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1-1-1995

## Tax Incentives Report, 1994

State of Illinois

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STATE OF ILLINOIS

# Tax Incentives Report

FISCAL YEAR 1994

**ALLOWANCES**

**EXEMPTIONS**

**CREDITS**

**ABATEMENTS**

**DEDUCTIONS**

**EXCLUSIONS**



Office of the

**COMPTROLLER**

**Loleta A. Didrickson**





Office of the  

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COMPTROLLER  
STATE OF ILLINOIS

*"Every citizen of Illinois is affected daily by how well State government functions. As the State's 'Chief Fiscal Control Officer', the Comptroller is responsible for ensuring that the taxpayers know whether they are getting their money's worth."*

*Loleta Didrickson*



State of Illinois  
**COMPTROLLER**  
Loleta A. Didrickson

# NEWS RELEASE

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or Molly Hall  
312/814-5709  
217/782-0590

## COMPTROLLER DIDRICKSON REPORTS \$3.3 BILLION IN TAX GIVE-AWAYS

(SPRINGFIELD)  
April 25, 1995

As state lawmakers struggle to balance this year's \$33.4 billion budget, Illinois Comptroller Loleta A. Didrickson today announced that state government gave away \$3.3 billion in tax incentives during the 1994 fiscal year.

In the latest "Tax Incentives Report," the Comptroller showed that the \$3.3 billion represents nearly a quarter (24 per cent), of the \$14.1 billion raised through those taxes that include incentives.

The single largest incentive was \$753 million applied against the state sales tax for food, drugs and medical appliances. It's followed by the \$475 million sales tax break for state and local governments and not-for-profit groups. Retirement and Social Security deductions from the individual income tax came in third, at \$309 million. (Illinois and Pennsylvania are the only states that exempt both Social Security and private pension income).

Comptroller Didrickson points out, however, that "A number of smaller tax breaks add up to hundreds of millions of dollars. For example, newspapers and magazines got a 30 million dollar break for their purchase of newsprint and ink.

Coin collectors got more than a million last year through the exemption for legal tender, medallions and bullion. Religious organizations got 103 thousand dollars through the liquor tax exemption on sacramental wine, a tax break that's been on the books since 1935."

"Many of these tax breaks were approved by the General Assembly with good intentions, but they have a price, and that sometimes gets overlooked. Tax incentives are not subject to appropriation or auditing, yet in Fiscal 1994, they exceeded the combined budgets of the Department of Corrections, Children & Family Services, Mental Health and the University of Illinois. At a time when lawmakers are faced with competing interests for limited dollars, they may want to examine particular incentives to determine if their cost is justified by the return or benefit to taxpayers."

The Comptroller says, while individuals are the biggest beneficiaries of tax incentives, taxpayers and school children are the biggest losers., Of the \$3.3 billion tax incentive total, \$519 million would have been deposited into the common school fund, the equivalent of 24 per cent of that fund's revenues. And another \$67 million would have gone into the education assistance fund, equivalent to 12 per cent of revenues.

####



To The People of Illinois:

The Office of the Comptroller is required by law to report annually on the tax incentives offered by state government.

In fiscal 1994, there were 157 tax incentives in effect with a reported impact of just over \$3.3 billion. They range in size from the \$750 million sales tax exemption for food and drugs to those which are limited in scope and have an estimated value of under \$1 million. Tax incentives authorized under either the state sales tax or individual income tax totalled \$2.9 billion of the reported total impact of \$3.3 billion.

The \$3.3 billion in tax incentives were applied against revenue sources that brought in a reported \$14.1 billion in fiscal 1994. This amounts to 24% of reported receipts. The bulk of tax incentives were from the sales taxes (\$2.1 billion in incentives versus \$5.0 billion in receipts in fiscal 1994) and individual income tax (\$868 million in incentives versus \$5.4 billion in receipts).

Incentives targeted to individuals totalled \$1.6 billion in fiscal 1994, while specific business incentives totalled \$783 million. Charitable organization incentives were \$480 million. There were also \$455 million in broad-based incentives (such as the allowance for trade-ins) that could not be tied to a specific group.

While tax incentives are used to encourage certain activities such as economic development, they also affect other functions. For example, since education funding depends in large part on revenues generated by the sales and income taxes, tax incentives that reduce receipts from these sources also reduce the amounts available to pay for education. In fiscal 1994, tax incentives reduced the amount that would have been deposited in the Common School Funds and the Education Assistance Fund by \$519 million and \$67 million, respectively.

Tax incentives and appropriations are alternative means of achieving policy goals. But, unlike appropriations, which are reviewed annually, tax incentives are rarely reviewed once they have been enacted. Tax incentives are not subject to appropriation or auditing, yet in fiscal 1994, they exceeded the combined budgets of the Departments of Corrections, Children and Family Services, Mental Health, and the University of Illinois. Just as with appropriations, we must know what the state has received in exchange for sacrificing an estimated \$3.3 billion in tax revenues.

Sincerely,

A handwritten signature in black ink that reads "Leleta A. Bidrickson". The signature is written in a cursive style with a large initial "L".

Comptroller

April 18, 1995

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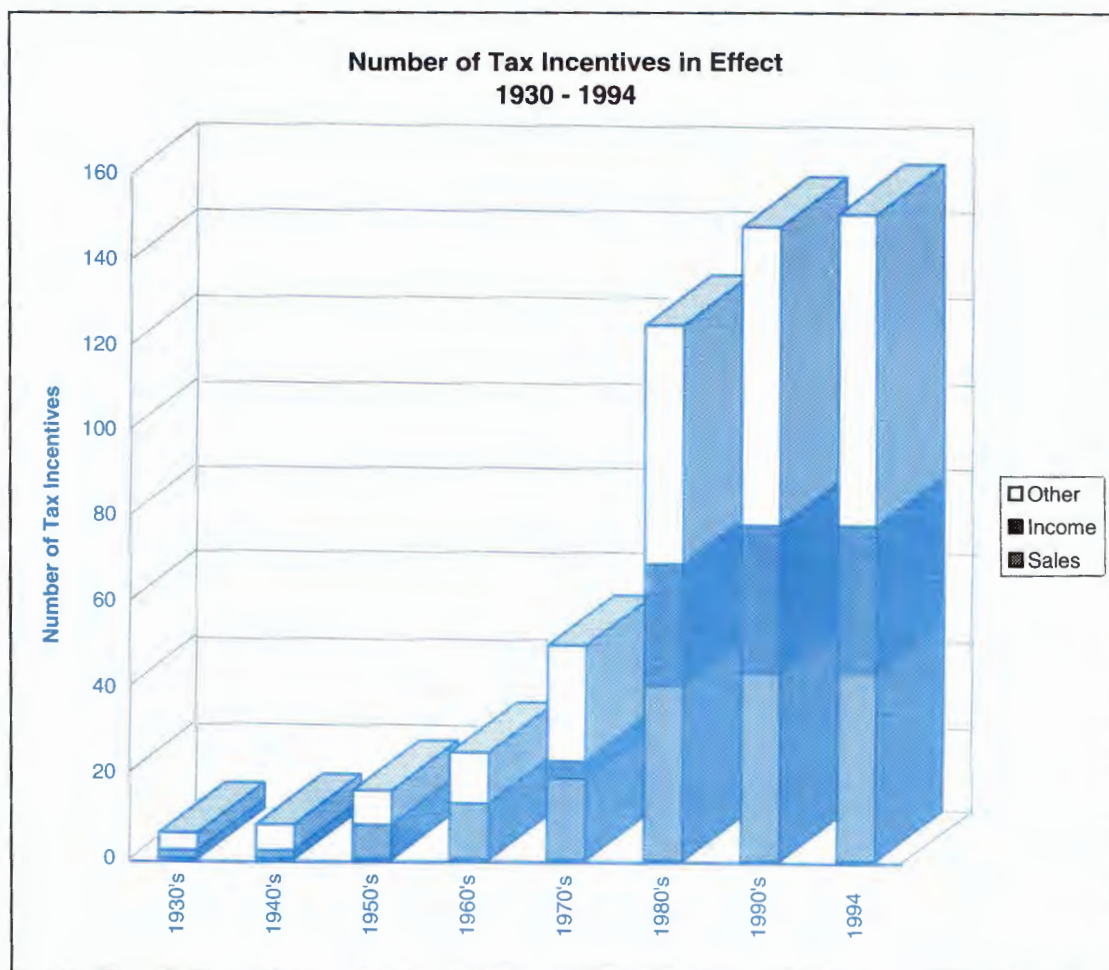
## WHAT IS A TAX INCENTIVE

The total impact of tax incentives (as reported by state agencies) was estimated at \$3.3 billion in fiscal 1994, with the major portion derived from income and sales tax incentives.

A tax incentive is any exemption, exclusion, deduction, allowance, credit, preferential tax rate, abatement, or other device that reduces the amount of tax revenue that would otherwise accrue to the State. Tax incentives are used to provide a means of benefiting favored groups or providing a stimulus for the performance of

desired activities. Numerous incentives have been implemented over the years benefiting individuals and business.

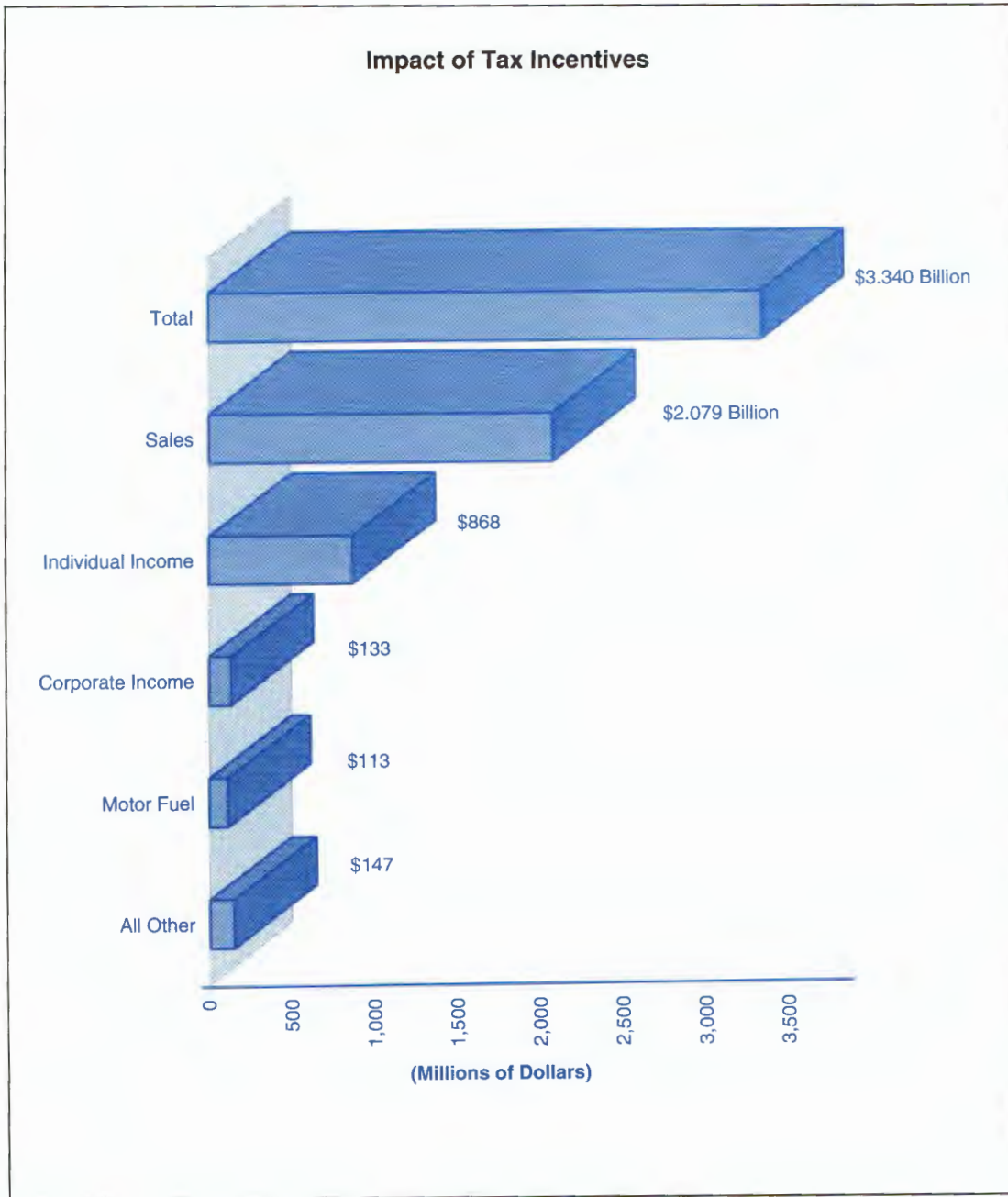
Incentives have been used since the early 1930's, however, it was the decade from 1980 - 1989 that saw an explosive growth in their use. For fiscal 1994, agencies identified 157 tax incentives, 123 were associated with taxes and 34 with licenses or fees.



# THE IMPACT OF TAX INCENTIVES IN FISCAL 1994

The \$3.3 billion impact of tax incentives in fiscal 1994 consisted almost entirely of sales and income tax incentives. These incentives totalled \$3.1 billion or 92% of the total reported impact.

All other tax incentives had a reported impact of \$260 million or 8% of the total.



# THE TEN LARGEST TAX INCENTIVES IN FISCAL 1994

(Millions of Dollars)

Amount	Incentive	Applied Against
\$753	Food, Drugs, Medical Appliances	Sales Tax
475	Sales to Exempt Organizations	Sales Tax
309	Retirement and Social Security Deductions	Individual Income Tax
307	Standard Deduction	Individual Income Tax
300	Exemption for Trade-Ins	Sales Tax
196	Property Tax Credit	Individual Income Tax
134	Farm Chemical Exemption	Sales Tax
103	Manufacturing Machinery Exemption	Sales Tax
97	Net Operating Loss Deduction	Corporate Income Tax
79	Fuels Not Used in Motor Vehicles Exemption	Motor Fuel Tax
<b>\$2.753 Billion</b>	<b>Total Impact of Largest Ten Incentives</b>	
<b>\$3.340 Billion</b>	<b>Total Impact of All Tax Incentives</b>	
<b>82%</b>	<b>Percent of Total Impact</b>	

Five of the ten largest tax incentives were from the sales tax, with three from the individual income tax and one each from the corporate income and the motor fuel tax. The food, drug, and medical appliance rate reduction was the

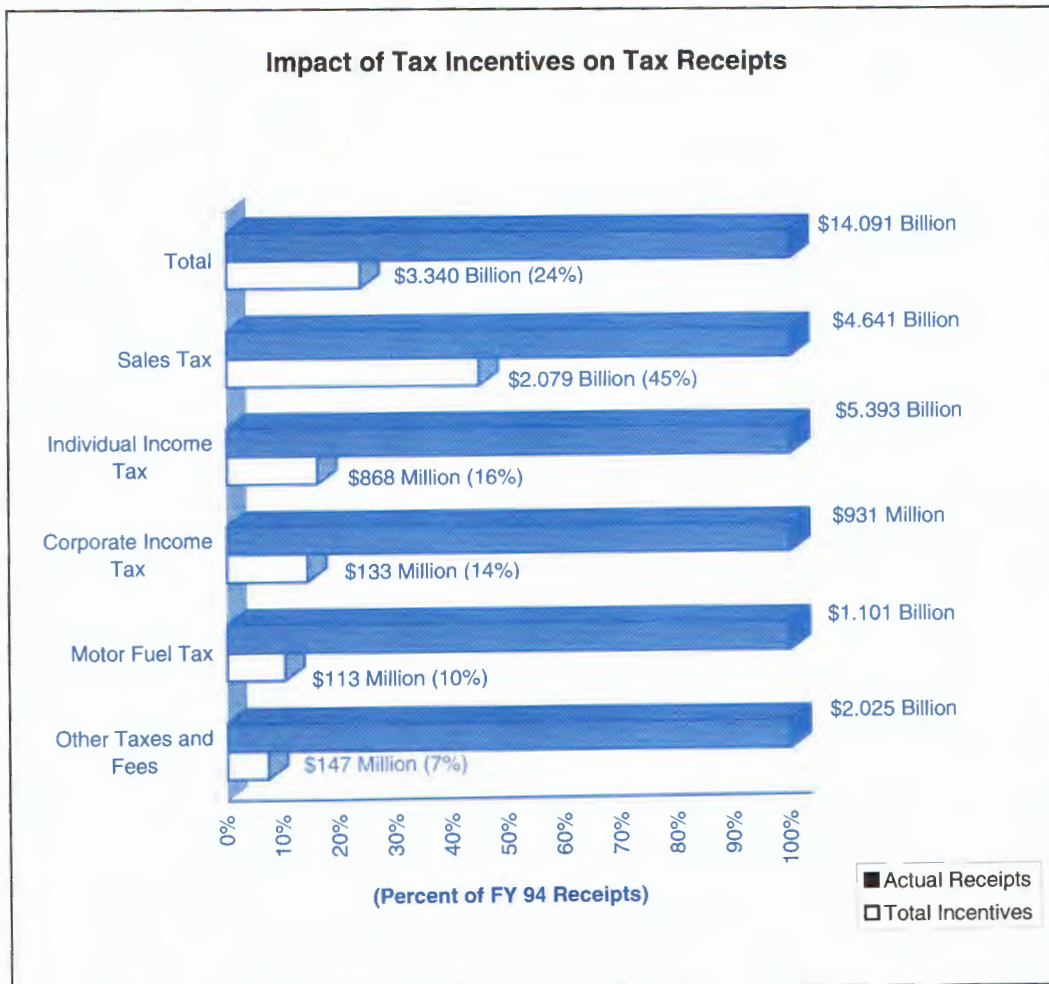
largest single tax incentive and represented 23% of the total reported impact. The impact of the ten largest tax incentives totalled \$2.8 billion or 82% of the total impact of all tax incentives.



## A \$3.3 BILLION IMPACT ON TAX RECEIPTS IN FISCAL 1994

The \$3.3 billion in tax incentives were applied against revenue sources that brought in a reported \$14.1 billion in fiscal 1994. This amounts to 24% of reported receipts. Of the major revenue sources, tax incentives had the greatest impact on the sales tax, followed by the individual income tax, corporate income tax, and motor fuel tax.

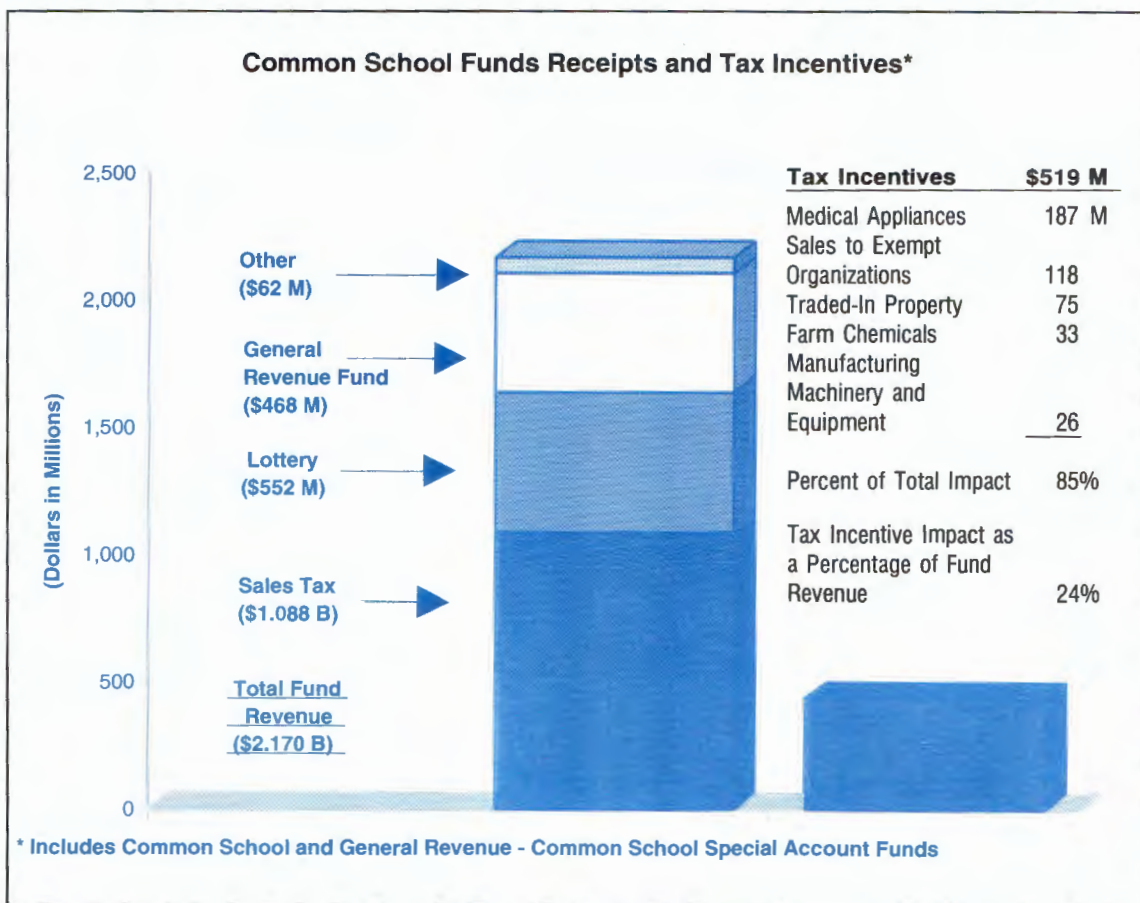
All other incentives had a combined impact of \$147 million, or 7% of other receipts of \$2.0 billion. Within these sources, there were several for which tax incentives had a substantial impact. These include - auto renting tax (\$39 million impact, receipts of \$18 million); fishing licenses (\$7 million impact, total receipts of \$8 million); and underground storage tax (\$6 million impact, total receipts of \$17 million).



# \$519 MILLION IMPACT ON COMMON SCHOOL FUNDS IN FISCAL 1994

Tax incentives of \$519 million from monies that would have been deposited into the Common School Funds were the equivalent of 24% of revenues. The Common School and General Revenue - Common School Special Account Funds receive dedicated lottery and sales tax monies as well as General Revenue Fund transfers and portions of certain other dedicated revenues

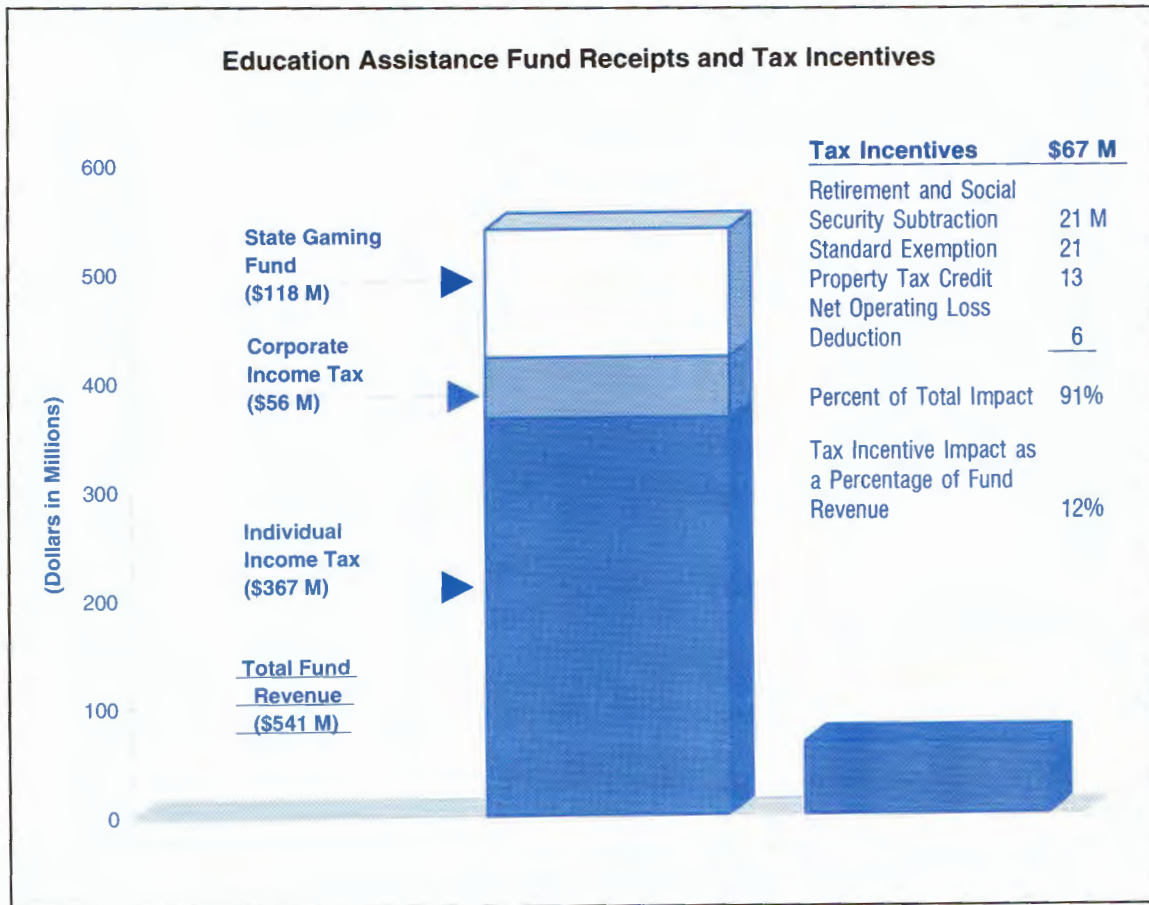
(cigarette tax, public utility tax, bingo tax, etc.) for use exclusively for elementary and secondary education. In fiscal 1994, the Common School Funds received \$1.7 billion from dedicated sources -- \$1.1 billion from the sales tax, \$552 million in lottery transfers and \$62 million from other sources plus \$468 million in General Revenue Fund transfers.



# \$67 MILLION IMPACT ON THE EDUCATION ASSISTANCE FUND IN FISCAL 1994

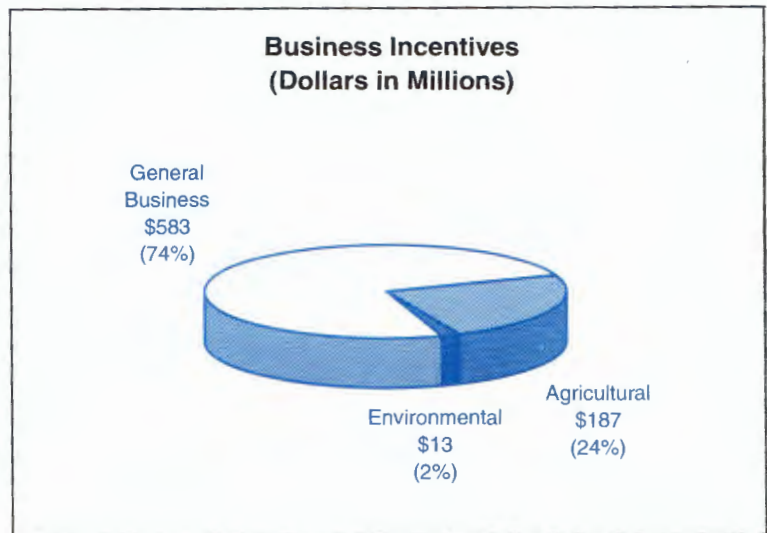
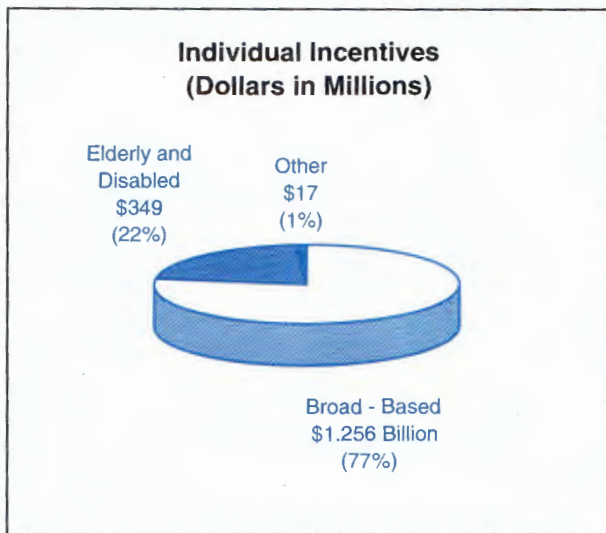
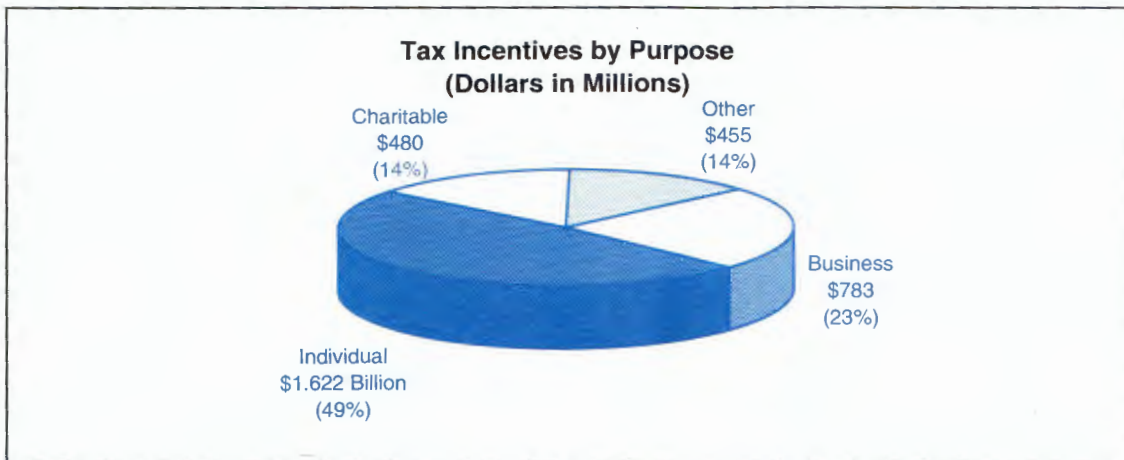
Tax incentives of \$67 million from income tax monies that would have been deposited into the Education Assistance Fund were the equivalent of 12% of revenues. The fund receives 7.3% of net income tax receipts plus the State's share of riverboat gambling taxes and fees. Education

Assistance Fund monies are used for elementary and secondary and higher education. In fiscal 1994, the fund received \$541 million including \$423 million in income taxes and \$118 million from the State Gaming Fund.





# WHO RECEIVED TAX INCENTIVES IN FISCAL 1994



Tax incentives for individuals totalled \$1.6 billion while business received \$783 million, charities \$480 million and other \$455 million.

Individuals received \$1.3 billion in broad-based tax incentives, the two largest being the food and drug rate reduction and the standard exemption. Incentives for the elderly and developmentally disabled totalled \$349 million, including \$309 million for federally taxed retirement and social security subtractions.

The impact of general business incentives was \$583 million, while agricultural incentives were \$187 million and environmental incentives totalled \$13 million. The manufacturing machinery exemption, net operating loss deduction, and motor fuel tax exemption were the largest general business incentives. Sales to exempt organizations were \$475 million of the \$480 million worth of incentives for charities (99%). The largest of the \$455 million in other incentives was the \$300 million impact of the traded-in property exemption.



## COMPARISON OF TAX INCENTIVES WITH SELECTED STATES

	Tax Incentives						
	Food	Non-Prescription Drugs	Social Security	Private Pensions	Manufacturing Machinery	R & D Credit	Enterprise Zones
Illinois	P	P	Y	Y	Y	Y	Y
California	Y	N	Y	N	P	Y	Y
Florida	Y	Y	X	X	P	N	Y
Indiana	Y	N	Y	N	Y	Y	Y
Iowa	Y	N	N	N	Y	Y	N
Kentucky	Y	N	Y	N	Y	N	Y
Michigan	Y	N	Y	P	Y	N	Y
Missouri	N	N	N	N	P	Y	Y
New York	Y	Y	Y	P	Y	Y	Y
Ohio	Y	N	Y	N	Y	N	Y
Pennsylvania	Y	Y	Y	Y	Y	N	Y
Texas	Y	N	X	X	Y	X	Y
Wisconsin	Y	N	N	N	Y	Y	Y

Y	Exemption Applies
N	Not Exempt
P	Partial Exemption
X	No Tax

The food exemption from the sales tax is quite popular, applying in all neighboring states other than Missouri and in the other large states examined in the table. The exemption of non-prescription drugs from the sales tax is less widely available, applying in Florida, New York, and Pennsylvania as well as Illinois.

Illinois and Pennsylvania were the only states that exempt both social security and private pension income from the individual income tax. Among the other states with individual income taxes, California, Indiana, Kentucky, Michigan, New York, and Ohio, exempt social security; while, Iowa, Missouri, and Wisconsin do not exempt any retirement income.

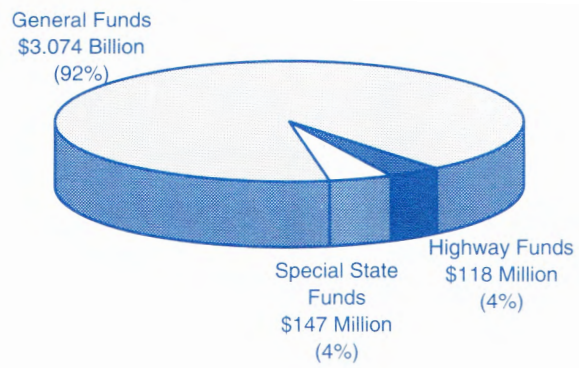
**Source:** Commerce Clearing House, State Tax Guide; Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism; American Association of Enterprise Zones.

All states examined exempt manufacturing machinery from the sales tax to some extent. The exemptions are partial for California, Florida, and Missouri and total for the remaining states. California, Indiana, Iowa, Missouri, New York, and Wisconsin joined Illinois in providing a tax credit for research and development spending. Investments and purchases in Illinois enterprise zones can benefit from a variety of tax incentives. Among the states examined, only Iowa does not have provisions for some form of enterprise zone.

# APPENDIX

## A

**\$3.3 Billion in Tax Incentives  
by Fund Group**



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**Fund Group: General Funds**

Fund Name and Code:		FY 94		FY 95 (Est.)
General Revenue Fund	001	\$ 2,488,901	\$	2,532,493
General Revenue - Common School Special Account Fund	005	517,592		517,592
Education Assistance Fund	007	66,900		69,600
Common School Fund	412	1,066		1,430
<b>Total Impact, General Funds</b>		<b>\$ 3,074,459</b>	<b>\$</b>	<b>3,121,115</b>

**Fund Group: Highway Funds:**

Fund Name and Code:		FY 94		FY 95 (Est.)
Motor Fuel Tax - State Fund	012	\$ 113,267	\$	113,267
Road Fund	011	3,467		3,215
State Construction Fund	902	1,645		1,496
<b>Total Impact, Highway Funds</b>		<b>\$ 118,379</b>	<b>\$</b>	<b>117,978</b>

**Fund Group: Special State Funds:**

Fund Name and Code:		FY 94		FY 95 (Est.)
Build Illinois Fund	960	\$ 2,255	\$	2,255
Drivers Education Fund	031	406		409
Hospital Provider Fund	346	25,116		30,609
Illinois Health Facilities Planning Fund	238	50		50
Income Tax Refund Fund	278	83,500		84,700
Income Tax Surcharge Local Government Distributive Fund	516	13,400		0
Lead Poisoning, Screening, Prevention and Abatement Fund	360	1,000		1,000
Local Government Distributive Fund	515	8,316		8,316
Long Term Care Monitor/Receiver Fund	285	48		48
Metabolic Screening and Treatment Fund	920	250		250
Pesticide Control Fund	576	3		3
Public Utility Fund	059	314		314
Underground Storage Tank Fund	072	5,612		5,612
Wildlife and Fish Fund	041	6,609		6,938
<b>Total Impact, Special State Funds</b>		<b>\$ 146,879</b>	<b>\$</b>	<b>140,504</b>

<b>GRAND TOTAL, IMPACT</b>		<b>\$ 3,339,717</b>	<b>\$</b>	<b>3,379,597</b>
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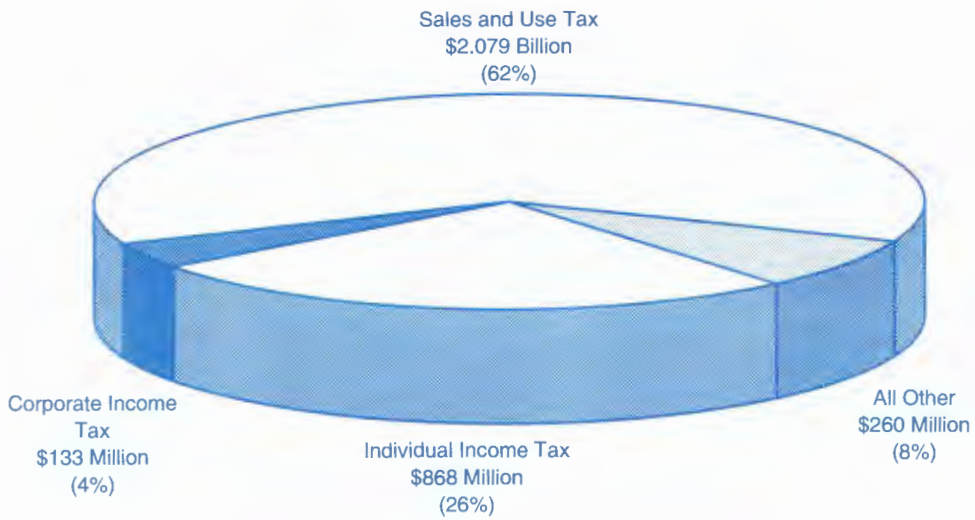
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# APPENDIX

## B

**\$3.3 Billion in Tax Incentives  
by Revenue Source**



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**Revenue Source:** Sales and Use Tax

Incentive:	FY 94	FY 95 (Est.)
Food, Drugs and Medical Appliances Rate Reduction	\$ 752,800	\$ 752,800
Sales to Exempt Organizations	475,000	475,000
Traded-In Property Exemption	300,000	300,000
Farm Chemical (Includes Feed and Seed) Exemption	133,500	133,500
Manufacturing and Assembling Machinery and Equipment Exemption	103,000	103,000
Retailers Discount	75,300	75,300
Rolling Stock Exemption	41,250	41,250
All Other	197,840	197,840
<b>Total Impact</b>	<b>\$ 2,078,690</b>	<b>\$ 2,078,690</b>

**Revenue Source:** Individual Income Tax

Incentive:	FY 94	FY 95 (Est.)
Federally Taxed Retirement and Social Security Subtractions	\$ 308,500	\$ 339,400
Standard Exemption: Taxpayer and Dependents	307,000	307,000
Tax Credit for Residential Real Property Taxes	196,200	204,000
Additional Exemptions: Blind and Elderly	30,100	30,100
Military Pay Subtraction	16,900	16,900
All Other	9,400	9,400
<b>Total Impact</b>	<b>\$ 868,100</b>	<b>\$ 906,800</b>

**Revenue Source:** Corporate Income Tax

Incentive:	FY 94	FY 95 (Est.)
Illinois Net Operating Loss Deduction	\$ 97,100	\$ 97,100
Research and Development Credit	10,400	10,400
Training Expense Credit	6,400	6,400
Replacement Taxes Paid Credit	5,800	5,800
Standard Exemption	5,100	5,100
Enterprise Zone Investment Credit	3,900	3,900
All Other	4,000	4,000
<b>Total Impact</b>	<b>\$ 132,700</b>	<b>\$ 132,700</b>

**Revenue Source:** Motor Fuel Taxes

Incentive:	FY 94	FY 95 (Est.)
Sales for Use Other Than in Motor Vehicles Exemption	\$ 78,687	\$ 78,687
Timely Filing and Full Payment Discount	20,505	20,505
Exempt Sales	14,075	14,075
<b>Total Impact</b>	<b>\$ 113,267</b>	<b>\$ 113,267</b>

**Revenue Source:** Automobile Renting Occupation and Use Taxes

Incentive:	FY 94	FY 95 (Est.)
Insurance Coverage Deduction	\$ 16,425	\$ 16,425
Other/Miscellaneous Deductions	11,263	11,263
Refueling Deduction	6,409	6,409
Exempt Organizations Rentals	3,122	3,122
Claims for Loss or Damage Deduction	1,802	1,802
All Other	348	348
<b>Total Impact</b>	<b>\$ 39,369</b>	<b>\$ 39,369</b>

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**Revenue Source:** Public Utilities Revenue Tax (Electricity)

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Enterprise Zone and Federal Trade Zone High Economic Impact Business Exemption	\$ 18,118	\$ 18,118
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	<u>8,041</u>	<u>8,041</u>
<b>Total Impact</b>	<b>\$ 26,159</b>	<b>\$ 26,159</b>

**Revenue Source:** Hospital Provider Assessment

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Rural Hospital Exemption	\$ 25,116	\$ 30,609
<b>Total Impact</b>	<b>\$ 25,116</b>	<b>\$ 30,609</b>

**Revenue Source:** Vehicle Use Tax

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Family Member Preferential Tax Rate	\$ 6,280	\$ 6,280
Out-Of-State Resident Exemption	1,654	1,654
Rolling Stock Exemption	401	401
Surviving Spouse Exemption	290	290
Estate Gift to Beneficiary Preferential Tax Rate	242	242
Government, Charitable, Educational and Religious Entities Exemption	219	219
All Other	<u>122</u>	<u>122</u>
<b>Total Impact</b>	<b>\$ 9,208</b>	<b>\$ 9,208</b>

**Revenue Source:** Privilege Tax (Insurance)

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Fire Department Tax Credit	\$ 7,703	\$ 7,750
Life and Health Guaranty Assessments Credit	<u>1,000</u>	<u>2,500</u>
<b>Total Impact</b>	<b>\$ 8,703</b>	<b>\$ 10,250</b>

**Revenue Source:** Annual Reports of Domestic or Foreign Corps.

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
One Million Dollar Cap on Franchise Tax for Corporations	\$ 7,299	\$ 0
<b>Total Impact</b>	<b>\$ 7,299</b>	<b>\$ 0</b>

**Revenue Source:** Fishing Licenses

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 6,609	\$ 6,938
<b>Total Impact</b>	<b>\$ 6,609</b>	<b>\$ 6,938</b>

**Revenue Source:** Underground Storage Tank Tax

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Airport and Rail Carrier Exemption	\$ 5,244	\$ 5,244
Timely Filing and Full Payment Discount	348	348
All Other	<u>20</u>	<u>20</u>
<b>Total Impact</b>	<b>\$ 5,612</b>	<b>\$ 5,612</b>

**Revenue Source:** Cigarette and Cigarette Use Taxes

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Cost of Collection Discount	\$ 5,062	\$ 6,560
<b>Total Impact</b>	<b>\$ 5,062</b>	<b>\$ 6,560</b>

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**Revenue Source:** Hotel Operators' Occupation Tax

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Cost of Collection Discount	\$ 2,790	\$ 2,790
Permanent Residents Exemption	1,720	1,720
<b>Total Impact</b>	<b>\$ 4,510</b>	<b>\$ 4,510</b>

**Revenue Source:** Motor Vehicle Registration (1st Division)

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Senior Citizen Plate Renewal Reduction	\$ 2,473	\$ 2,480
Municipality Owned Passenger Vehicle Exemption	1,287	1,289
Charitable Organization Vehicle Exemption	481	57
X-POW Vehicle Registration Exemption	110	112
Disabled Veteran Vehicle Registration Exemption	94	100
<b>Total Impact</b>	<b>\$ 4,445</b>	<b>\$ 4,038</b>

**Revenue Source:** Gas Revenue Tax

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 1,186	\$ 1,186
<b>Total Impact</b>	<b>\$ 1,186</b>	<b>\$ 1,186</b>

**Revenue Source:** Childhood Lead Screening Fee

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
Low Income Family Waiver	\$ 1,000	\$ 1,000
<b>Total Impact</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>

**Revenue Source:** All Other

<b>Incentive:</b>	<b>FY 94</b>	<b>FY 95 (Est.)</b>
All Other	\$ 2,682	\$ 2,701
<b>Total Impact</b>	<b>\$ 2,682</b>	<b>\$ 2,701</b>

<b>GRAND TOTAL, IMPACT</b>	<b>\$ 3,339,717</b>	<b>\$ 3,379,597</b>
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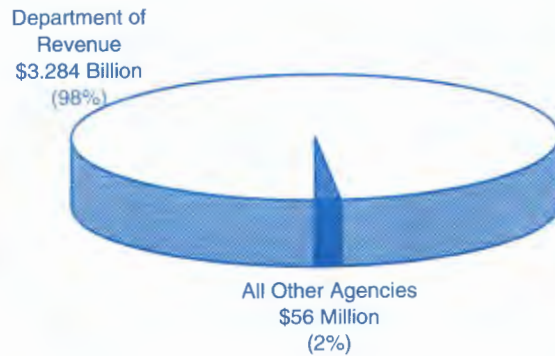


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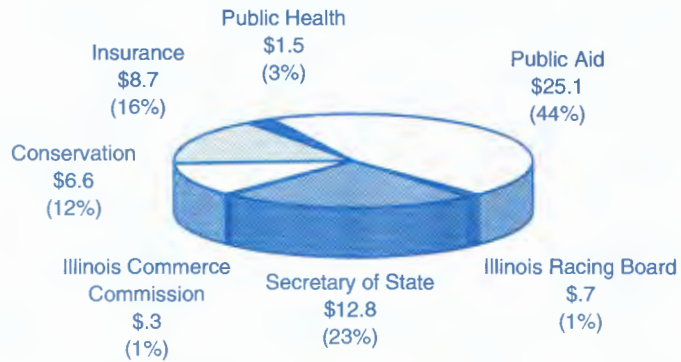
# APPENDIX

## C

### \$3.3 Billion in Tax Incentives by Administering Agencies



### Tax Incentives Administered by All Other Agencies (Dollars in Millions)



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**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**SECRETARY OF STATE**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Motor Vehicle Registration (1st Division)		\$ 330,177	\$ 334,000
<b>Incentive:</b> Disabled Veteran Vehicle Registration Exemption			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 59	\$ 63
State Construction Account Fund	902	35	37
<b>Total</b>		<b>\$ 94</b>	<b>\$ 100</b>
<b>Incentive:</b> Municipality Owned Passenger Vehicle Exemption			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 811	\$ 812
State Construction Account Fund	902	476	477
<b>Total</b>		<b>\$ 1,287</b>	<b>\$ 1,289</b>
<b>Incentive:</b> X-POW Vehicle Registration Exemption			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 69	\$ 70
State Construction Account Fund	902	41	42
<b>Total</b>		<b>\$ 110</b>	<b>\$ 112</b>
<b>Incentive:</b> Charitable Organization Vehicle Exemption			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 303	\$ 36
State Construction Account Fund	902	178	21
<b>Total</b>		<b>\$ 481</b>	<b>\$ 57</b>
<b>Incentive:</b> Senior Citizen Plate Renewal Reduction			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 1,558	\$ 1,561
State Construction Account Fund	902	915	919
<b>Total</b>		<b>\$ 2,473</b>	<b>\$ 2,480</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 4,445</b>	<b>\$ 4,038</b>

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Standard Identification Card Fee		\$ 1,527	\$ 1,577
<b>Incentive:</b> Duplicated or Corrected ID Card for Senior Citizen - Handicapped			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Road Fund	011	\$ 261	\$ 264
<b>Total</b>		<b>\$ 261</b>	<b>\$ 264</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 261</b>	<b>\$ 264</b>

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**SECRETARY OF STATE (Concluded)**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Duplicated/Corrected Driver's License	\$ 2,973	\$ 3,173
<b>Incentive:</b> Duplication of Stolen Licenses for Senior Citizens			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.)
	Road Fund	011 \$ 3	\$ 3
	Drivers Education Fund	031 3	3
	<b>Total</b>	<u>\$ 6</u>	<u>\$ 6</u>
<b>Total Tax Impact per Revenue Source</b>		\$ 6	\$ 6

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Driver's License Four Year Renewal Fee	\$ 16,348	\$ 18,348
<b>Incentive:</b> Reduced Renewal Fee for Senior Citizens			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.)
	Road Fund	011 \$ 403	\$ 406
	Drivers Education Fund	031 403	406
	<b>Total</b>	<u>\$ 806</u>	<u>\$ 812</u>
<b>Total Tax Impact per Revenue Source</b>		\$ 806	\$ 812

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Annual Reports of Domestic or Foreign Corps.	\$ 67,474	\$ 75,000
<b>Incentive:</b> One Million Dollar Cap on Franchise Tax for Corporations			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.) <sup>1</sup>
	General Revenue Fund	001 \$ 7,299	\$ 0
	<b>Total</b>	<u>\$ 7,299</u>	<u>\$ 0</u>
<b>Total Tax Impact per Revenue Source</b>		\$ 7,299	\$ 0
<b>TOTAL TAX IMPACT</b>		\$ 12,817	\$ 5,120

<sup>1</sup> No estimate could be made for fiscal 1995.

**DEPARTMENT OF CONSERVATION**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Fishing Licenses	\$ 7,836	\$ 9,500
<b>Incentive:</b> Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.)
	Wildlife and Fish Fund	041 \$ 6,609	\$ 6,938
	<b>Total</b>	<u>\$ 6,609</u>	<u>\$ 6,938</u>
<b>Total Tax Impact per Revenue Source</b>		\$ 6,609	\$ 6,938
<b>TOTAL TAX IMPACT</b>		\$ 6,609	\$ 6,938

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF INSURANCE**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Privilege Tax		\$ 144,719	\$ 140,719
<b>Incentive:</b> Fire Department Tax Credit			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 7,703	\$ 7,750
<b>Total</b>		\$ 7,703	\$ 7,750
<b>Incentive:</b> Life and Health Guaranty Assessments Credit			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 1,000	\$ 2,500
<b>Total</b>		\$ 1,000	\$ 2,500
<b>Total Tax Impact per Revenue Source</b>		\$ 8,703	\$ 10,250
<b>TOTAL TAX IMPACT</b>		\$ 8,703	\$ 10,250

**DEPARTMENT OF PUBLIC AID**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Hospital Provider Assessment		\$ 322,198	\$ 315,881
<b>Incentive:</b> Rural Hospital Exemption			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Hospital Provider Fund	346	\$ 25,116	\$ 30,609
<b>Total</b>		\$ 25,116	\$ 30,609
<b>Total Tax Impact per Revenue Source</b>		\$ 25,116	\$ 30,609
<b>TOTAL TAX IMPACT</b>		\$ 25,116	\$ 30,609

**DEPARTMENT OF PUBLIC HEALTH**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Health Care Facility Permit Application Fee		\$ 1,417	\$ 1,200
<b>Incentive:</b> Natural Disaster and Other Emergency Waiver			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Illinois Health Facilities Planning Fund	238	\$ 50	\$ 50
<b>Total</b>		\$ 50	\$ 50
<b>Total Tax Impact per Revenue Source</b>		\$ 50	\$ 50



	FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts: Sales and Use Tax</b>	\$ 4,641,000	\$ 4,847,000

**Incentive: Sales of Motor Vehicles to Non-Residents Exemption**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 25,588	\$ 25,588
General Revenue - Common School Special Account Fund	005	8,529	8,529
Local Government Distributive Fund	515	138	138
<b>Total</b>		<b>\$ 34,255</b>	<b>\$ 34,255</b>

**Incentive: Coal, Oil, and Distillation Machinery and Equipment Exemption<sup>2</sup>**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 2,301	\$ 2,301
General Revenue - Common School Special Account Fund	005	767	767
Local Government Distributive Fund	515	12	12
<b>Total</b>		<b>\$ 3,080</b>	<b>\$ 3,080</b>

**Incentive: Designated Tangible Personal Property within Enterprise Zone Exemption<sup>3</sup>**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 16,882	\$ 16,882
General Revenue - Common School Special Account Fund	005	5,627	5,627
Local Government Distributive Fund	515	91	91
<b>Total</b>		<b>\$ 22,600</b>	<b>\$ 22,600</b>

**Incentive: Building Materials within Enterprise Zone Exemption**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 6,906	\$ 6,906
General Revenue - Common School Special Account Fund	005	2,302	2,302
Local Government Distributive Fund	515	37	37
<b>Total</b>		<b>\$ 9,245</b>	<b>\$ 9,245</b>

**Incentive: Sales to Exempt Organizations<sup>4</sup>**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 354,825	\$ 354,825
General Revenue - Common School Special Account Fund	005	118,275	118,275
Local Government Distributive Fund	515	1,900	1,900
<b>Total</b>		<b>\$ 475,000</b>	<b>\$ 475,000</b>

**Incentive: Farm Chemical (Includes Feed and Seed) Exemption**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 99,725	\$ 99,725
General Revenue - Common School Special Account Fund	005	33,242	33,242
Local Government Distributive Fund	515	533	533
<b>Total</b>		<b>\$ 133,500</b>	<b>\$ 133,500</b>

**Incentive: Farm Machinery and Equipment Exemption**

**Fund Name and Code:**

		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 23,792	\$ 23,792
General Revenue - Common School Special Account Fund	005	7,931	7,931
Local Government Distributive Fund	515	127	127
<b>Total</b>		<b>\$ 31,850</b>	<b>\$ 31,850</b>

<sup>2</sup> The Coal, Oil, and Distillation Machinery and Equipment Exemption may also include tax incentives from the Low Sulfur Dioxide Emission Coal

<sup>3</sup> Tangible personal property used or consumed within an enterprise zone, including any High Economic Impact Business, in the process of manufacturing or assembling or by any producer of graphic arts certified by DCCA.

<sup>4</sup> Exempt organizations include a government body, corporation, society, association, foundation, or institution operated exclusively for charitable, religious, or educational purposes, or to a not-for-profit corporation, society, association, foundation, institution, or organization operated for the recreation of persons 55 years or older, to county fair associations, teacher sponsored student organizations, and not-for-profit music or dramatic organizations. Sales of meals to participants in the federal Nutrition Program for the Elderly and to certain licensed day care centers and long term care facilities are also exempt.

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

**Incentive:** Food, Drugs and Medical Appliances Rate Reduction

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 562,342	\$	562,342
General Revenue - Common School Special Account Fund	005	187,447		187,447
Local Government Distributive Fund	515	3,011		3,011
<b>Total</b>		<u>\$ 752,800</u>	<u>\$</u>	<u>752,800</u>

**Incentive:** Fuel and Petroleum Products for International Flight Exemption

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 10,084	\$	10,084
General Revenue - Common School Special Account Fund	005	3,361		3,361
Local Government Distributive Fund	515	55		55
<b>Total</b>		<u>\$ 13,500</u>	<u>\$</u>	<u>13,500</u>

**Incentive:** Gasohol Discount

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 16,038	\$	16,038
General Revenue - Common School Special Account Fund	005	5,346		5,346
Local Government Distributive Fund	515	86		86
<b>Total</b>		<u>\$ 21,470</u>	<u>\$</u>	<u>21,470</u>

**Incentive:** Graphic Arts Machinery and Equipment Exemption

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 3,847	\$	3,847
General Revenue - Common School Special Account Fund	005	1,282		1,282
Local Government Distributive Fund	515	21		21
<b>Total</b>		<u>\$ 5,150</u>	<u>\$</u>	<u>5,150</u>

**Incentive:** Machinery/Equipment for Operation of High Economic Impact Service Facilities Exemption

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 2,241	\$	2,241
General Revenue - Common School Special Account Fund	005	747		747
Local Government Distributive Fund	515	12		12
<b>Total</b>		<u>\$ 3,000</u>	<u>\$</u>	<u>3,000</u>

**Incentive:** Interim Use Prior to Sale Exemption

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 7,470	\$	7,470
General Revenue - Common School Special Account Fund	005	2,490		2,490
Local Government Distributive Fund	515	40		40
<b>Total</b>		<u>\$ 10,000</u>	<u>\$</u>	<u>10,000</u>

**Incentive:** Legal Tender, Medallions and Bullion Exemption

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 863	\$	863
General Revenue - Common School Special Account Fund	005	287		287
Local Government Distributive Fund	515	5		5
<b>Total</b>		<u>\$ 1,155</u>	<u>\$</u>	<u>1,155</u>

**Incentive:** Manufacturing and Assembling Machinery and Equipment Exemption<sup>5</sup>

<b>Fund Name and Code:</b>		<b>FY 94</b>		<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 76,941	\$	76,941
General Revenue - Common School Special Account Fund	005	25,647		25,647
Local Government Distributive Fund	515	412		412
<b>Total</b>		<u>\$ 103,000</u>	<u>\$</u>	<u>103,000</u>

<sup>5</sup> Includes the Photoprocessing Machinery and Equipment Exemption.



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

<b>Incentive:</b> Newsprint and Ink to Newspapers and Magazines Exemption				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 23,008	\$ <b>FY 95 (Est.)</b> 23,008
General Revenue - Common School Special Account Fund	005		7,669	7,669
Local Government Distributive Fund	515		123	123
<b>Total</b>		\$	<u>30,800</u>	\$ <u>30,800</u>
<b>Incentive:</b> Property Acquired by Non-Resident before Relocating in Illinois Exemption <sup>6</sup>				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 5,976	\$ <b>FY 95 (Est.)</b> 5,976
General Revenue - Common School Special Account Fund	005		1,992	1,992
Local Government Distributive Fund	515		32	32
<b>Total</b>		\$	<u>8,000</u>	\$ <u>8,000</u>
<b>Incentive:</b> Pollution Control Facilities Exemption <sup>7</sup>				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 1,726	\$ <b>FY 95 (Est.)</b> 1,726
General Revenue - Common School Special Account Fund	005		575	575
Local Government Distributive Fund	515		9	9
<b>Total</b>		\$	<u>2,310</u>	\$ <u>2,310</u>
<b>Incentive:</b> Retailers Discount				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 56,249	\$ <b>FY 95 (Est.)</b> 56,249
General Revenue - Common School Special Account Fund	005		18,750	18,750
Local Government Distributive Fund	515		301	301
<b>Total</b>		\$	<u>75,300</u>	\$ <u>75,300</u>
<b>Incentive:</b> Replacement Vehicles Exemption				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 1,064	\$ <b>FY 95 (Est.)</b> 1,064
General Revenue - Common School Special Account Fund	005		355	355
Local Government Distributive Fund	515		6	6
<b>Total</b>		\$	<u>1,425</u>	\$ <u>1,425</u>
<b>Incentive:</b> Rolling Stock Exemption				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 30,814	\$ <b>FY 95 (Est.)</b> 30,814
General Revenue - Common School Special Account Fund	005		10,271	10,271
Local Government Distributive Fund	515		165	165
<b>Total</b>		\$	<u>41,250</u>	\$ <u>41,250</u>
<b>Incentive:</b> Traded-In Property Exemption				
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	<b>FY 94</b> 224,100	\$ <b>FY 95 (Est.)</b> 224,100
General Revenue - Common School Special Account Fund	005		74,700	74,700
Local Government Distributive Fund	515		1,200	1,200
<b>Total</b>		\$	<u>300,000</u>	\$ <u>300,000</u>
<b>Total Tax Impact per Revenue Source</b>			\$ 2,078,690	\$ 2,078,690

<sup>6</sup> Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois.

<sup>7</sup> May also include the Low Sulfur Dioxide Emission Coal Fueled Device Exemption.

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Individual Income Tax		\$ 5,392,800	\$ 5,633,000
<b>Incentive: Standard Exemption: Taxpayer and Dependents</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 260,700	\$ 265,800
Education Assistance Fund	007	20,900	20,900
Income Tax Refund Fund	278	21,200	20,300
Income Tax Surcharge Local Government Distributive Fund	516	4,200	0
<b>Total</b>		<b>\$ 307,000</b>	<b>\$ 307,000</b>
<b>Incentive: Additional Exemptions: Blind and Elderly</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 25,600	\$ 26,100
Education Assistance Fund	007	2,000	2,000
Income Tax Refund Fund	278	2,100	2,000
Income Tax Surcharge Local Government Distributive Fund	516	400	0
<b>Total</b>		<b>\$ 30,100</b>	<b>\$ 30,100</b>
<b>Incentive: Federally Taxed Retirement and Social Security Subtractions</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 262,000	\$ 293,900
Education Assistance Fund	007	21,000	23,100
Income Tax Refund Fund	278	21,300	22,400
Income Tax Surcharge Local Government Distributive Fund	516	4,200	0
<b>Total</b>		<b>\$ 308,500</b>	<b>\$ 339,400</b>
<b>Incentive: Military Pay Subtraction</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 14,400	\$ 14,600
Education Assistance Fund	007	1,100	1,200
Income Tax Refund Fund	278	1,200	1,100
Income Tax Surcharge Local Government Distributive Fund	516	200	0
<b>Total</b>		<b>\$ 16,900</b>	<b>\$ 16,900</b>
<b>Incentive: Other Subtractions<sup>8</sup></b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 7,100	\$ 7,200
Education Assistance Fund	007	600	600
Income Tax Refund Fund	278	600	600
Income Tax Surcharge Local Government Distributive Fund	516	100	0
<b>Total</b>		<b>\$ 8,400</b>	<b>\$ 8,400</b>
<b>Incentive: Tax Credit for Residential Real Property Taxes</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 166,700	\$ 176,600
Education Assistance Fund	007	13,300	13,900
Income Tax Refund Fund	278	13,500	13,500
Income Tax Surcharge Local Government Distributive Fund	516	2,700	0
<b>Total</b>		<b>\$ 196,200</b>	<b>\$ 204,000</b>

<sup>8</sup> Includes subtractions for a variety of income some of which (enterprise zone dividends, foreign trade zone dividends, interest expense subtractions, job training contributions, acceleration of life insurance benefits for a terminal illness, and Persian Gulf War bonuses) are tax incentives.



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

<b>Incentive: Investment Tax Credits<sup>9</sup></b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
<b>Fund Name and Code:</b>				
General Revenue Fund	001	\$	800	\$ 800
Education Assistance Fund	007		100	100
Income Tax Refund Fund	278		100	100
Income Tax Surcharge Local Government Distributive Fund	516		0	0
<b>Total</b>			<u>\$ 1,000</u>	<u>\$ 1,000</u>
<b>Total Tax Impact per Revenue Source</b>			<b>\$ 868,100</b>	<b>\$ 906,800</b>
<hr/>				
			<b>FY 94</b>	<b>FY 95 (Est.)</b>
<b>Revenue Source and Annual Receipts:</b> Corporate Income Tax			\$ 931,500	\$ 978,000
<hr/>				
<b>Incentive: Standard Exemption</b>				
<b>Fund Name and Code:</b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$	3,800	\$ 3,900
Education Assistance Fund	007		300	300
Income Tax Refund Fund	278		900	900
Income Tax Surcharge Local Government Distributive Fund	516		100	0
<b>Total</b>			<u>\$ 5,100</u>	<u>\$ 5,100</u>
<hr/>				
<b>Incentive: Enterprise and Foreign Trade Zone Dividend Subtractions</b>				
<b>Fund Name and Code:</b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$	100	\$ 100
Education Assistance Fund	007		0	0
Income Tax Refund Fund	278		0	0
Income Tax Surcharge Local Government Distributive Fund	516		0	0
<b>Total</b>			<u>\$ 100</u>	<u>\$ 100</u>
<hr/>				
<b>Incentive: Enterprise Zone and High Economic Impact Interest Subtractions</b>				
<b>Fund Name and Code:</b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$	400	\$ 400
Education Assistance Fund	007		0	0
Income Tax Refund Fund	278		100	100
Income Tax Surcharge Local Government Distributive Fund	516		0	0
<b>Total</b>			<u>\$ 500</u>	<u>\$ 500</u>
<hr/>				
<b>Incentive: Enterprise Zone Charitable Contribution Subtraction</b>				
<b>Fund Name and Code:</b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$	200	\$ 200
Education Assistance Fund	007		0	0
Income Tax Refund Fund	278		100	100
Income Tax Surcharge Local Government Distributive Fund	516		0	0
<b>Total</b>			<u>\$ 300</u>	<u>\$ 300</u>
<hr/>				
<b>Incentive: Job Training Contribution Subtraction</b>				
<b>Fund Name and Code:</b>			<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$	700	\$ 700
Education Assistance Fund	007		100	100
Income Tax Refund Fund	278		200	200
Income Tax Surcharge Local Government Distributive Fund	516		0	0
<b>Total</b>			<u>\$ 1,000</u>	<u>\$ 1,000</u>

<sup>9</sup> Includes the enterprise zone investment, jobs tax, high economic impact business investment, training expense, and research and development credits.

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

<b>Incentive: Illinois Net Operating Loss Deduction</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 72,900	\$ 73,200
Education Assistance Fund	007	5,800	5,800
Income Tax Refund Fund	278	17,200	18,100
Income Tax Surcharge Local Government Distributive Fund	516	1,200	0
<b>Total</b>		<b>\$ 97,100</b>	<b>\$ 97,100</b>
<b>Incentive: Enterprise Zone Investment Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 3,000	\$ 3,000
Education Assistance Fund	007	200	200
Income Tax Refund Fund	278	700	700
Income Tax Surcharge Local Government Distributive Fund	516	0	0
<b>Total</b>		<b>\$ 3,900</b>	<b>\$ 3,900</b>
<b>Incentive: Replacement Taxes Paid Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 4,300	\$ 4,400
Education Assistance Fund	007	400	300
Income Tax Refund Fund	278	1,000	1,100
Income Tax Surcharge Local Government Distributive Fund	516	100	0
<b>Total</b>		<b>\$ 5,800</b>	<b>\$ 5,800</b>
<b>Incentive: Training Expense Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 4,800	\$ 4,800
Education Assistance Fund	007	400	400
Income Tax Refund Fund	278	1,100	1,200
Income Tax Surcharge Local Government Distributive Fund	516	100	0
<b>Total</b>		<b>\$ 6,400</b>	<b>\$ 6,400</b>
<b>Incentive: Research and Development Credit</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 7,900	\$ 7,900
Education Assistance Fund	007	600	600
Income Tax Refund Fund	278	1,800	1,900
Income Tax Surcharge Local Government Distributive Fund	516	100	0
<b>Total</b>		<b>\$ 10,400</b>	<b>\$ 10,400</b>
<b>Incentive: Coal Research and Coal Utilization Investment Credits</b>			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	\$ 1,600	\$ 1,600
Education Assistance Fund	007	100	100
Income Tax Refund Fund	278	400	400
Income Tax Surcharge Local Government Distributive Fund	516	0	0
<b>Total</b>		<b>\$ 2,100</b>	<b>\$ 2,100</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 132,700</b>	<b>\$ 132,700</b>

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Automobile Renting Occupation and Use Taxes		\$ 18,349	\$ 18,349
<b>Incentive: Exempt Organization Rentals<sup>10</sup></b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 3,122	\$ 3,122
<b>Total</b>		\$ 3,122	\$ 3,122
<b>Incentive: Claims for Loss or Damage Deduction</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 1,802	\$ 1,802
<b>Total</b>		\$ 1,802	\$ 1,802
<b>Incentive: Insurance Coverage Deduction</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 16,425	\$ 16,425
<b>Total</b>		\$ 16,425	\$ 16,425
<b>Incentive: Refueling Deduction</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 6,409	\$ 6,409
<b>Total</b>		\$ 6,409	\$ 6,409
<b>Incentive: Other/Miscellaneous Deductions</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 11,263	\$ 11,263
<b>Total</b>		\$ 11,263	\$ 11,263
<b>Incentive: Timely Filing and Full Payment Discount</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 348	\$ 348
<b>Total</b>		\$ 348	\$ 348
<b>Total Tax Impact per Revenue Source</b>		\$ 39,369	\$ 39,369

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Cigarette and Cigarette Use Taxes		\$ 416,937	\$ 416,937
<b>Incentive: Cost of Collection Discount</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 3,996	\$ 5,130
Metropolitan Fair and Exposition Authority Reconstruction Fund	099	0	0
Long Term Care Provider Fund	345	0	0
Hospital Provider Fund	346	0	0
Common School Fund	412	1,066	1,430
<b>Total</b>		\$ 5,062	\$ 6,560
<b>Total Tax Impact per Revenue Source</b>		\$ 5,062	\$ 6,560

<sup>10</sup> Includes government, charitable, religious, and not-for-profit senior citizen entities.



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Hotel Operators' Occupation Tax	\$ 96,423	\$ 96,423
<b>Incentive: Permanent Residents Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 860	\$ 860
Illinois Sports Facilities Fund	225	0	0
Build Illinois Fund	960	860	860
<b>Total</b>		<b>\$ 1,720</b>	<b>\$ 1,720</b>
<b>Incentive: Cost of Collection Discount</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 1,395	\$ 1,395
Illinois Sports Facilities Fund	225	0	0
Build Illinois Fund	960	1,395	1,395
<b>Total</b>		<b>\$ 2,790</b>	<b>\$ 2,790</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 4,510</b>	<b>\$ 4,510</b>

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Liquor Gallonage Tax	\$ 59,457	\$ 59,457
<b>Incentive: Sacramental Wine Exemption<sup>11</sup></b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 103	\$ 103
<b>Total</b>		<b>\$ 103</b>	<b>\$ 103</b>
<b>Incentive: Non-Beverage User Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 14	\$ 14
<b>Total</b>		<b>\$ 14</b>	<b>\$ 14</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 117</b>	<b>\$ 117</b>

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Underground Storage Tank Tax	\$ 17,341	\$ 17,341
<b>Incentive: Liquefied Propane Gas Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Underground Storage Tank Fund	072	\$ 20	\$ 20
<b>Total</b>		<b>\$ 20</b>	<b>\$ 20</b>
<b>Incentive: Airport and Rail Carrier Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
Underground Storage Tank Fund	072	\$ 5,244	\$ 5,244
<b>Total</b>		<b>\$ 5,244</b>	<b>\$ 5,244</b>

<sup>11</sup> Includes other deductions such as alcoholic liquor dumped for the purpose of destroying the alcoholic liquor.



**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Continued)**

<b>Incentive:</b> Timely Filing and Full Payment Discount			
<b>Fund Name and Code:</b>			
Underground Storage Tank Fund	072	FY 94	FY 95 (Est.)
		\$ 348	\$ 348
<b>Total</b>		\$ 348	\$ 348
<b>Total Tax Impact per Revenue Source</b>		\$ 5,612	\$ 5,612
<hr/>			
		<b>FY 94</b>	<b>FY 95 (Est.)</b>
<b>Revenue Source and Annual Receipts:</b> Motor Fuel Taxes		\$ 1,101,216	\$ 1,101,216
<hr/>			
<b>Incentive:</b> Sales for Use Other Than in Motor Vehicles Exemption			
<b>Fund Name and Code:</b>			
Motor Fuel Tax - State Fund	012	FY 94	FY 95 (Est.)
		\$ 78,687	\$ 78,687
<b>Total</b>		\$ 78,687	\$ 78,687
<hr/>			
<b>Incentive:</b> Exempt Sales <sup>12</sup>			
<b>Fund Name and Code:</b>			
Motor Fuel Tax - State Fund	012	FY 94	FY 95 (Est.)
		\$ 14,075	\$ 14,075
<b>Total</b>		\$ 14,075	\$ 14,075
<hr/>			
<b>Incentive:</b> Timely Filing and Full Payment Discount			
<b>Fund Name and Code:</b>			
Motor Fuel Tax - State Fund	012	FY 94	FY 95 (Est.)
		\$ 20,505	\$ 20,505
<b>Total</b>		\$ 20,505	\$ 20,505
<b>Total Tax Impact per Revenue Source</b>		\$ 113,267	\$ 113,267
<hr/>			
		<b>FY 94</b>	<b>FY 95 (Est.)</b>
<b>Revenue Source and Annual Receipts:</b> Public Utilities Revenue Tax (Electricity)		\$ 301,788	\$ 301,788
<hr/>			
<b>Incentive:</b> Enterprise Zone and Federal Trade Zone High Economic Impact Business Exemption			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	FY 94	FY 95 (Est.)
		\$ 18,118	\$ 18,118
<b>Total</b>		\$ 18,118	\$ 18,118
<hr/>			
<b>Incentive:</b> Purchase of Electricity Generated by Solid Waste Energy Facility Credit			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	FY 94	FY 95 (Est.)
		\$ 8,041	\$ 8,041
<b>Total</b>		\$ 8,041	\$ 8,041
<b>Total Tax Impact per Revenue Source</b>		\$ 26,159	\$ 26,159
<hr/>			
		<b>FY 94</b>	<b>FY 95 (Est.)</b>
<b>Revenue Source and Annual Receipts:</b> Gas Revenue Tax		\$ 154,925	\$ 154,925
<hr/>			
<b>Incentive:</b> Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
<b>Fund Name and Code:</b>			
General Revenue Fund	001	FY 94	FY 95 (Est.)
		\$ 1,186	\$ 1,186
<b>Total</b>		\$ 1,186	\$ 1,186
<b>Total Tax Impact per Revenue Source</b>		\$ 1,186	\$ 1,186

<sup>12</sup> Includes sales to the federal government, a municipal corporation owning a local transportation system, privately-owned transportation utilities, and for use by aircraft.

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**DEPARTMENT OF REVENUE (Concluded)**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b> Vehicle Use Tax		\$ 43,948	\$ 43,948
<b>Incentive: Business Reorganization Preferential Tax Rate</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 122	\$ 122
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 122</b>	<b>\$ 122</b>
<b>Incentive: Estate Gift to Beneficiary Preferential Tax Rate</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 242	\$ 242
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 242</b>	<b>\$ 242</b>
<b>Incentive: Family Member Preferential Tax Rate</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 6,280	\$ 6,280
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 6,280</b>	<b>\$ 6,280</b>
<b>Incentive: Surviving Spouse Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 290	\$ 290
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 290</b>	<b>\$ 290</b>
<b>Incentive: Government, Charitable, Educational and Religious Entities Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 219	\$ 219
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 219</b>	<b>\$ 219</b>
<b>Incentive: Rolling Stock Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 401	\$ 401
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 401</b>	<b>\$ 401</b>
<b>Incentive: Out-Of-State Resident Exemption</b>			
<b>Fund Name and Code:</b>		<b>FY 94</b>	<b>FY 95 (Est.)</b>
General Revenue Fund	001	\$ 1,654	\$ 1,654
Build Illinois Fund	960	0	0
<b>Total</b>		<b>\$ 1,654</b>	<b>\$ 1,654</b>
<b>Total Tax Impact per Revenue Source</b>		<b>\$ 9,208</b>	<b>\$ 9,208</b>
<b>TOTAL TAX IMPACT</b>		<b>\$ 3,283,980</b>	<b>\$ 3,324,178</b>

**Tax Incentives by Agency, Revenue Source and Fund**  
(In Thousands)

**ILLINOIS COMMERCE COMMISSION**

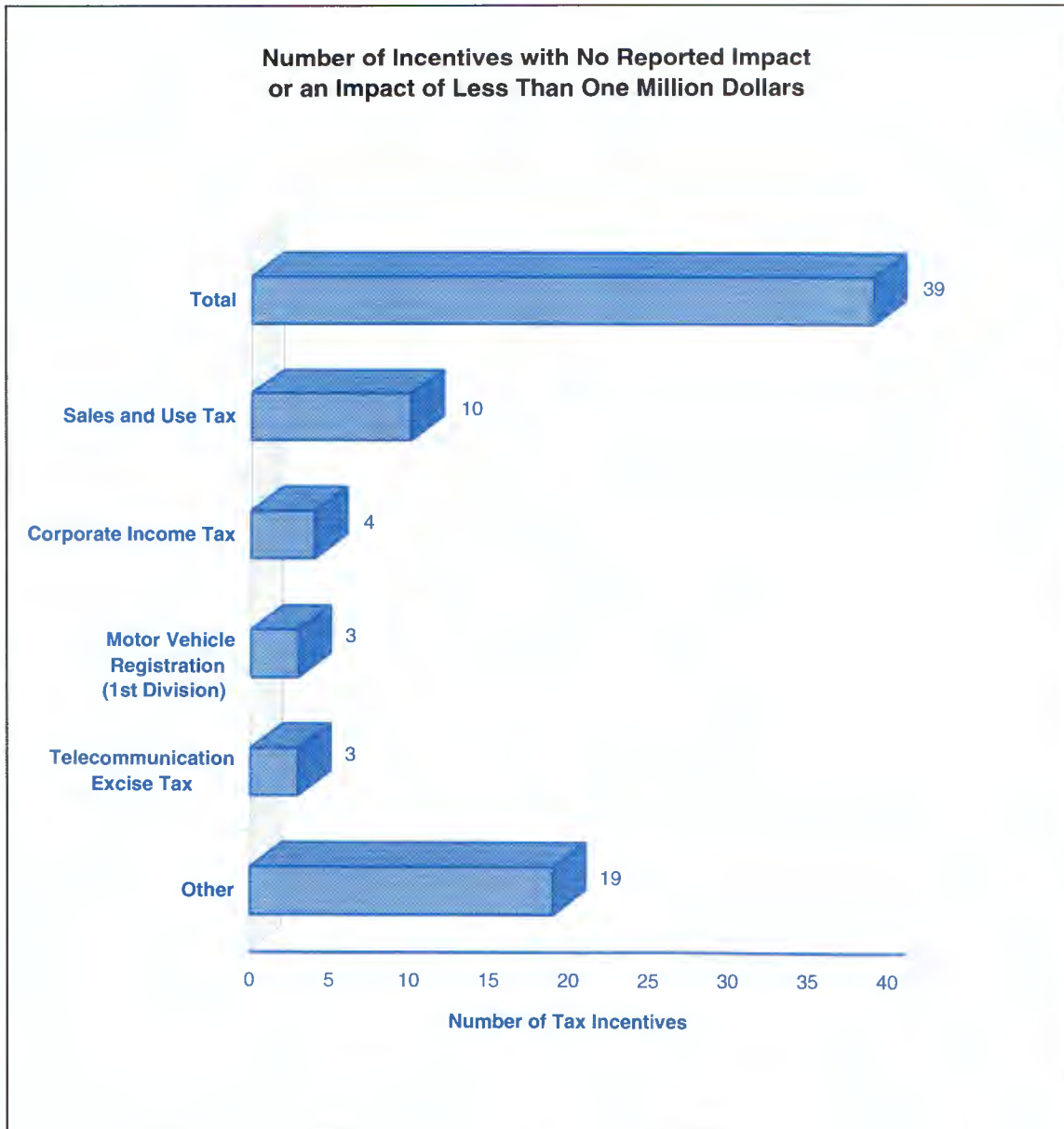
		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Gross Receipts Tax (Public Utilities)	\$ 14,230	\$ 13,400
<b>Incentive:</b> Enterprise Zone Revenue Exemption			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.)
Public Utility Fund	059	\$ 314	\$ 314
<b>Total</b>		\$ 314	\$ 314
<b>Total Tax Impact per Revenue Source</b>		\$ 314	\$ 314
<b>TOTAL TAX IMPACT</b>		\$ 314	\$ 314

**ILLINOIS RACING BOARD**

		FY 94	FY 95 (Est.)
<b>Revenue Source and Annual Receipts:</b>	Admission Tax	\$ 298	\$ 289
<b>Incentive:</b> Free General Admission			
<b>Fund Name and Code:</b>		FY 94	FY 95 (Est.)
General Revenue Fund	001	\$ 680	\$ 690
<b>Total</b>		\$ 680	\$ 690
<b>Total Tax Impact per Revenue Source</b>		\$ 680	\$ 690
<b>TOTAL TAX IMPACT</b>		\$ 680	\$ 690
<b>GRAND TOTAL, IMPACT</b>		\$ 3,339,717	\$ 3,379,597

# APPENDIX

## D





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## Tax Incentives of Less Than One Million Dollars or Having No Reported Impacts

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**Revenue Source:** Motor Vehicle Registration (1st Division)

**Tax Incentive:**

Sheriff Plates  
Drivers Education Vehicles  
Congressional Medal of Honor Winners Vehicles

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**Revenue Source:** Watercraft Registration Fee

**Tax Incentive:**

Canoe or Kayak Owned by Non-Profit Organization

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**Revenue Source:** Camping and Beach Fees

**Tax Incentive:**

Disabled Persons, Former POWs and Illinois Residents Over 62

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**Revenue Source:** Inland Trout Stamps

**Tax Incentive:**

Disabled, Under 16

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**Revenue Source:** Hunting Licenses and Permits

**Tax Incentive:**

Disabled, 65 or Over, Landowners/Tenants

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**Revenue Source:** Sportsman Licenses

**Tax Incentive:**

Disabled, 65 or Over, Landowners/Tenants

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**Revenue Source:** Trapping Licenses

**Tax Incentive:**

Owners, Bona Fide Tenants and Their Children

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**Revenue Source:** Salmon Stamps

**Tax Incentive:**

Disabled, Under 16

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**Revenue Source:** One Day Fishing Lake Michigan License

**Tax Incentive:**

Disabled, Under 16

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**Revenue Source:** Habitat Stamps

**Tax Incentive:**

Under 16

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**Revenue Source:** Waterfowl Stamps

**Tax Incentive:**

Disabled, Landowner/Tenants

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**Revenue Source:** Insurance Privilege Tax

**Tax Incentive:**

Replacement Tax Credit

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**Revenue Source:** Long Term Care Provider Assessment

**Tax Incentive:**

100% Contribution Homes Exemption

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## Tax Incentives of Less Than One Million Dollars or Having No Reported Impacts

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**Revenue Source:** Sales and Use Tax

**Tax Incentive:**

- Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities
- Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities
- Sales Through Penny Bulk Vending Machines
- Sales by Exempt Organizations\*
- Demonstration Use Prior to Resale
- Sales of Fuel to Vessels on Bordering Rivers
- Sales of Building Materials to High Economic Impact Businesses
- Occasional Sales
- Specified Photoprocessing Charges
- Use by Nonresidents While Temporarily Passing Through Illinois

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**Revenue Source:** Corporate Income Tax

**Tax Incentive:**

- Interest Expense Subtraction
- Federal Net Operation Loss Addition Modification
- Jobs Tax Credit
- High Economic Impact Business Investment Credit

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**Revenue Source:** Cigarette and Cigarette Use Tax

**Tax Incentive:**

- Prison and Mental Health Facility Exemption

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**Revenue Source:** Public Utilities Revenue Tax (Electricity)

**Tax Incentive:**

- Sales to Municipal Transit Systems

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**Revenue Source:** Telecommunications Excise Tax

**Tax Incentive:**

- Enterprise Zone and Federal Trade Zone High Impact Business Exemption
- State Universities Exemption
- Coin-Operated Telecommunications Devices Exemption

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**Revenue Source:** Real Estate Transfer Tax

**Tax Incentive:**

- Exempted Deeds or Trust Documents

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**Revenue Source:** Water Main Construction Permit Application Fee

**Tax Incentive:**

- State and Local Government Exemption

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**Revenue Source:** Sewer Construction Permit Application Fee

**Tax Incentive:**

- State and Local Government Exemption

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**Revenue Source:** Air Pollution Site Fees

**Tax Incentive:**

- Retail Liquid Dispensing Facility Exemption

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**Revenue Source:** Gaming Admission Tax

**Tax Incentive:**

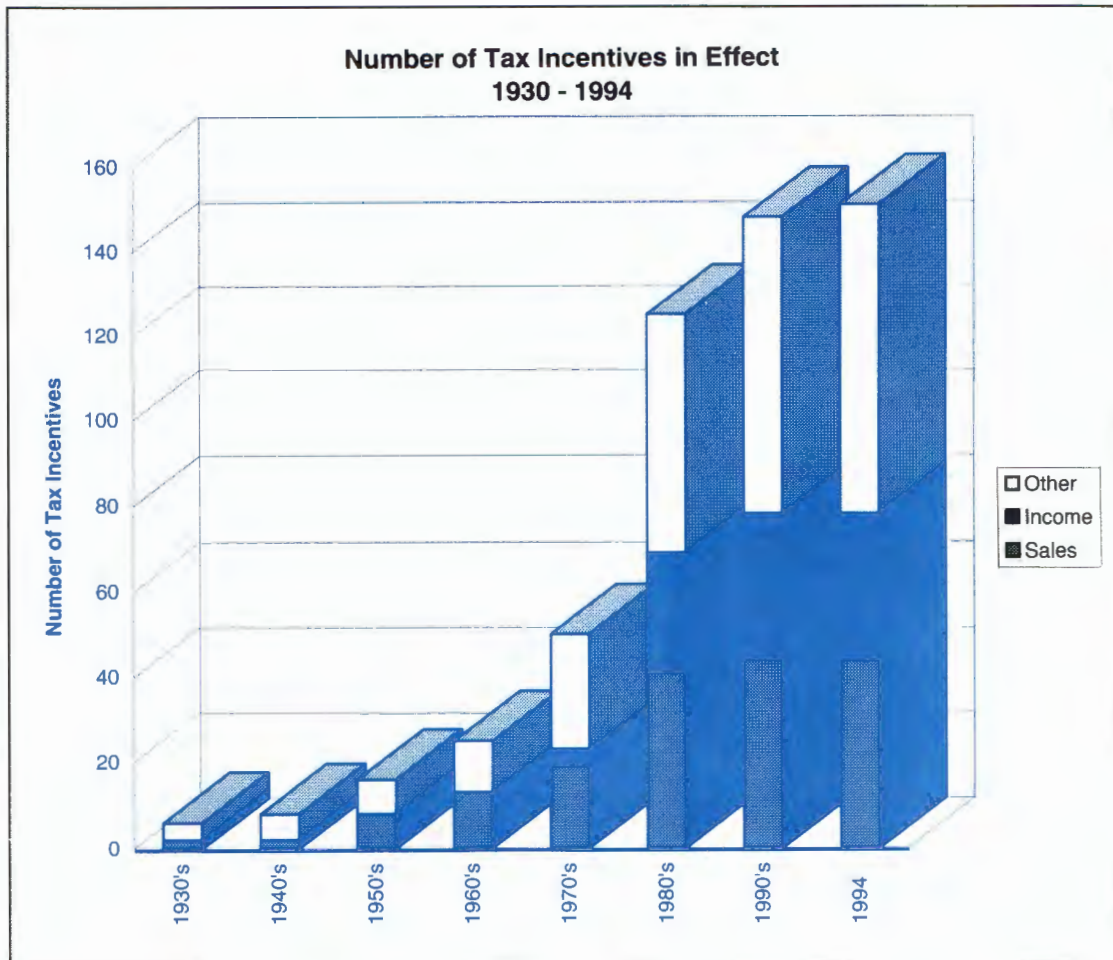
- Tax Free Admission Passes

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

# APPENDIX

## E





## Tax Incentives by Source and Effective Date

### Sales Tax

Tax Incentive:	Year Effective
Occasional Sales	1933
Feed and Seed Exemption	1933
Charitable, Religious, Governmental and Educational Exemption	1953
Traded-In Property Exemption	1955
Interim Use Prior to Sale Exemption	1955
Use by Nonresidents While Temporarily Passing Through Illinois Exemption	1955
Demonstration Use Prior to Resale Exemption	1955
Property Acquired by Non-Resident Before Relocating Exemption	1955
Retailer's Discount	1960
Sales by Exempt Organizations	1961
Newsprint and Ink to Newspapers and Magazines Exemption	1965
Fuel to Vessels on Bordering Rivers Exemption	1968
Rolling Stock Exemption	1968
Pollution Control Facilities Exemption	1970
Sales Through Penny Bulk Vending Machine Exemption	1972
Sales of Motor Vehicles to Non-Residents Exemption	1974
Farm Chemicals Exemption	1975
Nutrition Program for the Elderly Exemption	1975
Manufacturing and Assembling Machinery and Equipment Exemption	1979
Low Sulfur Dioxide Emission Coal Fueled Device Exemption	1980
Food, Drugs and Medical Appliances Rate Reduction	1980
Farm Machinery and Equipment Exemption	1980
Gasohol Discount	1980
Graphic Arts Machinery and Equipment Exemption	1981
Distillation Machinery and Equipment Exemption	1981
Building Materials Within Enterprise Zone Exemption	1982
Sales to County Fair Association Exemption	1983
Teacher Sponsored Student Organization Exemption	1983
Replacement Vehicles Exemption	1984
Legal Tender, Medallions and Bullion Exemption	1985
Designated Personal Property Within Enterprise Zone Exemption	1985
Property Used in the Operation of Pollution Control Facilities	1985
Oil Machinery and Equipment Exemption	1986
Building Materials to High Economic Impact Business Exemption	1986
Coal Machinery and Equipment Exemption	1986
Sales to Music and Dramatic Arts Organization Exemption	1988
Specified Photo Processing Charges Exemption	1988
Senior Citizens Service Enterprises Exemption	1988
Photo Processing Machinery and Equipment Exemption	1988
Machinery/Equipment for Operation of High Economic Impact Service Facilities Exemption	1989
Fuel and Petroleum for International Flight Exemption	1989
Nursing Homes Food and Drugs Exemption	1991
Machinery and Equipment for Operation of Aircraft Maintenance Facilities Exemption	1991
Tangible Personal Property Used by Aircraft Maintenance Facilities Exemption	1991

## Tax Incentives by Source and Effective Date

### Individual Income

<b>Tax Incentive:</b>	<b>Year Effective</b>
Standard Exemption	1970
Military Pay Subtraction	1971
Federally Taxed Retirement Subtraction	1972
Enterprise Zone Investment Credit	1983
Enterprise Zone Dividend Subtraction	1983
Interest Expense Subtraction	1984
Federally Taxed Social Security Subtraction	1985
High Impact Business Investment Credit	1986
Foreign Trade Zone Dividend Subtraction	1986
Jobs Tax Credit	1986
Job Training Contribution Subtraction	1986
Training Expense Credit	1987
Additional Exemptions: Blind and Elderly	1990
Research and Development Credit	1991
Tax Credit for Residential Real Property Taxes	1992
Acceleration of Life Insurance Benefits Subtraction	1992
Persian Gulf War Bonus Subtraction	1992

### Corporate Income

<b>Tax Incentive:</b>	<b>Year Effective</b>
Standard Exemption	1970
Enterprise Zone Investment Credit	1983
Enterprise Zone Charitable Contribution Subtraction	1983
Enterprise Zone Interest Subtraction	1983
Enterprise Zone Dividend Subtraction	1983
Interest Expense Subtraction	1984
Coal Research and Coal Utilization Investment Credits	1985
Federal Net Operating Loss Addition Modification	1986
High Economic Impact Business Investment Credit	1986
Replacement Taxes Paid Credit	1986
Illinois Net Operating Loss Deduction	1986
High Economic Impact Interest Subtraction	1986
Job Training Contribution Subtraction	1986
Foreign Trade Zone Dividend Subtraction	1986
Jobs Tax Credit	1986
Training Expense Credit	1987
Research and Development Credit	1991

## Tax Incentives by Source and Effective Date

### Auto Renting

Tax Incentive:	Year Effective
Exempt Organization Rentals	1982
Claims for Loss or Damage Deduction	1982
Insurance Coverage Deduction	1982
Refueling Deduction	1982
Other/Miscellaneous Deductions	1982
Timely Filing and Full Payment Discount	1982

### Cigarette

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

### Hotel

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

### Liquor

Tax Incentive:	Year Effective
Sacramental Wine Exemption	1935
Non-Beverage User Exemption	1935

### Underground Storage Tank

Tax Incentive:	Year Effective
Liquified Propane Gas Exemption	1990
Airport and Rail Carrier Exemption	1990
Timely Filing and Full Payment Discount	1990

### Motor Fuel

Tax Incentive:	Year Effective
Timely Filing and Full Payment Discount	1930
Sales for Use Other Than in Motor Vehicle Exemption	1940
Municipal Corporation Owning Transport System Exemption	1956
Privately Owned Transportation Utility Exemption	1962
Aircraft Propulsion Gasoline Exemption	1980



## Tax Incentives by Source and Effective Date

### Electricity

Tax Incentive:	Year Effective
Municipal Transit System Exemption	1958
Enterprise Zone/Trade Zone Exemption	1986
Purchase of Electricity Generated by Solid Waste Facility Credit	1987

### Natural Gas

Tax Incentive:	Year Effective
Enterprise Zone/Trade Zone Exemption	1986

### Telecommunications

Tax Incentive:	Year Effective
State Universities Exemption	1986
Enterprise Zone/Trade Zone Exemption	1986
Coin-Operated Telecommunications Devices Exemption	1990

### Real Estate Transfer

Tax Incentive:	Year Effective
Exempt Deeds or Trust Documents	1968
Mortgage Foreclosure Exemption	1986

### Vehicle Use

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

### Motor Vehicle Registration

Tax Incentive:	Year Effective
Disabled Veteran Vehicle Registration Exemption	1970
Municipality Owned Passenger Vehicle Exemption	1970
Charitable Vehicles Exemption	1976
Congressional Medal of Honor Winners Vehicles	1982
X-POW Vehicle Registration Exemption	1983
Senior Citizen Plate Renewal Reduction	1985



## Tax Incentives by Source and Effective Date

### Drivers License Renewal Fee

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

### Duplicated Drivers' Licenses

<b>Tax Incentive:</b>	<b>Year Effective</b>
Senior Citizens Reduction	1990

### Standard ID Card Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Senior Citizen/Disabled Exemption	1978

### Corporate Annual Reports

<b>Tax Incentive:</b>	<b>Year Effective</b>
One Million Dollar Cap	1967

### Watercraft Registration Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Canoe or Kayak Owned by Not-For-Profit Organizations	1989

### Inland Trout Stamps

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disabled/Under 16	1994

### Sportsmen's License

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disabled/Seniors/Owners	1979

### Salmon Stamp

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disabled/Under 16	1976

## Tax Incentives by Source and Effective Date

### One Day Fishing License

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disabled/Under 16	1978

### Habitat Stamp

<b>Tax Incentive:</b>	<b>Year Effective</b>
Under 16	1993

### Waterfowl Stamp

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disabled/Owners	1975

### Insurance Privilege

<b>Tax Incentive:</b>	<b>Year Effective</b>
Fire Department Tax Credit	1937
Replacement Tax Credit	1980
Life and Health Guaranty Assessment	1984

### Long Term Care Assessment

<b>Tax Incentive:</b>	<b>Year Effective</b>
100% Contribution Homes Exemption	1994

### Hospital Provider Assessment

<b>Tax Incentive:</b>	<b>Year Effective</b>
Rural Hospital Exemption	1994

### Health Facility Permit Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Disaster/Emergency Waiver	1975

### Vital Records Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
State Agency/VA Exemption	1989

## Tax Incentives by Source and Effective Date

### Metabolic Screening Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Public Aid Client Exemption	1990

### Lead Screening Fee

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

### Private Sewage Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Plumbing License Exemption	1973

### Pesticide Control Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
State Agency Employee Exemption	1975

### Recreational Area Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Not-For-Profit Organization Waiver	1972

### Pool and Beach Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Not-For-Profit/Government Waiver	1974

### Long Term Care Facility Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Specified Medicaid Percentage Exemption	1986

### Water Main Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Government Exemption	1990

## Tax Incentives by Source and Effective Date

### Sewer Construction Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Government Exemption	1991

### Air Pollution Site Fee

<b>Tax Incentive:</b>	<b>Year Effective</b>
Retail Liquid Dispensing Facility Exemption	1993

### ICC Receipts Tax

<b>Tax Incentive:</b>	<b>Year Effective</b>
Enterprise Zone Revenue Exemption	1988

### Gaming Admission Tax

<b>Tax Incentive:</b>	<b>Year Effective</b>
Tax Free Admission Passes	1991

### Racing Admissions Tax

<b>Tax Incentive:</b>	<b>Year Effective</b>
Tax Free Admissions	1975

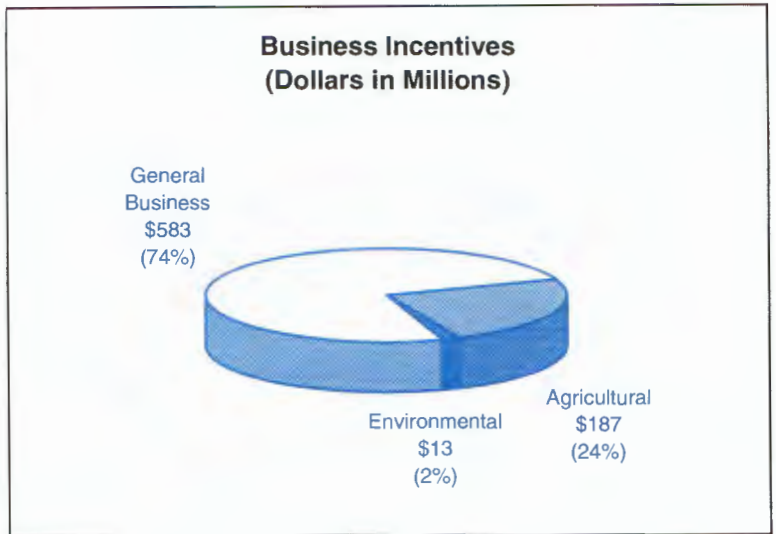
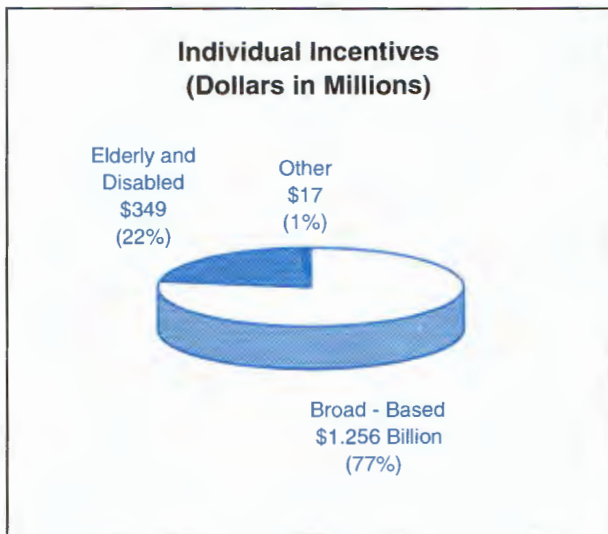
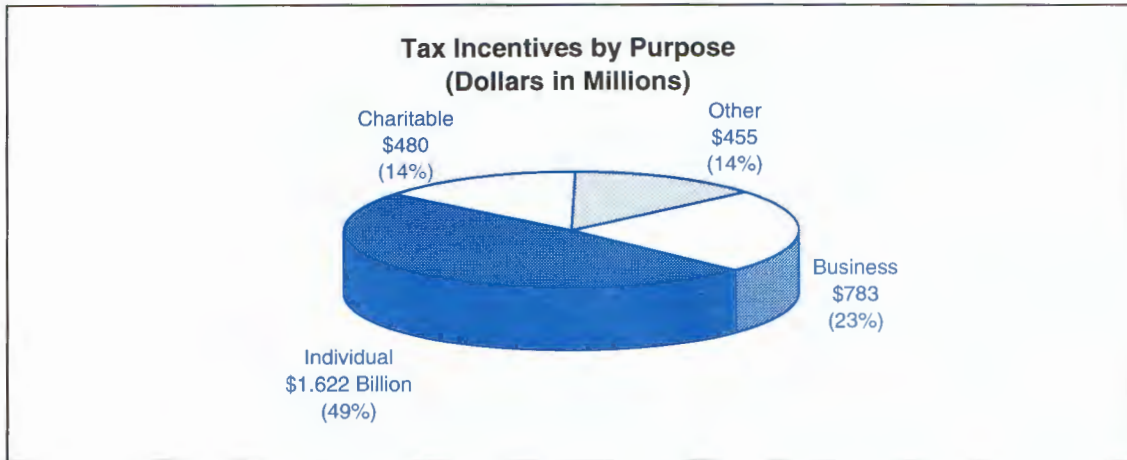
### Miscellaneous Taxes and Incentives

	<b>Year Effective</b>
Motor Vehicle Registration — Sheriff Plates	Unknown
Motor Vehicle — Drivers Education Vehicles	Unknown
Camping and Beach Fee — Disabled/Elderly	Unknown
Fishing Licenses — Disabled/Seniors/Owners	Unknown
Hunting Licenses — Disabled/Owners	Unknown
Trapping Licenses — Owners	Unknown



# APPENDIX

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**Tax Incentives by Purpose**  
(In Thousands)

**Agricultural Incentives**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Farm Chemical (Includes Feed and Seed) Exemption	\$133,500
Farm Machinery and Equipment Exemption	31,850
Gasohol Discount	21,470
<b>Total, Agricultural</b>	<b>\$186,820</b>

**Business Incentives**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Manufacturing and Assembling Machinery and Equipment Exemption	\$103,000
Retailers Discount	75,300
Rolling Stock Exemption	41,250
Newsprint and Ink to Newspapers and Magazines Exemption	30,800
Designated Tangible Personal Property in Enterprise Zone Exemption	22,600
Fuel and Petroleum Products for International Flight Exemption	13,500
Interim Use Prior to Sale Exemption	10,000
Building Materials within Enterprise Zone Exemption	9,245
Graphic Arts Machinery and Equipment Exemption	5,150
Coal, Oil and Distillation Machinery and Equipment Exemption	3,080
Machinery/Equipment for Operation of High Economic Impact Service Facilities Exemption	3,000
<b>Total</b>	<b>\$316,925</b>

<b>Tax: Individual Income Tax</b>	
Investment Tax Credits	\$1,000

<b>Tax: Corporate Income Tax</b>	
Illinois Net Operating Loss Deduction	\$97,100
Research and Development Credit	10,400
Training Expense Credit	6,400
Standard Exemption	5,100
Enterprise Zone Investment Credit	3,900
Job Training Contribution Subtraction	1,000
Enterprise Zone and High Economic Impact Interest Subtractions	500
Enterprise and Foreign Trade Zone Dividend Subtractions	100
<b>Total</b>	<b>\$124,500</b>

<b>Tax: Other</b>	
Sales for Use Other Than in Motor Vehicles Exemption	\$78,687
Timely Filing and Full Payment Discount	20,505
Enterprise Zone and Federal Trade Zone High Economic Impact Business Electric Exemption	18,118
One Million Dollar Cap on Franchise Tax for Corporations	7,299
Airport and Rail Carrier Exemption	5,244
Cigarette Cost of Collection Discount	5,062
Hotel Cost of Collection Discount	2,790
Enterprise Zone and Federal Trade Zone High Economic Impact Business Tax Exemption	1,186
Life and Health Insurance Guaranty Assessments Credit	1,000
Timely Filing and Full Payment Auto Renting Discount	348
Timely Filing and Full Payment Underground Storage Tank Discount	348
Enterprise Zone Revenue Exemption	314
Business Reorganization Preferential Tax Rate	122
<b>Total</b>	<b>\$141,023</b>
<b>Total, Business</b>	<b>\$583,448</b>

**Tax Incentives by Purpose**  
(In Thousands)

**Environmental Incentives**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Pollution Control Facilities Exemption	\$2,310
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<b>Tax: Corporate Income Tax</b>	
Coal Research and Coal Utilization Investment Credits	\$2,100
<hr/>	
<b>Tax: Other</b>	
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$8,041
<b>Total, Environmental</b>	<b>\$12,451</b>

**Individual Incentives - Broad Based**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Food, Drugs and Medical Appliances Rate Reduction	\$752,800
<hr/>	
<b>Tax: Individual Income Tax</b>	
Standard Exemption: Taxpayer and Dependents	\$307,000
Tax Credit for Residential Real Property Taxes	196,200
<b>Total</b>	<b>\$503,200</b>
<b>Total, Individual - Broad-Based</b>	<b>\$1,256,000</b>

**Individual Incentives - Elderly and Disabled**

<b>Tax: Individual Income Tax</b>	<b>Annual Impact</b>
Federally Taxed Retirement and Social Security Subtractions	\$308,500
Additional Exemptions: Blind and Elderly	30,100
<b>Total</b>	<b>\$338,600</b>
<hr/>	
<b>Tax: Other</b>	
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$6,609
Senior Citizen Plate Renewal Reduction	2,473
Reduced Renewal Fees for Senior Citizens	806
Duplicated or Corrected ID Card for Senior Citizen/Handicapped	261
Disabled Veteran Vehicle Registration Exemption	94
Duplication of Stolen Licenses for Senior Citizens	6
<b>Total</b>	<b>\$10,249</b>
<b>Total, Individual - Elderly and Disabled</b>	<b>\$348,849</b>



**Tax Incentives by Purpose**  
(In Thousands)

**Individual Incentives - Other**

<b>Tax: Individual Income</b>	<b>Annual Impact</b>
Military Pay Subtraction	\$16,900
<b>Tax: Other</b>	
X-POW Vehicle Registration Exemption	\$110
<b>Total, Individual - Other</b>	<b>\$17,010</b>

**Charitable Incentives**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Sales to Exempt Organizations (Charitable, Religious, Governmental and Educational) <sup>1</sup>	\$475,000
<b>Tax: Corporate Income Tax</b>	
Enterprise Zone Charitable Contribution Subtraction	\$300
<b>Tax: Other</b>	
Exempt Organization Rentals	\$3,122
Childhood Lead Screening Fee Waiver	1,000
Charitable Organization Vehicle Registration Exemption	481
Government, Charitable, Educational and Religious Entities Vehicle Use Exemption	219
Not-For-Profit Pool and Beach Fee Waiver	91
Not-For-Profit Recreational Area Fee Waiver	35
<b>Total</b>	<b>\$4,948</b>
<b>Total, Charitable</b>	<b>\$480,248</b>

**Other Incentives**

<b>Tax: Sales Tax</b>	<b>Annual Impact</b>
Traded-In Property Exemption	\$300,000
Sales of Motor Vehicles to Non-Residents Exemption	34,255
Property Acquired by Non-Resident before Relocating Exemption	8,000
Replacement Vehicles Exemption	1,425
Legal Tender, Medallions and Bullion Exemption	1,155
<b>Total</b>	<b>\$344,835</b>
<b>Tax: Individual Income Tax</b>	
Other Subtractions	\$8,400
<b>Tax: Corporate Income Tax</b>	
Replacement Taxes Paid Credit	\$5,800
<b>Tax: Other</b>	
Other	\$95,866
<b>Total, Other</b>	<b>\$454,901</b>

<sup>1</sup> The Department of Revenue estimates that government purchases including public schools account for \$395 million and charity, religious and private school purchases account for the remaining \$80 million.

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## TECHNICAL APPENDIX

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### Tax Incentives Included in This Report

The Comptroller's Office decided to limit required agency reporting to those tax incentives which are:

1) state levied taxes accruing to the state (this excludes tax incentives related to locally levied taxes that are collected by the state and tax incentives for state levied taxes like the personal property replacement taxes and local share of the state sales taxes that are automatically distributed to local governments);

2) authorized directly by state law (tax incentives arising from the adoption of federal income tax provisions as the starting point for state income tax computations need not be reported); and

3) in excess of \$1 million in Fiscal 1994 or Fiscal 1995 (however some agencies did report smaller tax incentives and the receipting agencies were asked to list any tax incentives for which detailed cost estimates were not provided either because the tax incentives were less than \$1 million or were not calculable).

### Limitations on Using Tax Incentive Data

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

The revenue gained from eliminating a tax incentive can vary from the figures presented in this report as elimination of a tax incentive may

lead taxpayers to change their behavior. Further, adding the impacts of the various tax incentives may overstate the total cost of the tax incentives as some transactions may be exempt under multiple tax incentives.

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

### Comparing Fiscal 1993 and Fiscal 1994 Tax Incentives

This report is the second Illinois Tax Incentive Report prepared by the Comptroller's Office. Although the cost of many tax incentives increased between the first and second reports in tandem with the increase in receipts from the associated tax, differences in the estimated cost of particular tax incentives between the Fiscal 1993 report and Fiscal 1994 report may also reflect other factors. For instance, due to the deadline for submission, the Department of Revenue used 1992 sales tax data in estimating tax incentives for the first report. The Department was able to use 1994 data for computing this report which inflates the growth in the cost of sales tax incentives. The Department of Revenue also has improved the procedures for estimating the cost of tax incentives which in some cases has caused significant changes in the estimated cost of particular tax incentives.

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## TECHNICAL APPENDIX

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### State Versus Federal Law

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

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

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

Tax incentives arising for federal constitutional reasons are also excluded from this report. An example would be items exempt from state taxation due to the Commerce Clause of the federal Constitution.

### Alternative Taxes

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

### For Further Information

The detailed agency responses to the Comptroller's Tax Incentive survey are available for review at the Comptroller's Office. Please contact Loren Iglarsh (217) 782-7921 for further information.





State of Illinois

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COMPTROLLER

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