

Tax Expenditures

A tax expenditure is any exemption, exclusion, deduction, allowance, credit, preferential tax rate, abatement, or other device that reduces the amount of tax revenue that would otherwise accrue to the State. [p. 1, Tax Expenditure Report Fiscal Year 2013, Illinois State Comptroller]

From Comptroller's FY 2013 Tax Expenditure Detail Report (For Tax Year 2011) Taxpayers taking credit (* if three or less)

35 ILCS 5/

(In Thousands)
If less than 3 taxpayers took the credit/subtraction, and the line item is marked by *, a \$0 may appear for the category.

Section:

207 Illinois Net Operating Loss Deduction

0-NOL suspended for Tax Year 2011 (amount was \$218,957 in FY 12)

Effective 1986

A taxpayer with a net operating loss may apply the Illinois apportioned amount against income taxes in future years (carryforward). For tax years ending on or after December 31, 2003, a taxpayer may apply a net operating loss forward for 12 tax years (time periods have varied during the history of the deduction).

The State temporarily suspended the tax from January 1, 2011 to December 31, 2012, then reinstated it with a cap of \$100,000 for any taxable year ending on or after December 31, 2012 and prior to December 31, 2014. As part of the suspension, the State extended the carryforward period one year for each year the net operating loss is suspended or capped.

211, 704A Economic Development for a Growing Economy Tax Credit

\$45,085 62

Effective 2000

The State allows a credit, negotiated with DCEO, for businesses that create or expand Illinois facilities. The duration of the credit may not exceed 15 tax years. State statutes allow some taxpayers to claim the credit against wage withholdings.

203 (d-1) Foreign Insurer Rate Reduction

\$14,065 65

Effective 2000

This provision allows a taxpayer, which is a foreign insurance company (generally an insurance company not domiciled in Illinois) where the home state/country of that insurer imposes a retaliatory tax on Illinois companies doing business in that state/country, to reduce the applicable Illinois corporate income and replacement tax rates to levels the insurer's home state/country imposes on net income. However, the rates cannot be reduced to an amount where the total sum of taxes is less than 1.75% of the net taxable premiums written in Illinois.

213 Film Production Services Credit

\$18,753 14

Effective 2004

(see also the Film Production Services Tax Credit Act -35 ILCS 16/)
The State allows a credit, as determined by DCEO, equal to varying percentages of film production costs incurred in Illinois. This tax credit is transferable.

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201(k)	Research and Development Credit Effective 1991 (ended on 12/30/03 then reinstated in 2004)	\$30,696	258
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The State allows a credit equal to 6.5% of the increase in qualifying expenditures (as defined by the federal tax code) for Illinois research and development expenditures during the tax year over the average of the prior three tax years.

214	Affordable Housing Donation Credit Effective 2001	\$8,484	6
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The State allows a credit equal to 50% of donations to qualified low-income housing projects.

201(f)	Enterprise Zone Investment Credit Effective 1991	\$17,928	302
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A credit is allowed equal to .5% of the cost of property placed in service in an Enterprise Zone.

201 (f)	River Edge Redevelopment Zone Investment Credit Effective 2006	\$0	*
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A credit is allowed equal to .5% of the cost of property placed in service in a River Edge Redevelopment Zone. An additional .5% credit is available for taxpayers who increase base employment by at least 1% within a River Edge Redevelopment Zone.

203(b)(2)(K), 203(b)(2)(M), 203(b)(2)(N)	Enterprise Zone and River Edge Redevelopment Zone Dividend, Interest and Charitable Contribution Subtractions	\$1,588	72
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Effective 1983; (P.A. 97-905, signed into law 8/7/12, repealed the Enterprise zone dividend and interest income deductions for financial institutions.)

1) The Enterprise Zone and River Edge Redevelopment Zone Dividend subtraction modification is equal to those dividends paid by a corporation that conducts substantially all of its business operations in an Illinois Enterprise Zone or River Edge Redevelopment Zone or zones. The language allowing the subtraction for Enterprise Zone businesses was deleted in 2012.

2) The Enterprise Zone and River Edge Redevelopment Zone Interest subtraction is designated for financial organizations that make loans to borrowers that are secured by property that is eligible for the Enterprise Zone or River Edge Redevelopment Zone Investment credit. The language allowing the subtraction for loans secured by Enterprise Zone property was deleted in 2012.

3) The Enterprise Zone and River Edge Redevelopment Zone Charitable Contribution subtraction permits corporate taxpayers to deduct twice the contribution amount made to a charitable organization (as defined by IRC section 170) in a designated Illinois Enterprise Zone or River Edge Redevelopment Zone. The contribution must be used for a project approved by the Illinois Department of Commerce and Economic Opportunity.

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Code	Description	Amount	Count
201 (g)	Enterprise Zone, Foreign Trade Zone, River Edge Redevelopment Zone Job Tax Credit Effective 1986; (Public Act 97-905, signed into law 8/7/12, repealed the credit for Enterprise Zones.) The State provides a tax credit to taxpayers conducting a trade or business in an Illinois Enterprise Zone, a High Impact Business conducting business in a federally designated Foreign Trade Zone or Sub-Zone, or a River Edge Redevelopment Zone. \$500 per eligible employee. Excess credit may be carried forward five tax years	0	*
203(a)(2)(O), (b)(2)(P), (c)(2)(N), and (d)(2)(L)	Job Training Project Contribution Subtraction Effective 1986 The State allows a subtraction from income of an amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act.	\$24	10
203(a)(2)(K), (b)(2)(L), (c)(2)(O), and (d)(2)(M)	High Economic Impact Business Dividend Subtraction Effective 1986 This subtraction modification is equal to those dividends paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone that is designated a High Impact Business located in Illinois.	\$93	11
203 (b) (M-1)	High Economic Impact Business Interest Subtraction Effective 1986 The subtraction (of interest earned from eligible loans) is designated for financial organizations that make loans to borrowers that secure the loans with property that are eligible for the High Impact Business Investment credit.	0	# included in High Economic Impact Business Dividend Subtraction
201(h)	High Economic Impact Business Investment Credit Effective 1986 This tax credit is provided to taxpayers that invest, and place in service, qualified property in a federally designated Foreign Trade Zone or Sub-Zone and designated as a High Impact Business by the Department of Commerce and Economic Opportunity. The credit is equal to .5% of the property placed in service during the taxable year.	\$0	*