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# ILLINOIS' FRANCHISE TAX: AN ARCHAIC OUTLIER

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## Introduction

The term "franchise tax" can cover a wide variety of tax structures. In general, a franchise tax is a tax on corporations that is separate from the corporate income tax.[1] Most states impose a fixed or graduated fee on corporations incorporated or doing business there, but the term "franchise tax" is most commonly used to describe a tax based on some measure of a company's net worth or capital value. In most cases the franchise tax pre-dates the corporate income tax.

This brief outlines Illinois' franchise tax, including its history, revenue generation, relative scarcity among states, and administrative complications.

[1] In California, however, the corporate income tax is the "franchise tax."

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