager involves a bet on a single horse for a single race. Multiple wagers involve bets on more than one horse in a single race: quinella (first and second horses regardless of order); perfecta (first and second horses in that order); trifecta (first, second, and third horses in that order); or a combination of races (daily double).

At least 42 other states tax bets on horse races:

Alabama	Maryland	Oregon
Arizona	Massachusetts	Pennsylvania
Arkansas	Michigan	Rhode Island
California	Minnesota	South Dakota
Colorado	Missouri	Tennessee
Connecticut	Montana	Texas
Delaware	Nebraska	Vermont
Florida	Nevada	Virginia
Idaho	New Hampshire	Washington
Indiana	New Jersey	West Virginia
Iowa	New Mexico	Wisconsin
Kansas	New York	Wyoming
Kentucky	North Dakota	
Louisiana	Ohio	
Maine	Oklahoma	

Many states also impose taxes on intertrack, simulcast, televised, and rebroadcast wagering at off-track facilities. Some states' rates vary during the year.

In addition, Kentucky collects a license tax on race operators based on the average daily mutuel handle—up to $2,500 for a daily average of over $900,000. Ohio imposes a racing permit tax of 3% plus 0.5% of total daily wagers on wagering pools other than win, place, or show, plus 0.1% if total wagers are below $5 million and 0.15% if they are at least $5 million. Nebraska imposes a tax of 0.64% of gross wagers in the preceding year. At least 16 states tax admissions to racetracks, in amounts ranging from 5¢ in New Jersey to 50¢ in Wisconsin. States levying admissions taxes as percentages of admission charges include New York (4%); Kansas, Missouri, and Oklahoma (10% each); Pennsylvania (15%); and Rhode Island (20%). Kansas also charges 20¢ per admission at facilities that are exempt from local property taxes. Florida's rate is the greater of 10¢ or 15% of the admissions charge; Arkansas's is the greater of 10¢ or 10% of the admissions charge.

Several states also collect similar taxes on dog racing and jai alai games. Connecticut, Florida, and Rhode Island each impose a tax on the handle for jai alai. Seven states tax live dog racing: Alabama, Arizona, Arkansas, Florida, Iowa, Texas, and West Virginia. Seven other states have dog racing taxes on the books but have no in-state dog racing: Colorado, Connecticut, Kansas, Oregon, Rhode Island, South Dakota, and Wisconsin. Some states without live dog racing allow betting on simulcast dog racing; they include Idaho, Montana, and New Hampshire.

Real Estate Transfer Tax

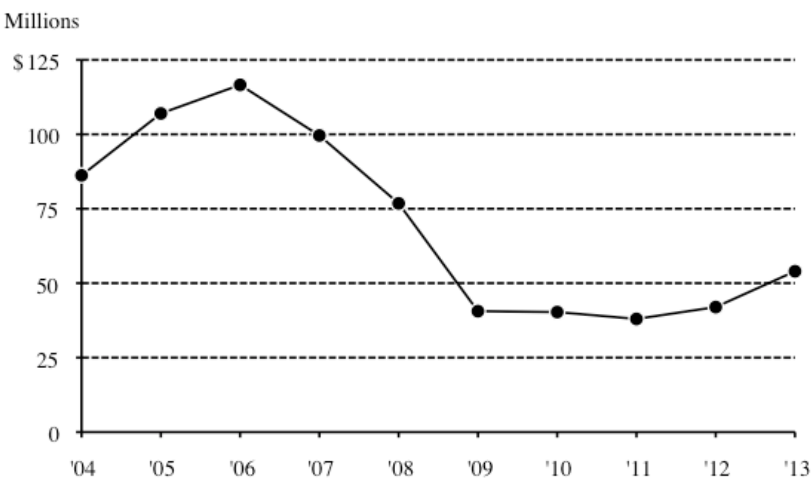
This tax is imposed on sellers of real estate when they transfer title. Administered by Department of Revenue. (35 ILCS 200/31-1 ff.)

Rate and base: 50¢ per $500, or fraction thereof, in market value of property transferred. If the property transferred is subject to a mortgage, only the excess of value of the property over the amount owed (the owner's equity) is taxed.

History: The tax was enacted in 1967 at the current rate. The rate was halved in 1979, then restored to 50¢ per $500 in 1989. Effective June 1, 2004, a transfer of a controlling interest in a "real estate entity" that owns property in Illinois also became subject to this tax. The Department of Revenue must now allow recorders or registrars to buy revenue stamps electronically.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$ 86.2	20.7%	2009	$40.6	-47.1%
2005	107.0	24.1	2010	40.3	-0.7
2006	116.6	9.0	2011	38.0	-5.7
2007	99.6	-14.6	2012	42.0	10.5
2008	76.8	-22.9	2013	54.0	28.6



Distribution:
1. 50% to the Illinois Affordable Housing Trust Fund.
2. 35% to the Open Space Lands Acquisition Development Fund.
3. 15% to the Natural Areas Acquisition Fund.

Other taxes on transfers of real estate
Federal: None. A federal tax of 50¢ per $500 of the value of property transferred was repealed in 1967.

Local: Counties can impose a tax of 25¢ per $500 of value. (55 ILCS 5/5-1031) Some home-rule municipalities also impose real estate transfer taxes. The governing body of a home-rule municipality or county must hold a public hearing and referendum to impose or increase a local real estate transfer tax. A 2008 law allowed Chicago, without a referendum, to increase its real estate transfer tax by up to $1.50 per $500 of value to help fund the Chicago Transit Authority. Chicago's rate is now $5.25 per $500 of sale price.

Comparison of states' taxes
Real estate transfer taxes are imposed by 34 states, at rates ranging from 1¢ per $100 of price in Colorado to as much as 4% (1% state rate plus up to 3% in local taxes) of a property's value in Pennsylvania (some states have even higher rates for higher-value properties). Arizona charges $2 per deed. In California and Louisiana, only local taxes apply. Kansas has only a mortgage registration fee. The table on the next page lists state tax rates, stated as percentages of price.

State	*Rate*	*State*	*Rate*
Pennsylvania	4.00[a] %	Virginia	0.35[i] %
Washington	3.28[a]	Arkansas	0.33
Delaware	3.00[a]	Minnesota	0.33[j]
New Hampshire	1.50	Wisconsin	0.30
Vermont	1.25[a]	Nebraska	0.225
Connecticut	1.00[b]	Iowa	0.16
New Jersey	1.21[c]	Oklahoma	0.15[k]
Michigan	0.90[a]	Alabama	0.10[l]
Florida	0.70[d]	Georgia	0.10[m]
North Carolina	0.60[a]	Hawaii	0.10[n]
Nevada	0.51[a]	**Illinois**	**0.10**
Maryland	0.50[e]	Kentucky	0.10
Massachusetts	0.456[f]	South Dakota	0.10
Maine	0.44	Colorado	0.01
West Virginia	0.44[a]	Kansas	0.00[o]
New York	0.40[g]		
Ohio	0.40[a]		
Rhode Island	0.40		
South Carolina	0.37		
Tennessee	0.37[h]		

a. Maximum rate, including local taxes.
b. If price is under $800,000; otherwise, 0.75% on the first $800,000, and 1.25% on the rest.
c. Maximum rate, plus 1% of the amount transferred over $1 million for some properties.
d. Florida also imposes a mortgage tax of 0.35%.
e. Plus various county recordation and transfer taxes.
f. Rate is 0.4% plus a 14% surtax.
g. Plus an added 1% if over $1 million, and a mortgage recording tax of up to 1%. New York City imposes an additional 1% tax for mortgage recording and real estate transfers (more if over $500,000).
h. Tennessee also imposes a mortgage recordation tax of 0.115%.
i. Includes a 0.25% recordation tax that applies to deeds and mortgages. Counties and cities may impose up to 1/3 of the state recordation tax.
j. Minnesota also imposes a mortgage registry tax of 0.23%.
k. Oklahoma also imposes a mortgage registration tax up to 0.1%.
l. Alabama also imposes a mortgage filing tax of 0.15%.
m. Georgia also imposes a mortgage tax (called an "intangible recording tax") of 0.3%.
n. If price is under $600,000; up to 1% otherwise.
o. Kansas imposes a 0.26% mortgage registration fee.

Riverboat Gambling Taxes and Fees

Illinois gets three kinds of revenue from licensed riverboat gambling: wagering taxes, license fees, and an admission tax (although part of the proceeds of that tax are distributed to the locality where each gambling boat docks). State law authorizes a total of 10 riverboat licenses. All are now active; the tenth license was awarded December 22, 2008 to Midwest Gaming & Entertainment to operate a riverboat at Des Plaines, which opened in July 2011. Administered by Illinois Gaming Board. (230 ILCS 10/1 ff.)

Rates and base:

1. Wagering tax:

Adjusted gross receipts		*Rate*
Up to $25	million	15 %
50	million	22.5
75	million	27.5
100	million	32.5
150	million	37.5
200	million	45
Over 200	million	50

2. License fees:
   (a) $25,000 nonrefundable application fee.
   (b) $5,000 annual operator's fee.
   (c) $50,000 fee for background investigation costs.
   (d) $5,000 annual gambling device supplier's fee.
3. Admission fee (for entire day's admission):
   (a) $2 per person if admissions in 2004 were up to 1 million.
   (b) $3 per person if admissions in 2004 were over 1 million, or the licensee was not conducting gaming in 2004.
   (Admission fees to a riverboat operated on behalf of the state can be $3 to $5 based on how many persons were admitted to it the preceding year.)

History: The tax was enacted in 1990 at a flat rate of 20% of adjusted gross receipts. In 1997 that was changed to a graduated system with 5 rates. On July 1, 2002 the number of rates was expanded to 7, with a top rate of 50%. On July 1, 2003 the top rate became 70%. On July 1, 2005 it returned to 50%.

A 2005 act required any riverboat with over 1 million admissions in calendar year 2004 to pay an additional amount determined by how much its statutory "base amount" exceeds the tax liability. The obligation to pay that additional amount ended on July 1, 2007.

Riverboats were first allowed to have gambling while docked in 1999.

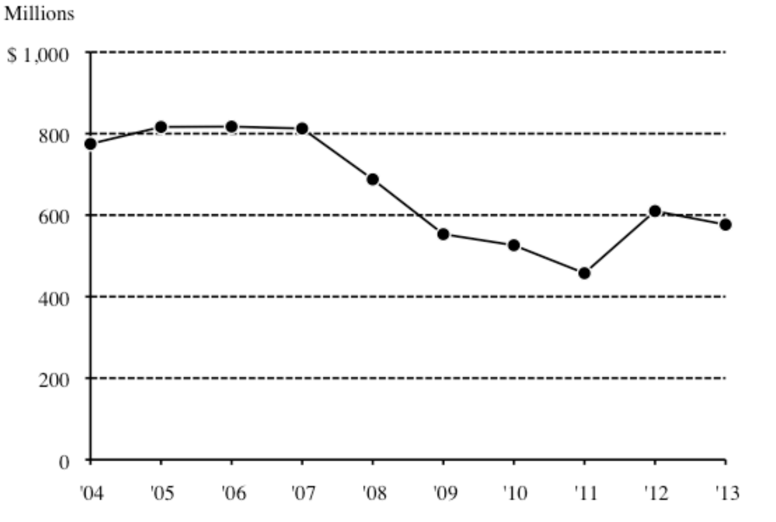
Illinois has ten riverboats operating. They are listed below by when they opened.

Location	*Year and month opened*	
Alton	1991	September
Peoria	1991	November
Rock Island	1992	March
Joliet (Empress)	1992	June
Metropolis	1993	February
Joliet (Harrah's)	1993	May
Aurora	1993	June
East St. Louis	1993	June
Elgin	1994	October
Des Plaines	2011	July

A riverboat opened at Galena in June 1992 but closed in July 1997.

State revenue collected

Fiscal year	*Receipts* (millions)*	*Change*	*Fiscal year*	*Receipts* (millions)*	*Change*
2004	$774.9	15.6%	2009	$553.2	-19.6%
2005	816.4	5.4	2010	526.1	-4.9
2006	817.2	0.1	2011	457.5	-13.0
2007	812.6	-0.6	2012	610.0	33.3
2008	687.8	-15.4	2013	576.7	-5.5



* Totals include revenue from the sale of the tenth riverboat license; those amounts were deposited in the General Revenue Fund. Those totals were: FY 2010, $47.5 million; FY 2012, $72.55 million; and FY 2013, $14.7 million.

Distribution:

1. All regular wagering taxes and fees to the State Gaming Fund for distribution as follows:
   (a) 5% of each boat's monthly adjusted gross receipts to the local government where it docks.
   (b) Amounts appropriated to the Illinois Gaming Board for administering and enforcing the Riverboat Gambling Act and the Video Gaming Act; to the Departments of Revenue and State Police for enforcing the Riverboat Gambling Act; and to the Department of Human Services to administer programs to treat problem gambling.
   (c) Of receipts of (i) a riverboat that was licensed but not operating on January 1, 1998 and moves to a new location, (ii) a riverboat newly licensed after June 25, 1999, or (iii) the first riverboat gambling conducted on behalf of the state (whichever of those events occurs first):
   - 15% of adjusted gross receipts (AGR) to the Horse Racing Equity Fund. (The law says that the General Assembly "shall" appropriate an equal amount from the General Revenue Fund to the Education Assistance Fund. Both provisions apply before May 26, 2006 and starting December 15, 2008, unless any horse racing track begins operating a slot machine or video game of chance.)
   - 2% of AGR to Cook County to improve criminal justice. (Again, the law says the General Assembly "shall" appropriate an equal amount to the Education Assistance Fund.)

- $1.6 million to the Chicago State University Education Improvement Fund.
- $66.36 million to the School Infrastructure Fund.
- On July 1, 2013 only, $92 million to the State Gaming Fund.
- On July 1, 2013 only, $23 million to the Horse Racing Equity Fund.

(d) Remainder of all regular taxes to Education Assistance Fund.

2. Fines and penalties to Education Assistance Fund.
3. Admission tax:
   (a) $1 to the municipality where the riverboat docks (or to the county if it docks in an unincorporated area).
   (b) Remainder to the State Gaming Fund.

Other taxes on riverboat gambling

Federal: A federal tax of 0.25% applies to any wager allowed by state law. But the tax does not apply to a game in which all participants are present during the wagering, determination of winners, and distribution of prizes. (26 U.S. Code secs. 4401 and 4421)

Local: None are authorized.

Other states' taxes

Although 22 other states license commercial casinos, only 5 (Indiana, Iowa, Louisiana, Mississippi, and Missouri) have riverboat casinos. Iowa's gross-receipts tax on riverboat casinos is 5% of the first $1 million wagered; 10% of the next $2 million; and 22% of any excess over $3 million. An Iowa city or county hosting a riverboat can impose a 50¢ admission fee by referendum. Mississippi imposes fees based on monthly gross receipts: 4% of the first $50,000, 6% of the next $84,000, and 8% of any over $134,000. It also collects annual fees based on the number of games conducted, plus a gambling tax of 3% of payments or credits to patrons. Local governments in Mississippi can also tax monthly gross receipts from riverboat gambling, at rates ranging from 0.4% of the first $50,000 to 0.8% of any excess over $134,000.

Louisiana imposes an annual license fee of $50,000 in the first year of operation and $100,000 in later years, plus 3.5% of net proceeds. It also collects a franchise fee of 18% of net proceeds (some riverboats in Orleans Parish pay 15% to 18% depending on net proceeds). Localities may charge admission fees up to $2.50 ($3 in two parishes). Indiana imposes a tax of 22.5% of adjusted gross receipts of riverboats that do not have gambling at the dock, and six rates on those that do: 15% of the first $25 million in annual adjusted gross receipts (5% of those receipts if gross receipts in the previous year were under $75 million); 20% of receipts over $25 million up to $50 million; 25% of receipts over $50 million up to $75 million; 30% of receipts over $75 million up to $150 million; 35% of receipts over $150 million up to $600 million; and 40% of receipts over $600 million. Indiana also imposes a $3 admissions tax. Missouri imposes taxes of 21% of adjusted gross receipts and $2 per admission.

Sales and Use Taxes

The "sales" tax actually consists of two matching pairs of taxes:

- The retailers' occupation tax, and the use tax.
- The service occupation tax, and the service use tax.

The retailers' occupation tax is imposed on gross receipts of retailers from sales of tangible personal property in Illinois.

The use tax is imposed on persons who use tangible personal property in Illinois. If the property is bought from an Illinois retailer, the retailer collects the use tax and uses it to pay the retailers' occupation tax. A person who buys property out of state, paying a lower rate of sales tax than would be due here, and then uses it in Illinois is liable for the difference as use tax.

The service occupation tax and service use tax are similar to the retailers' occupation tax and use tax, but apply to tangible property received incident to buying a service. There is no tax on the charge for the service. For example, if a car is repaired, these taxes apply only to the prices of any replacement parts used, not to the labor.

If out-of-state sellers have offices or other facilities in Illinois, the Illinois Department of Revenue can require them to collect these taxes on their sales in Illinois. Administered by Department of Revenue. (35 ILCS 105/l ff. (use tax); 120/l ff. (retailers' occupation tax); 110/l ff. (service use tax); and 115/l ff. (service occupation tax))

Rate and base: 6.25% of the purchase price (except on food and drugs, gasohol, blended ethanol, biodiesel, and biodiesel blends, as described below). The state keeps the part equal to 5% of the purchase price, and pays the remaining 1.25% to local governments as described below.

Retailers' occupation tax exemptions
A rate of only 1% applies to food to be consumed off the premises (excluding alcoholic beverages; soft drinks and candy as defined in the law; and food prepared for immediate consumption on the premises); medicines and medical appliances, including medical cannabis bought from a registered dispensary organization (but not nonprescription cleaning and grooming products); and modifications to automobiles used by disabled

persons. That 1% goes to local governments. Municipalities and counties can exempt food from this tax if it is sold below retail cost, for off-premises consumption, by a nonprofit organization that requires buyers to do community service as a condition of buying.

For gasohol, the retailers' occupation tax applies to only 80% of the price; no sales tax applies to fuel that is mostly ethanol. The tax applies to 80% of the sales price on biodiesel blends with 1% to 10% biodiesel content; no tax applies to blends with over 10% biodiesel content. These rates are to last through December 31, 2018. If the tax rate is reduced to only the 1.25% for local governments (as it was from July 1 to December 31, 2003), 100% of the sale price of gasohol and blends with 10% to 99% biodiesel will be taxed.

The state's portion of the sales tax (5%) on regular motor fuels and gasohol was suspended from July through December 2000. It was suspended from August 6, 2010 through August 15, 2010 on clothing items costing under $100, and school supplies.

The following *classes of items* are completely exempt from retailers' occupation tax:

1. Mandatory service charges to the extent they cover tips for persons directly involved in preparing, serving, hosting, or cleaning after a function for which the charges are imposed.
2. Farm chemicals.
3. New and used farm machinery (including farm wagons, trailers, and similar vehicles with gross weight up to 36,000 pounds, and apparatus for transporting or spreading chemicals) for production agriculture, or for state or federal agricultural programs; facilities to propagate, grow, or overwinter plants; and precision farm equipment such as soil sensors, computers, global positioning systems for soil testing and mapping, and equipment to collect data to formulate animal diets and farm chemicals.
4. Motor vehicles up to 8,000 pounds, recreational vehicles, and vans designed to carry 7 to 16 people, if they are to be rented out by a leasing company (see "Automobile Renting Occupation & Use Tax" on page 6).
5. Motor vehicles sold in Illinois to nonresidents and not titled in Illinois, for which drive-away permits are issued—if the state in which they will be titled has such an exemption for motor vehicles sold in it to Illinois residents. If it has no such exemption, a tax is imposed at

a rate equal to that other state's tax on tangible personal property, but limited to the Illinois tax that would have otherwise been imposed.

6. Newsprint and ink.
7. All machinery, equipment, structures, and associated equipment of a coal gasification operation.
8. Legal tender, currency, medallions, or gold or silver coins issued by Illinois, the U.S., or any foreign country; or bullion.
9. Photoprocessing machinery and equipment, including repair and replacement parts.
10. Photoprocessing products sold for use in commercial motion pictures.
11. Semen used for artificial insemination of livestock for direct agricultural production.
12. Some kinds of thoroughbred and standardbred horses used for breeding and racing. (No claim for credit or refund was allowed for taxes paid from May 30, 2000 through January 1, 2008, but the exemption applies for all other periods after May 30, 1995.)
13. Equipment used for diagnosis, analysis, or treatment of hospital patients, and computers and communications equipment used for any hospital purpose, if bought by a lessor and leased for at least 1 year to a hospital having an active tax exemption number.
14. Game or game birds bought at a game breeding and hunting preserve.
15. Motor vehicles donated to a recognized educational organization (such transactions were treated as taxable until this exemption was enacted).
16. Motor vehicles weighing over 8,000 pounds and subject to the commercial distribution fee (see "Driver's License & Vehicle Fees" on page 29). This exemption formerly applied to repair and replacement parts if the vehicle qualifies for the rolling stock exemption described below. The exemption was repealed for transactions on or after July 1, 2005. But motor vehicles and trailers that previously qualified for the exemption are exempt if the taxpayer continues to pay the Commercial Distribution Fee in later registration years.
17. Machinery and equipment primarily used for manufacture or assembly of tangible personal property for sale or lease.
18. Through August 30, 2014, graphic-arts machinery, equipment, and replacement parts, and chemicals that act directly on graphic-arts products.
19. Building materials when used for real estate in a redevelopment project within an intermodal terminal facility area. (Such an area may be designated by a municipality for purposes of developing new and/or

rehabilitating obsolete intermodal terminal facilities.)

20. Building materials when used for real estate for which an Enterprise Zone Building Materials Exemption Certificate has been issued.
21. Building materials for projects for which a High Impact Business Building Materials Exemption Certificate has been issued.
22. Building materials when used for real estate in a River Edge Redevelopment Zone certified by the Department of Commerce and Economic Opportunity.
23. Building materials incorporated into the planned Illiana Expressway.
24. Food for off-premises human consumption, and prescription and nonprescription medicines, medical appliances, and insulin, urine testing materials, syringes, and needles used by diabetics, if used by a person living on Medicaid in a licensed nursing home or a licensed facility for the mentally retarded or developmentally disabled (through June 30, 2016).
25. Materials used in construction or maintenance of a community water supply operated by a nonprofit corporation having a water supply permit.
26. Tangible personal property bought by a public facilities corporation to build or furnish a municipal convention hall, but only if legal title to the hall is transferred to the municipality without further payment by the municipality when the hall is completed or bonds issued by the corporation to finance the hall are retired.
27. Materials and components incorporated into or upon an aircraft as part of its modification, completion, repair, or maintenance by organizations that hold Air Agency Certificates, are empowered by the Federal Aviation Administration to operate an approved repair station, and meet some other requirements.
28. Coal and aggregate exploration mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding registered motor vehicles. (No claim for credit or refund was allowed for taxes paid from July 1, 2003 through August 16, 2013; but the exemption applies for all periods after July 1, 2013.)
29. Electricity delivered to customers by wire; natural or artificial gas delivered to customers by pipes; and water delivered to customers through pipes (machinery generating or treating them is not exempt from taxation—see exemption 17 above).
30. Materials that will be used for building, remodeling, or rehabilitating the South Suburban Airport (as certified by the Department of Transportation).

Sales in the following *kinds of situations* are also exempt:

1. Sales to government bodies; charitable, religious, and educational organizations; and nonprofit corporations organized to provide recreation to persons 55 or older.
2. Sales by nonprofit organizations for the benefit of persons 65 or older, if the organization did not buy the property for resale.
3. Isolated or occasional sales by persons other than retailers.
4. Occasional dinners of charitable, religious, or educational organizations.
5. Sales of property to interstate carriers for hire for use as rolling stock (trucks or trailers, aircraft, and watercraft) in interstate commerce, or to lessors under leases of at least 1 year executed or in effect at the time of purchase to interstate carriers for hire for use as rolling stock in interstate commerce. To qualify, over half of the vehicle's total trips must be to transport people or property in movement that is part of an interstate trip, and the vehicle (unless a trailer) must have a gross weight rating over 16,000 lbs. or be a limousine.
6. Sales of fuel consumed or used in ships, barges, or vessels used primarily to transport persons or property on a river bordering Illinois, if the fuel is delivered while the ship, barge, or vessel is on that river.
7. Sales of jet fuel used in operating high-impact service facilities in enterprise zones where mail, freight, cargo, or other parcels are sorted, handled, and redistributed (to be effective for a period of at least 10 years to be determined by the Department of Commerce and Economic Opportunity (DCEO)).
8. Sales of aviation fuel for flights engaged in foreign trade that transport people or packages to the city of final destination on the same aircraft (until June 30, 2013, this was only for flights beginning or ending outside the U.S.).
9. Sales of petroleum products if federal law prohibits the seller from charging tax.
10. Sales of personal property to a nonprofit Illinois county fair association for fair use.
11. Sales of personal property by a teacher-sponsored student organization affiliated with a school.
12. Sales of machinery and equipment used for general maintenance and repair, or in-house manufacture, of exempt machinery and equipment. This included up to 5% of the purchase price of production-related tangible personal property sold from July 1, 2007 through June 30, 2008 (no more than a total of $10 million in exemptions may be given).

13. Sales of machinery to operate other equipment in a computer-assisted design (CAD) or computer-assisted manufacturing (CAM) system.
14. Sales of repair and replacement parts, fuels, equipment, and supplies used in manufacturing processes, bought by a business certified by DCEO and located in an enterprise zone.
15. Sales to nonprofit arts or cultural organizations, including music and dramatic arts organizations, symphony orchestras and theatrical groups, local arts councils, visual arts organizations, and media arts organizations.
16. Sales of flowers by wire from outside Illinois for delivery by Illinois florists.
17. Sales of tangible personal property to a railroad, if transported out of Illinois for use elsewhere.
18. Purchases of personal property by a lessor, if leased to a governmental body (with an active tax exemption number) for at least 1 year.
19. Personal property sold at school fundraising events sponsored by volunteer entities that are recognized by a school district.
20. Sales of property to be used for repair or rebuilding of aircraft at a maintenance facility operated by an interstate carrier, in a county of 150,000 to 200,000 that contained three enterprise zones at the end of 1990, if other criteria are met.
21. Sales of aircraft that leave the state shortly after being made ready to fly, and are not based or registered in Illinois after the sale.
22. Sales to a public-facilities corporation for constructing or furnishing a municipal convention hall.
23. Through June 30, 2016, temporary storage in Illinois of property acquired in Illinois and later used outside the state, or that is altered and, as altered, used outside the state.
24. Sales of building materials to be incorporated into a qualified project under the Public-Private Partnership for Transportation Act.
25. Sales to nonprofit hospitals that can show that the value of their charitable services at least equals the estimated property tax liability that would be imposed on their land and buildings if they were not tax-exempt.)

Use tax exemptions

The use tax does not apply to use of personal property that would be exempt from the retailers' occupation tax, or to the following kinds of property:

1. Property brought into the state for temporary use by a nonresident.
2. Property already taxed in another state, to the extent of the tax paid there.

3. Building materials temporarily stored in Illinois, if acquired by a registered combination retailer and construction contractor, either inside or outside Illinois, and used by incorporating it into realty outside Illinois.
4. Property acquired outside the state by a nonresident and used for at least 3 months before being brought into Illinois for use here.
5. Used property moved to Illinois by a business not formerly operating in Illinois, if the property was bought and used in the business outside Illinois for at least 3 months.
6. Motor fuel acquired outside Illinois and brought into the state in fuel supply tanks of locomotives engaged in freight hauling and passenger service in interstate commerce.
7. Motor vehicles weighing over 8,000 pounds and subject to the commercial distribution fee (see "Driver's License & Vehicle Fees" on page 29). This exemption also applies to repair and replacement parts, if the vehicle qualifies for the rolling stock exemption. This exemption ended for transactions after June 2005. But motor vehicles and trailers that previously qualified for the exemption remain exempt as long as the taxpayer continues paying the Commercial Distribution Fee in later registration years.
8. Aircraft temporarily located in Illinois (a) for pre-purchase evaluation if they are not based or registered in the state after evaluation, or (b) for post-sale customization if they leave the state shortly after being made ready to fly, and are not based or registered in the state before or after customization.

Service use and occupation tax exemptions
A rate of only 1% applies to food prepared for immediate consumption and transferred incident to a sale of service by a licensed hospital, nursing home, child-care facility, or facility for the mentally retarded or developmentally disabled.

Service transactions involving provision of the following *kinds of property* are exempt from the service use and service occupation taxes:

1. Personal property taxable under the retailers' occupation or use tax, and tangible personal property offered for resale.
2. Personal property that is essential for providing service for or by any governmental body or charitable, religious, or educational organization, or a nonprofit corporation organized for the recreation of persons 55 or older. (To be exempt, a nonprofit hospital must show

that the value of its charitable services at least equals the estimated property tax liability it would have on its land and buildings.)

3. Personal property that is essential for providing service by interstate carriers for hire for use as rolling stock in interstate commerce, or by lessors under leases of at least 1 year, executed or in effect at the time of purchase, to interstate carriers for hire as rolling stock moving in interstate commerce if at least 51% of the carrier's total trips are used in transporting people or property and cross an Illinois state border.
4. Property that is incorporated into other tangible personal property and sold in the regular course of business, or that is transported in interstate commerce to destinations outside Illinois.
5. Sales for the primary purpose of conveying news, with or without other information.
6. Property acquired outside the state and moved into Illinois for use as rolling stock in interstate commerce, if at least 51% of the carrier's total trips are used for transporting people or property and cross an Illinois state border.
7. Property that cannot be taxed under federal law.
8. Interim use of tangible personal property.
9. Property temporarily used in the state by nonresidents.
10. Property taxed in another state, but only to the extent of the tax paid there.
11. Property temporarily stored in the state for later use outside the state, or rented and used outside the state.
12. Property acquired outside the state at least 3 months before being used in Illinois.
13. Machinery and equipment primarily used for manufacture or assembly of tangible personal property for sale or lease.
14. Mandatory service charges to the extent they cover tips for persons directly involved in preparing, serving, hosting, or cleaning after a function for which the charges are imposed.
15. New or used farm machinery for production agriculture, or for state or federal programs.
16. All machinery, equipment, structures, and associated apparatus of a coal gasification operation.
17. Motor vehicles designed to carry up to 10 people, if they are to be rented out by a leasing company.
18. Property used for repairing railroad equipment that is transported outside Illinois for use elsewhere.
19. Sale or transfer of property made on special order for an interstate carrier for hire that is received in Illinois, but is transported to and used outside Illinois.

20. Personal property bought by a nonprofit Illinois county fair association for fair use.
21. Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school.
22. Legal tender, currency, medallions, or gold or silver coins issued by Illinois, the U.S., or any foreign country, and bullion.
23. Photoprocessing machinery and equipment, including repair and replacement parts.
24. Machinery and equipment used for general maintenance and repair, or in-house manufacture, of exempt machinery and equipment.
25. Machinery used to operate other equipment in a computer-assisted design (CAD) or computer-assisted manufacturing (CAM) system.
26. Proceeds from sales of personal property by nonprofit organizations organized to benefit people over 65.
27. Sales to nonprofit music or dramatic-arts organizations that present live performances on a regular basis.
28. Aviation fuels bought for flights outside the U.S.
29. Photoprocessing products used in commercial motion pictures.
30. Motor vehicles weighing more than 8,000 pounds and subject to the commercial distribution fee (see "Driver's License & Vehicle Fees" on page 29). This exemption also applies to repair and replacement parts, if the vehicle qualifies for the rolling stock exemption. But as stated under "Use tax exemptions" above, this exemption does not apply to new transactions after June 2005.
31. Graphic arts machinery, equipment, and replacement parts.
32. Materials used in the construction or maintenance of a community water supply operated by a nonprofit corporation having a water supply permit.
33. Sales to a public-facilities corporation for constructing or furnishing a municipal convention hall.
34. Tangible personal property bought by a public facilities corporation to build or furnish a municipal convention hall, but only if legal title to the hall is transferred to the municipality without further payment by the municipality when the hall is completed or bonds issued by the corporation to finance the hall are retired.
35. Materials and components incorporated into or upon an aircraft as part of its modification, completion, repair, or maintenance by organizations that hold Air Agency Certificates, are empowered by the Federal Aviation Administration to operate an approved repair station, and meet some other requirements.
36. Coal and aggregate exploration mining, off-highway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but excluding registered motor vehicles.

Through August 30, 2014, a manufacturer's purchase credit may be earned for buying manufacturing machinery and equipment and construction materials that are incorporated into a manufacturing facility, and for graphic arts machinery and equipment. The credit may be used to offset sales tax liability for buying production-related personal property and construction materials that do not otherwise qualify for the exemptions of machinery, equipment, or materials. The credit is 50% of the price of manufacturing machinery or equipment to which that exemption did not apply. The credit may not be claimed when buying production-related tangible personal property for which an exemption is received as described in "Retailers' occupation tax exemptions" above.

History:

	Year	*Rate*
A retailers' occupation tax was enacted in 1933 at a rate of 2%.	1933	2 %
	1935	3
	1941	2
A use tax was added in 1955, and both rates were set at 2.5%.	1955	2.5
	1959	3
The service use tax and service occupation taxes were added in 1961.	1961	3.5
	1967	4.25
	1969	4
	1984	5
	1990	6.25*

* The 6.25% is a combined state-local rate. The state keeps 80% (the first 5¢ per $1.00), and transfers the other 20% (1.25¢ per $1.00) to local governments. See "Distribution" on page 131.

Rates of sales and use taxes on food and drugs were reduced from 4% to 3% on January 1, 1980, and from 3% to 2% on January 1, 1981. All food not for consumption on the premises, and all drugs, were completely exempted from state sales and use taxation on January 1, 1984. When the combined state-local rate of 6.25% took effect in 1990, a 1% state tax was imposed on food and drugs; its proceeds are transferred to local governments.

A 2003 act created the Aircraft Use Tax on the sale of airplanes. (35 ILCS 157/10-1 ff.) Its rate is 6.25% of the purchase price, of which 1.25% is deposited into the Local Government Distributive Fund and the remainder to the General Revenue Fund.

A 2004 act created the Watercraft Use Tax (35 ILCS 158/15-1 ff.) at 6.25% of the price of watercraft acquired by gift, transfer, or purchase. Proceeds go 20% to the State and Local Sales Tax Reform Fund, and 80% to the General Revenue Fund. (Leased or rented watercraft are tangible personal property subject to the Retailers' Occupation Tax.)

A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest; collections totaled $101,358,086. An amnesty in fiscal year 2011 collected $183,627,055.

Effective September 1, 2009, candy was excluded from the definition of "food for human consumption that is to be consumed off the premises where it is sold," and products such as soap, shampoo, toothpaste, and sunscreen were excluded from the definition of "nonprescription medicines and drugs," causing them to be taxed at 6.25% rather than 1%.

A 2010 act allowed individuals with annual use tax liability up to $600 to report and pay it at the same time as they pay individual income tax. The act also established a use tax amnesty program from January 1, 2011 through October 15, 2011. During that time, interest and penalties are abated on payments of use tax liabilities from individuals incurred from July 1, 2004 through December 31, 2010.

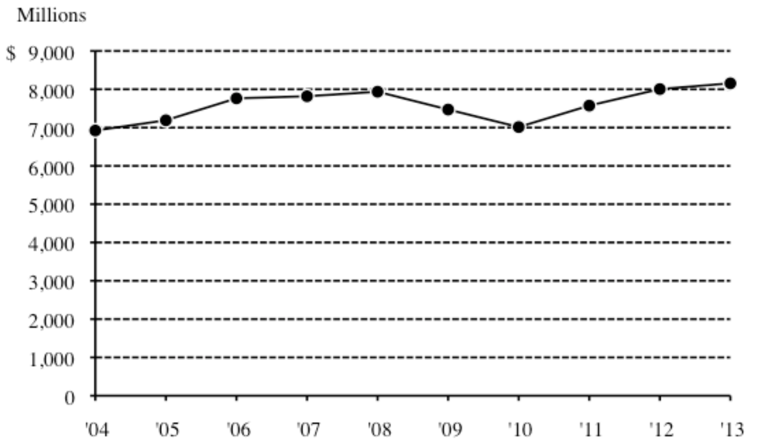
A sales tax holiday from August 6 through 15, 2010 temporarily eliminated the state's portion of the sales tax on items of clothing costing under $100, and school supplies.

Beginning July 1, 2011, a retailer was considered to have a place of business in Illinois, and thus had to collect sales tax for the state, if the retailer had a contract with a person in Illinois (1) under which the person referred potential customers to the retailer by a Website link in return for commissions or (2) under which the retailer sold the person's products or similar products and the person received commissions. This applied only if gross receipts to the retailer from all sales under either type of contract exceeded $10,000 per year. But the Illinois Supreme Court invalidated that requirement in 2013. It said the requirement was a discriminatory tax on electronic commerce within the meaning of the federal Internet Tax Freedom Act, and thus unenforceable.

A 2013 law authorized medical cannabis purchases from registered dispensing organizations. Such purchases are taxed as purchases of "prescription and nonprescription medicines and drugs," at a rate of 1%.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$6,922.6	5.5%	2009	$7,470.5	-5.9%
2005	7,190.3	3.9	2010	7,013.3	-6.1
2006	7,763.1	8.0	2011	7,573.3	8.0
2007	7,817.3	0.7	2012	8,004.5	5.7
2008	7,935.5	1.5	2013	8,154.7	1.9



Distribution:

1. 80% of net revenue from 6.25% sales tax as follows:
   (a) 1.75% to Build Illinois Fund.
   (b) 3.8% to Build Illinois Fund to retire bonds.
   (c) 80% of net tax revenue on Illinois coal bought by a new electric generating facility that received state financial aid, to the Energy Infrastructure Fund (for the first 25 years that the facility buys Illinois coal).
   (d) 25% reserved for transfer to Common School Special Account Fund.
   (e) 80% of net revenue from sales of products that were taxed at 1% until September 1, 2009 and then began to be taxed at 6.25%, to Capital Projects Fund.
   (f) 80% of net revenue from sales of sorbents used in Illinois in sorbent injection as used to comply with the Environmental Protection Act or the federal Clean Air Act (up to $2 million per year), to Clean Air Act Permit Fund.
   (g) Beginning July 1, 2013, the deficit in the Underground Storage Tank Fund in the previous year (up to $18 million per year), to the

Underground Storage Tank Fund.

(h) Remainder to General Revenue Fund (25% is reserved for the General Revenue Fund transfer to the Common School Fund), with two transfers out:

(i) 3/32 of net revenue from counties and municipalities that have Downstate mass transit districts, to the Downstate Public Transportation Fund.

(ii) 3/32 of net revenue from Madison, Monroe, and St. Clair Counties to the Downstate Public Transportation Fund.

In addition to those transfers of money from state sales tax revenues, the law calls for the state to match the following amounts of sales tax (and real estate transfer tax) collected by Chicago or the RTA, by transferring matching amounts to the Public Transportation Fund, which supports the RTA exclusively:

(i) 25% of net revenue from (a) 80% of the proceeds of a 1.25% tax in Cook County; (b) 75% of the proceeds of a 1% tax in Cook County; and (c) one-third of the proceeds of a 0.75% tax in the collar counties, to the Public Transportation Fund.

(ii) 5% of net revenue collected from the total RTA sales tax (and 5% of revenue transferred to the Chicago Transit Authority from Chicago's real estate transfer tax), to the Public Transportation Fund.

(iii) 25% of net revenue from (a) 20% of the proceeds from a 1.25% RTA sales tax in Cook County; (b) 25% of the proceeds from a 1% RTA sales tax in Cook County; (c) one-third of the proceeds from a 0.75% RTA sales tax in the collar counties; and (d) 25% of revenue transferred to the Chicago Transit Authority from Chicago's real estate transfer tax, under an intergovernmental agreement to be made, to the Public Transportation Fund.

2. 16% of net proceeds of the 6.25% sales tax to the Local Government Tax Fund.
3. 4% of net revenue from the 6.25% sales tax to the County and Mass Transit Fund.

Additional amounts specified by law are to be deposited in the Build Illinois Fund and the McCormick Place Expansion Project Fund. Some revenue from sales and use taxes; the 1% tax on food and medicine; and the separate Watercraft Use Tax goes to the State and Local Sales Tax Reform Fund (although some of that money is then transferred to local governments).

The Department of Revenue also collects by law 2% of the revenue from flood prevention district sales taxes, school facility sales taxes, and business district sales taxes, as compensation for the administrative expenses of collecting those taxes for the localities imposing them.

Other taxes on sales
Federal: None.

Local:

<u>Goods other than food and drugs</u>:

Illinois law authorizes local governments to impose sales taxes, subject to the following provisions on rates:

Home-rule units	0.25% or more in 0.25% increments (no statutory limit)
Non-home-rule municipalities	0.25%, 0.50%, 0.75%, or 1.0% for property tax relief or public infrastructure (and, if the tax is approved on or after July 14, 2010, for municipal operations until December 31, 2020)
Regional Transportation Authority (RTA)	1.00% maximum in Cook County; 0.75% maximum in DuPage, Kane, Lake, McHenry, and Will Counties
DuPage County Water Commission	0.25% maximum
Metro East Transit District	0.25% maximum (any county in the District may impose an additional 0.5% by referendum)
Metro-East Park and Recreation District	0.1% maximum

Current rates of home-rule units, and numbers of units imposing them, are:

3.00%	Hopkins Park
2.25	Danville and Springfield
2.00	5 municipalities
1.75	4 municipalities
1.50	24 municipalities
1.25	21 municipalities including Chicago
1.00	68 municipalities
0.75	24 municipalities, and Cook County
0.50	21 municipalities
0.25	3 municipalities

The RTA and DuPage County Water Commission impose the maximum rates allowed. The Madison County Metro East Transit District imposes 0.25%, and the St. Clair County Metro East Transit District 0.75%. Madison and St. Clair counties also impose the Metro-East Park and Recreation District tax at 0.1%. The Department of Revenue collects these local taxes on top of the 6.25% statewide tax.

The Illinois Municipal Code authorizes non-home-rule municipalities by referendum to tax sales, except of food and drugs, for public infrastructure and/or property tax relief at rates of 0.25%, 0.5%, 0.75%, or 1.0%. If such a tax is approved on or after July 14, 2010, the proceeds may also be used for municipal operations through 2020. The Illinois Department of Revenue collects those taxes for the municipalities that impose them. (65 ILCS 5/8-11-1.1 and 5/8-11-1.3) Over 115 municipalities impose such taxes. A provision intended specifically for East Peoria allows it to impose a sales tax in 0.25% increments (65 ILCS 5/8-11-1.6); it imposes 1.25%.

Any county by referendum may impose a sales tax, except on food and drugs, for public safety, public facility, or transportation purposes in 0.25% increments. The Illinois Department of Revenue collects those taxes. (55 ILCS 5/5-1006.5) At least 39 counties impose them.

Any county (except Cook) by referendum may impose a sales tax in 0.25% increments up to 1%, except on food and drugs, for school facility purposes. Seventeen counties impose the tax at a 1% rate; Jo Daviess County's rate is 0.5%. The Illinois Department of Revenue collects such taxes. (55 ILCS 5/5-1006.7)

A municipality may designate an area as a business district and, if the area is found to be blighted and not likely to be developed without assistance, impose a sales tax within the district, except on food and drugs, in 0.25% increments up to 1% to fund plans and projects in the district. The Illinois Department of Revenue collects those taxes. (65 ILCS 5/11-74.3-6(b) and (c))

A flood prevention district (authorized to be formed by Madison, Monroe, and St. Clair Counties) may by ordinance impose a sales tax, except on food and drugs, of 0.25% for up to 25 years if the district board determines that an emergency exists regarding levee repair or flood prevention. Funds are to be used to pay the costs of emergency levee repair and flood prevention, and to secure the payment of bonds issued for those purposes. Each of those counties currently imposes the tax. The Illinois Department of Revenue collects such taxes. (70 ILCS 750/25)

A municipality or county that has established a STAR (Sales Tax and Revenue) bond district may impose a sales tax, except on food and drugs, of up to 1%, in 0.25% increments, on sales within the STAR bond district. Revenues may be used to pay off STAR bonds. The Illinois Department of Revenue collects such taxes. (50 ILCS 470/31(b) and (c))

Food and drugs:

The state collects a 1% tax on sales of food for consumption off the premises; food served in hospitals and nursing homes incident to providing other services; prescription and nonprescription drugs; and medical appliances. This tax is collected by the Department of Revenue and paid into the Local Government Tax Fund for distribution to municipalities and counties. The state does not keep any of this revenue. In addition, Chicago is authorized to levy a tax on soft drinks, which the state collects; and the state collects sales taxes on food and drugs for three transit districts. The Regional Transportation Authority imposes the maximum rates allowed. The St. Clair County Mass Transit District collects 0.75%, and the Madison County Mass Transit District 0.25%.

Chicago (soft drinks only)	0.25% or more in 0.25% increments (3.0% maximum)
Regional Transportation Authority (RTA)	1.25% maximum in Cook County 0.75% maximum in DuPage, Kane, Lake, McHenry, and Will Counties
Metro East Transit District	0.25% maximum (any county in the District may impose an additional 0.5% by referendum)

A home-rule unit that does not impose a sales tax may tax gross receipts from the sale of alcoholic beverages, soft drinks, and food for immediate consumption. The tax may not be collected within more than 1 square mile, and must have the written consent of at least three-fourths of the operators of businesses to be taxed. It may be imposed in 0.25% increments up to 2%, for up to 25 years. Proceeds may be used for parking facilities in the area taxed. Those taxes are administered by municipalities.

Other taxes up to 1% are authorized for specific purposes for Belvidere and Collinsville, and for Boone County.

Use Tax:

The increase in the general sales tax rate from 5% to 6.25% also increased collections of use tax by 25% (1.25 ÷ 5). That additional revenue is distributed as follows:

(a) 20% to Chicago.
(b) 10% to RTA Occupation and Use Tax Replacement Fund.
(c) 0.6% to Madison County Mass Transit District.
(d) $37.8 million to Build Illinois Bond Account Fund (through FY 2025).
(e) The remainder to the Local Government Distributive Fund (distributed by population to local governments other than Chicago).

Restaurants:

The Metropolitan Pier and Exposition Authority is authorized to impose a 1% retailers' occupation tax on restaurant and carryout food in the area of Chicago bordered by the Stevenson Expressway on the south, Ashland Avenue on the west, Diversey Avenue on the north, and Lake Michigan on the east; and at O'Hare and Midway Airports.

The following tables list rates collected in each locality or area. Rates of county taxes for public safety or school facilities, business district taxes, and flood prevention district taxes, as described above, are not included.

Items except food and drugs

	Chicago	*Suburban Cook Co.*	*DuPage*	*Other collar*	*Down-state*	*St. Clair*	*Madi-son*
State	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Municipal*	1.00	1.00	1.00	1.00	1.00	1.00	1.00
County	0.25	0.25	0.25	0.25	0.25	0.25	0.25
County home-rule	0.75	0.75	-	-	-	-	-
RTA	1.00	1.00	0.75	0.75	-	-	-
DuPage water†	-	-	0.25	-	-	-	-
Metro East Transit	-	-	-	-	-	0.75‡	0.25‡
Metro East Park and Recreation	-	-	-	-	-	0.10	0.10
City home-ruleΔ	1.25	0.25-2.00	0.50-1.50	0.50-1.75	0.50-3.00	0.25-1.50	1.00-1.50
Totals	9.25%	8.25-10.00%	7.25-8.75%	7.00-8.75%	6.25-9.25%	7.10-8.60%	6.60-8.10%

* Revenues from the 1% tax go to municipalities, or to counties for sales in unincorporated areas.
† City of Chicago areas within DuPage County are not subject to the DuPage water tax.
‡ The Metro East Transit District sales tax is levied only in townships that are part of the District.
Δ In 0.25% increments.

Food and drugs

	Chicago	Suburban Cook Co.	DuPage	Other collar	Down-state	St. Clair	Madi-son
State	-	-	-	-	-	-	-
Municipal*	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
County	-	-	-	-	-	-	-
County home-rule	-	-	-	-	-	-	-
RTA	1.25	1.25	0.75	0.75	-	-	-
DuPage water†	-	-	-	-	-	-	-
Metro East Transit	-	-	-	-	-	0.75‡	0.25‡
Totals	2.25%	2.25%	1.75%	1.75%	1.00%	1.75%	1.25%

* Revenues from the 1% tax go to municipalities, or to counties for sales made in unincorporated areas.
† City of Chicago areas within DuPage County are not subject to the DuPage water tax.
‡ The Metro East Transit District sales tax is levied only in townships that are part of the District.

Comparison of states' taxes

Only five states do not impose general sales taxes: Alaska, Delaware, Montana, New Hampshire, and Oregon.

Basic (statewide) rates in the states with general sales taxes are:

Rate	*States*
7.5 %	California*
7.0	Indiana, Mississippi, New Jersey, Rhode Island, Tennessee
6.875	Minnesota
6.85	Nevada*
6.5	Arkansas, Washington
6.35	Connecticut†
6.25	**Illinois**, Massachusetts, Texas
6.15	Kansas
6.0	Florida, Idaho, Iowa, Kentucky, Maryland, Michigan, Pennsylvania, South Carolina, Vermont, West Virginia
5.95	Utah*
5.75	Ohio
5.6	Arizona
5.5	Maine, Nebraska
5.3	Virginia*
5.125	New Mexico
5.0	North Dakota, Wisconsin
4.75	North Carolina
4.5	Oklahoma
4.225	Missouri
4.0	Alabama, Georgia, Hawaii, Louisiana, New York, South Dakota, Wyoming
2.9	Colorado

* Includes local rates imposed statewide in each of the states of California (1%), Nevada (2.25%), Utah (1.25%), and Virginia (1%). Utah levies a 1.25% statewide local sales tax.
† Connecticut's rate is 7% on some "luxury goods."

Tire User Fee

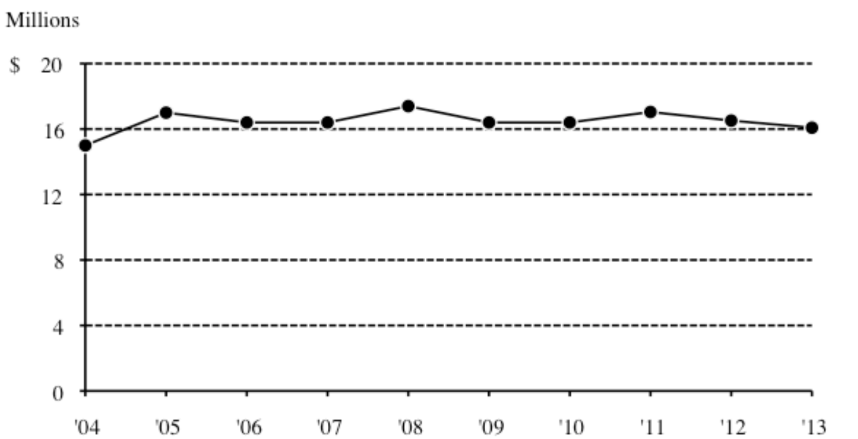
The fee is imposed on the retail sale of new or used tires (except tires sold by mail; tires sold already mounted on a vehicle; and reprocessed tires). Administered by Department of Revenue. (415 ILCS 5/55.8)

Rate and base: $2.50 per tire sold.

History: The fee was first imposed on July 1, 1992 at $1 per tire. In 2003 it was raised to $2, and a 50¢ fee for the Emergency Public Health Fund was added. The 50¢ fee was to end in 2008, but in 2007 became permanent.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$15.0	123.9%	2009	$16.4	-5.7%
2005	17.0	13.3	2010	16.4	0.0
2006	16.4	-3.5	2011	17.0	3.9
2007	16.4	0.0	2012	16.5	-3.1
2008	17.4	6.1	2013	16.1	-2.6



Distribution:
1. 10¢ kept by seller if returns are filed on time.
2. 10¢ transferred to General Revenue Fund.
3. 50¢ to Emergency Public Health Fund.
4. Remaining $1.80 to Used Tire Management Fund.

Other taxes on tires

Federal: A tax applies to heavy-duty tires (with maximum rated load capacity over 3,500 lbs.), in most cases at 9.45¢ per 10 lbs. over that capacity; it is to expire October 1, 2016. (26 U.S. Code sec. 4071)

Local: Chicago imposes a $1 fee on each new tire sold at retail, except by mail order or as part of a vehicle. The city uses the proceeds to pay costs of regulating used tires and their effects. (Chicago Municipal Code, sec. 3-55-030)

Comparison of states' taxes

State	*Tax per tire*	
Alaska	$2.50	($5 if tire is spiked)
Illinois	**2.50**	
New York*	2.50	(expires December 31, 2016)
Oklahoma*	2.50	(if up to 19½ inches wide; $3.50 if larger; $1 per motorcycle tire; for agricultural tires, the greater of $2.50 or 5¢ per pound)
Arkansas	2.00	($5 per truck tire)
Delaware	2.00	
Louisiana	2.00	($5 per medium truck tire; $10 per off-road tire)
South Carolina	2.00	
California*	1.75	
Colorado	1.50	
New Jersey*	1.50	
Tennessee	1.35	
Alabama	1.00	
Florida*	1.00	
Georgia	1.00	(expires June 30, 2014)
Kentucky	1.00	(expires June 30, 2014)
Maine	1.00	
Mississippi	1.00	($2 if tire is at least 24 inches wide)
Nebraska*	1.00	
Nevada	1.00	

(Continued on the next page)

State	*Tax per tire*	
Ohio	1.00	(expires July 1, 2016)
Pennsylvania	1.00	
Utah	1.00	(for tire up to 24½ inches wide)
Washington	1.00	
Maryland*	0.80	(The Board of Public Works sets the fee, up to $1.00)
Missouri	0.50	(expires January 1, 2015)
Rhode Island	0.50	
Virginia	0.50	
New Mexico	0.375	(annual fees of: $1.50 per auto mobile, $1 per motorcycle, 50¢ per wheel on a bus)
Indiana*	0.25	
Kansas*	0.25	
South Dakota	0.25	(charged at vehicle registration, up to $1 per vehicle)
Arizona*		2% of price; limited to $2 per tire ($1 per tire on a motor vehicle if tire price is not stated separately, such as in sales from automobile manufacturers)
North Carolina		2% of price of tire with diameter up to 20 inches: 1% if larger

* These states appear to impose their fees on tires sold mounted on motor vehicles as well as on replacement tires.

Vehicle Use Tax

This tax is imposed on each motor vehicle given, transferred, or sold between private parties. Administered by Department of Revenue. (625 ILCS 5/3-1001 ff.)

Rate and base

(a) Vehicle valued under $15,000:

Years since model year	*Tax*	*Years since model year*	*Tax*
Up to 1	$390	7	$80
2	290	8	65
3	215	9	50
4	165	10	40
5	115	over 10	25
6	90		

(b) Vehicle valued at $15,000 or more:

Sale price	*Tax*	*Sale price*	*Tax*
$15,000-19,999	$ 750	$25,000-29,999	$1,250
20,000-24,999	1,000	30,000+	1,500

(c) $15 for a motor vehicle sold or transferred among immediate family members; in administering an estate (except transfer to a surviving spouse); or in reorganizing a business with no change in beneficial ownership.

(d) $25 for a motorcycle, motor-driven cycle, or mo-ped.

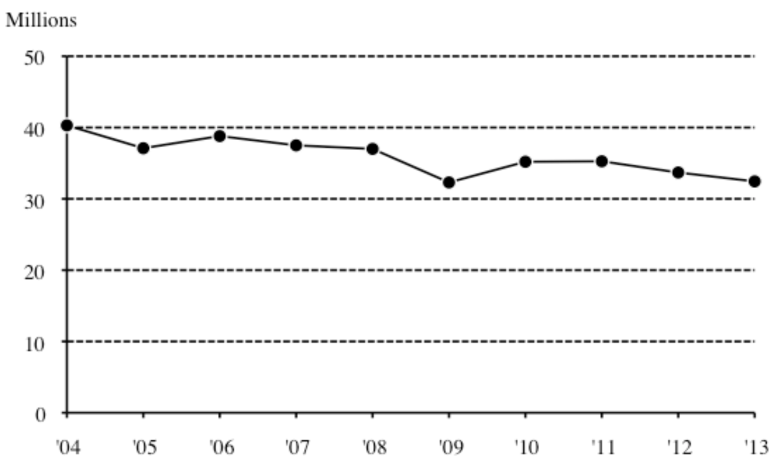
Exemptions:

1. Vehicles taxable under the use tax.
2. Vehicles bought and used by government agencies, or by a society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes.
3. Vehicles sold after issuance of junking certificates.
4. Vehicles transferred to a surviving spouse.
5. Vehicles for on-farm use only.

History: The tax was enacted in 1979 at $30 per vehicle. In 1981 motor vehicles over 5 years old were exempted. In 1985 the rate was changed to 5% of the selling price for vehicles up to 10 years old. The current rates, based on vehicle age and selling price, took effect in 1988. The tax will be discontinued when there are enough proceeds to retire the Build Illinois bonds. A tax amnesty program in fiscal year 2004 allowed taxpayers to pay outstanding tax liabilities without penalty or interest. Amnesty collections totaled $183,589. A fiscal year 2011 amnesty collected nothing.

State revenue collected

Fiscal year	*Receipts (millions)*	*Change*	*Fiscal year*	*Receipts (millions)*	*Change*
2004	$40.3	2.8%	2009	$32.3	-12.7%
2005	37.1	-7.9	2010	35.2	9.0
2006	38.8	4.6	2011	35.3	0.2
2007	37.5	-3.4	2012	33.7	-4.5
2008	37.0	-1.3	2013	32.4	-3.7



Distribution: $5 million per year to the Build Illinois Fund; remainder to the General Revenue Fund.

Other taxes on vehicle use

Federal: None.

Local: No local tax is authorized by statute, but a home-rule unit probably could impose one.

Other states' taxes

Other states usually tax sales of motor vehicles between private parties at the same rates as other sales.

Video Gaming Tax and License Fees

The state gets two kinds of revenue from licensed video gaming terminals: license fees, and the video gaming terminal tax. Terminals covered include those that, upon insertion of cash, electronic cards, or vouchers, play or simulate play of a video game (including video poker, line up, and blackjack) using a video display or microprocessors, in which a player may receive free games or credits redeemable for cash. Such terminals do not include those that directly dispense cash or tokens, or are for amusement only. They are authorized at for-profit and non-profit alcoholic beverage establishments (except racetracks and riverboats), fraternal and veterans' establishments, and large truck stops. Administered by Illinois Gaming Board. (230 ILCS 40/1 ff.)

Rate and base:
1. Video gaming terminal license fees (annual):

Manufacturer	$10,000
Distributor	10,000
Operator	5,000
Supplier	2,000
Technician	100
Establishment	100
Terminal	100
Terminal handler	50

2. Video gaming terminal tax:

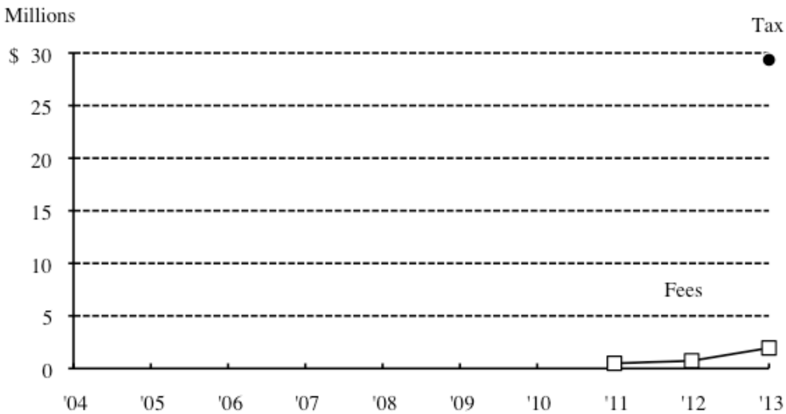
   30% of net terminal income (gross revenue minus prizes paid)

History: The tax took effect July 13, 2009. Some license revenue was collected in fiscal years 2011 and 2012. But video gaming operations were not authorized until October 9, 2012, and many locations may begin offering video gaming only in fiscal year 2014 or later.

State revenue collected

	Terminal license fees		*Terminal Tax*	
Fiscal year	*Receipts (millions)*	*Change*	*Receipts (millions)*	*Change*
2011	0.5	∞	-	-
2012	0.7	49.3%	-	-
2013	1.9	167.3	$29.3	∞

∞ (the symbol for infinity) for FYs 2011 and 2013 reflects the fact that collections rose from zero the preceding year.



Disposition

1. License fees: To the State Gaming Fund.
2. Video gaming tax:
   (a) Five-sixths to the Capital Projects Fund.
   (b) One-sixth to the Local Government Video Gaming Distributive Fund for distribution to counties and municipalities that have video gaming.

Other taxes on video gaming

Federal: The federal tax of 0.25% of the amount of any wager allowed by state law does not apply to wagers placed in a coin-operated device, or to any amount paid in lieu of inserting a coin, token, or similar object into such a device. (26 U.S. Code subsec. 4402(2))

Local: No tax is authorized by statute. Home-rule units probably cannot collect license fees due to the restriction on licensing for revenue in the Illinois Constitution, Art. 7, subsec. 6(e). A tax on net income of video gaming terminal operators probably would be invalid under the same provision as an occupation tax.

A non-home-rule unit may not charge a fee exceeding $25 per year for operation of a video gaming terminal. (230 ILCS 40/65)

Although they may not tax video gaming, municipalities and counties (in unincorporated areas) by ordinance may prohibit video gaming. Nearly 200 municipalities and counties do not allow video gaming—either by specific ordinance or because they have no facilities that would be eligible for a license (such as because they are "dry").

Other states' taxes

At least 38 other states authorize electronic gaming devices, but only 6 allow them at establishments other than racetracks or casinos. Louisiana allows video draw poker devices in restaurants, bars, taverns, cocktail lounges, clubs, hotels, motels, large truck stops. It charges $250 annually per machine ($1,000 per machine at truck stops), and takes 26% to 32.5% of net machine revenue in taxes depending on the machine location. Montana authorizes video poker, keno, and bingo machines in establishments licensed for alcohol and gambling. The annual fee is $240 per machine, and the state collects 15% of gross machine income. In Nevada, video gaming and slot machines are allowed in places for which slot machine operation is incidental to the primary business, such as bars, taverns, grocery stores, drugstores, convenience stores, and liquor stores. Operators must pay $250 annually for each such machine, plus additional fees based on the type of license and number of machines. The state takes a percentage of monthly gross income from gambling: 3.5% of the first $50,000; 4.5% of the next $84,000; and 6.75% of income over $134,000. Oregon authorizes video lottery machines in alcoholic beverage establishments. The annual fee is $135 per terminal—plus $50 per terminal if annual net receipts at the location are over $104,000, and an additional $75 each if receipts are over $260,000. The state has two options for retailers to retain a portion of net receipts: one with three tiers and the other with four. Under those options, the state takes between 11% and 78% or between 11% and 72.5%, depending on annual net receipts. In South Dakota, bars and lounges may have video lottery machines, and each operator must pay annually the greater of $100 per machine or $1,000. The state takes half of net machine income. Finally, West Virginia allows video lottery at private clubs, some beer establishments, and veterans' or fraternal organizations. The annual fee is $1,000 per terminal; the state also takes 30% to 50% of net income from video lottery depending on the amount of income.