

Illinois Department of Revenue

Annual Report *of Collections and Distributions*



Fiscal Year
2001

Glen L. Bower, Director

George H. Ryan, Governor

Director's Message

To the People of Illinois:

This annual report summarizes the Illinois Department of Revenue's collection and distribution of taxes during Fiscal Year 2001.

The department collected \$24.8 billion in FY 2001, an increase of \$62 million or 0.3 percent over FY 2000. Total collections were the highest ever. The modest growth in collections reflects the slowing of the national economy during FY 2001.

Collections in FY 2001 for major taxes were:

- Individual Income Tax, \$8.62 billion, up \$352 million,
- Corporate Income Tax, \$1.30 billion, down \$221 million,
- Sales Tax, \$8.01 billion, down \$151 million,
- Motor Fuel Tax, \$1.30 billion, up \$4 million, and
- Telecommunications Tax, \$0.79 billion, up \$17 million.

The Illinois Department of Revenue continues to collect taxes for both state government and for more than 6,000 units of local government. During the year, \$6 billion, or one dollar out of every four, was collected on behalf of or distributed to local governments.

The Department of Revenue has continued to promote electronic commerce, both the filing of tax returns electronically and the payment of taxes using electronic methods as a way to increase efficiency and improve service to taxpayers. Payments by electronic funds transfer and those processed lockbox banks accounted for more than \$7 out of every \$10 collected.

On the electronic filing side, the number of individual income tax returns processed in 2002 exceeded 1.6 million, an increase of 1 million over the last four years, a program that provides taxpayers faster refunds while saving government the cost of handling paper documents.

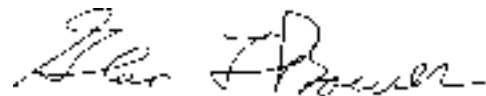
The Department of Revenue spent much of FY 2001 implementing a significant expansion of the Pharmaceutical Assistance component of its Circuit Breaker Program. As the result of an expansion of the program signed into law by Governor George H. Ryan, the number of individuals getting help buying prescription medication nearly tripled, from 52,000 to 145,000 during FY 2001, and peaked at 202,000.

This report also contains reports on our activities to collect delinquent taxes, updates on legislation, and brief synopses of significant court cases decided during the year.

In the coming year, the Department of Revenue will continue to focus on its mission of collecting taxes needed to pay for critical state and local government services. We will use electronic commerce to perform this function as efficiently as possible and to be sure each taxpayer pays the correct amount of taxes.

The accomplishments of the Illinois Department of Revenue are highlighted on the following pages.

Sincerely,



Glen L. Bower
Director of Revenue

Accomplishments

1999 - 2002

The Illinois Department of Revenue had a solid record of accomplishments in the four-year period from January 1, 1999, to January 1, 2003, in spite of serious funding constraints. Agency headcount dropped from 2,450 in 1999 to 1,870 in 2003. The agency was required to close four offices at the beginning of FY 2002 because of budget cuts.

External — Efforts to make the Department of Revenue more accessible to citizens and assure consideration of the impact of department decisions on taxpayers before taking action.

Open Regulatory Process

Opened the rulemaking process to allow for public input prior to the promulgation of rules and expedited the writing of rules, adopting a record 150-plus rules.

Director's Advisory Group

Reconstituted and expanded the group to make it more representative of Illinois taxpayers, included a broad base of interested parties who facilitated the resolution of questions of tax policy.

Annual Tax Practitioner Meetings

Conducted nine meetings in Chicago, St. Louis, and Springfield with tax professionals to update them on department activities and to listen to their concerns. The meetings were all well attended and worthwhile for tax professionals and Department of Revenue staff.

Informal Conference Board

Established the Informal Conference Board in conjunction with the taxpayer and tax practitioner community to allow a forum for resolution of proposed audit assessments, short of an administrative hearing.

Tax Practitioner and Taxpayer Satisfaction Surveys

Utilized surveys of taxpayers and tax practitioners to assess the quality of taxpayer service; generally rated above average in all categories; acted on taxpayers' suggestion to redesign income tax notices.

Reasonable Cause Guide

Updated reasonable cause guide to standardize the application of reasonable cause relief across the agency, helping resolve taxpayer problems at the earliest opportunity.

Hit List of Wasteful Practices

Invited taxpayers and tax professionals to submit suggestions on how the department could operate more efficiently.

Account Representatives

At the request of retailers, implemented pilot assigning tax specialists to major retail accounts, establishing a one-on-one relationship between the Department of Revenue and taxpayers.

Unclaimed Property

Identified money owed to, but unclaimed by taxpayers; established process to make a final attempt to contact taxpayers and use unclaimed credits to offset any outstanding debt; transferred more than \$5 million to the Illinois State Treasurer.

Literacy

As part of Governor George H. Ryan's literacy initiative, recruited and organized Department of Revenue employee volunteers to act as tutors at Pleasant Hill Elementary School, a nearby low-income public school.

Enforcement — Efforts to assure that as much as possible of the tax due and owed the State of Illinois is collected.

Collection Function Emphasized and Reorganized

- 1** Reduced number of days from debt identification to collection activity and shortened the time to refer individual income tax cases to outside collection agencies.
- 2** Championed and implemented legislation to charge penalties for returned checks, automated the process, and collected more than \$380,000 in bad check penalties.
- 3** Implemented a process to offset income tax debt against federal refunds that collected \$30 million over 3 years.
- 4** Implemented legislation to post delinquent taxpayers on the Internet, the most ambitious plan of any state and a model for other states. Taxpayers notified of the program paid \$61.7 million.
- 5** Opened discussions with key counties to automate the lien filing process.
- 6** Sponsored legislation to assure that lien releases were filed by having the department file them and assess a fee to cover costs; implemented notification to taxpayer of lien filing.
- 7** Automated the placement with the comptroller of outstanding debt for offset; collected more than \$11 million.
- 8** Centralized management of payment agreements; upgraded systems to streamline processing; reduced staffing support and freed personnel for other collection activities.
- 9** Enhanced enforcement with the seizure process; facilitated cooperation among state enforcement agencies; garnered favorable press; collected more than \$5.7 million.
- 10** Implemented new bankruptcy system that consolidated and centralized information on bankrupt accounts.
- 11** Implemented program with Secretary of State to hold corporate charter renewals until tax debt is paid. Taxpayers whose charters were placed on hold paid \$29.4 million.
- 12** Negotiated agreements with other state and local government agencies to hold licenses until tax debt is paid; collected nearly \$20 million.
- 13** Worked with the Secretary of State to withhold car dealers' licenses for payment of tax debt and collected \$700,000.

Increased Audit Coverage

The department increased the number of audit staff. From 1999 to 2002 the number of audits completed increased 11 percent and direct audit hours increased 3.6 percent, largely through an increase in the number of audits conducted by in-house personnel utilizing technology to audit taxpayers from the home office. Cash business audits that focused on bars and liquor stores were built into the ongoing audit coverage.

Record Retention

Revised record retention criteria to ensure that records are available to support enforcement activities. Areas review categories of records that are eligible for destruction at the beginning of the year and then whenever each category is actually destroyed throughout that year. Control and accountability were also increased for records removed from Central Files.

State Employee Tape Match

Pursued nearly 6,000 state employees who did not file income tax returns in 1997, 1998, and 1999. Assessed \$1.5 million in tax and penalty and received favorable media coverage.

Tobacco Settlement

To deter cigarette tax evasion and ensure the State of Illinois continues to receive the maximum funds available under the terms of the Tobacco Settlement Master Agreement:

- Worked with the Illinois Department of Transportation to post border-crossing signs informing travelers that cigarette smuggling is a criminal offense in Illinois;
- Initiated action with the U.S. Attorneys' Offices to inform Internet and mail-order companies that failure to provide required cigarette sales reports was a federal crime under the Jenkins Act;
- Implemented a program to collect cigarette use tax from Internet and mail-order customers who purchased cigarettes for delivery into Illinois but did not pay the cigarette tax (to date, approximately 3,000 consumers have been notified and the Department has collected approximately \$94,000);
- worked with members of the tobacco industry and the State's General Assembly to pass "gray market" legislation making it a criminal offense in Illinois to re-import cigarettes that were originally destined for sale in other countries and were never intended for sale in the United States;
- Significantly increased inspections of cigarette retailers looking for unstamped cigarettes. Conducted 862 inspections, seized 25,000 packs of unstamped cigarettes, and saw \$1.9 million imposed in civil penalties.

Accomplishments

1999 - 2002

Efficient and Effective — Efforts to assure that the Department of Revenue operates as efficiently as possible.

Legislative Implementation

Implemented numerous major new tax laws without problem including:

- \$280 million in Homeowners' Tax Relief rebates,
- six-month suspension of sales tax on motor fuel,
- state Earned Income Credit,
- Education Expense Credit,
- Liquor Tax increase,
- Cigarette Tax increase,
- expanded Pharmaceutical Assistance program, and
- new SeniorCare program.

Building Improvements

Replaced leaking atrium glass in the Willard Ice Building, a \$2.5 million project that ended water infiltration that had occurred since the building was built. Currently installing a state-of-the-art security system in the building.

2D Barcode

Introduced use of 2D barcode on individual income tax returns; received more than 1.2 million 2D returns in 2002 that saved more than \$200,000 in data entry costs.

Bad Debt Write-Off

Accelerated the identification and write-off of uncollectible tax debt, resulting in a more realistic accounts receivable total; wrote-off \$440 million in debt, much of it 10 or more years old.

Board of Appeals

Streamlined the process for handling appeals and installed a new electronic docketing system. Handled record number of cases and collected record amounts of money.

Reciprocity

Completed studies of cross border workers along the Illinois/Wisconsin border that resulted in \$60 million in payments from Wisconsin under the reciprocal income tax agreement.

Death Records Coordination

Utilized death record information from the Social Security Administration and Department of Public Health to curtail fraud through more timely verification of eligibility for grants and refunds.

Internal Procedures Review

Reviewed internal procedures throughout the Department; updated, deleted, and added procedures as needed; posted procedures on the Intranet.

Successful Y2K Transition

Managed the Y2K transition with virtually no problems; updated more than 13,000 programs representing

over 12.8 million lines of code; all services to taxpayers continued without interruption.

Master File of IDOR Agreements

Centralized 210 agreements that the Department of Revenue has with local governments, states, and federal and state agencies; copies kept both electronically and on paper, and are easily accessible.

Resolved U.S. Postal Service Problems

Coordinated efforts to resolve on-going problems with the US Postal Service related to untimely delivery of certified mail and established communication lines to quickly resolve future problems.

Circuit Breaker/Pharmaceutical/SeniorCare

Expanded the types of drugs covered under the pharmaceutical program; became the enrolling agent for Public Aid's administration of SeniorCare; saw the expansion of these programs for senior and disabled citizens grow from 48,000 participants in 1999 to 202,000 in 2002.

FTA Award

Received the Federation of Tax Administrators 2000 Training Award for the Computer-based Training Technical Tax Training program that was cited for its adaptability to other organizations.

Performance Measurement

Worked closely with Governor Ryan, for whom performance measurement was a priority, to use performance measures. Pioneered the use of performance management software that enables agencies to report their performance data on-line, software that was later adopted for Illinois state government.

Lincoln Foundation for Business Excellence Award

Received the Lincoln Foundation for Business Excellence Commitment to Excellence Award in 1999, recognizing the department as an organization that performs at a high level and is committed to continuous improvement.

Reduced Tax Form Printing and Mailing Costs

Trimmed the number and cost of printing and mailing tax forms by removing personalization from the forms, and sending forms only to taxpayers who needed them. Also offered the Package X on a less expensive to produce and mail CD-ROM and directed tax professionals to our Internet site for forms.

Reduced Cars, Pagers, and Parking Spaces

Cut by 50 percent the numbers of pagers, parking spaces, and cars for which the Department of Revenue paid.

Electronic Commerce — Efforts to expand electronic tax administration to provide improved service to taxpayers and to reduce operating costs.

Electronic Filing of Tax Returns

Increased the number of electronically filed income tax returns by more than 1 million, to 1,617,638 in 2002 by promising and paying refunds in about one week to electronic filers who use direct deposit.

EFT Expansion

Lowered the threshold to increase the number of taxpayers who are mandated to pay taxes electronically; resulted in an additional \$11 billion received electronically.

National Leadership

IDOR has provided a leadership role in Illinois' involvement in the development and implementation of two Presidential business to government initiatives; implemented Internet business registration with plans to enable taxpayers to get their Federal Employer Identification Number (FEIN); pursuing the use of digital certificates for secure access across state and federal agencies.

Digital State Survey

Finished second in the Taxation/Revenue section of the 2001 Digital State Survey that measures the delivery of electronic services to citizens. Illinois scored 98.8 out of a possible 100 points.

Internet Site

Redesigned Internet site based on feedback from on-line user survey; the new site conforms to current accessibility standards and maintains the consistent look and feel required of Illinois state agencies.

Electronic Tax Administration Advisory Committee

Director Glen L. Bower represented state tax agencies on the IRS's Electronic Tax Administration Advisory Committee.

On-line Refund Inquiry

Implemented an on-line Internet Refund Inquiry system that lets taxpayers check on the status of their refunds 24 hours a day, 7 days a week.

On-line Bill/Notice Explanation

Provided an Internet Bills/Notice Inquiry option that provides taxpayers with detailed and easily understood explanation of the bills and notices they may receive in the mail.

Electronic Pay Stubs

Implemented a paperless process to electronically distribute employee earnings statements, saving 60,000 pieces of paper per year.

Credit Card Payments

The first agency of the governor to accept credit card payments beginning in 2000 and received more than 12,000 credit card payments in 2002.

On-line Business Registration

Developed an application that allows new businesses to register with the department over the Internet, sign with a digital signature, and immediately be issued an Illinois Business Tax Number.

Digital Signatures

Played a key role in the development and deployment of Illinois' certificate-based security infrastructure (PKI) that creates a secure environment for on-line transactions by authenticating users through digital credentials.

I-File

Enabled taxpayers to file their individual income tax on-line at no cost; the program grew from 11,000 returns filed in 1999 to 87,000 filed in 2002.

I-Debit

Enabled taxpayers to pay individual income tax owed via the Internet; received more than 14,000 payments; plan to expand this capability to 1040 ES payments in 2003.

On-line Circuit Breaker Application

Provided on-line capability to complete Circuit Breaker application via the Internet; received over 6,300 completed applications in 2002.

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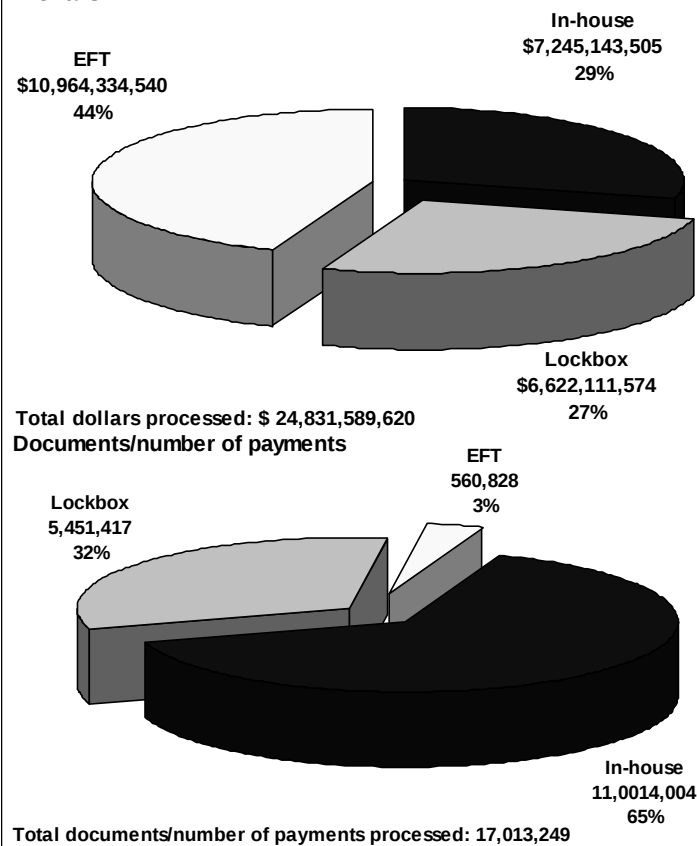
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Alternative Payment and Filing Options

Overview

The Illinois Department of Revenue must deposit monies within 24 hours of receipt. Electronic funds transfer (EFT), lockbox facilities, and alternative filing methods are used to deposit money quickly and to reduce errors associated with processing returns.

Graph 1: Dollars and Documents Processed



Electronic Funds Transfer (EFT)

EFT is an electronic method used to pay tax liabilities. Instead of writing a check, financial institutions are instructed to transfer the funds from the taxpayer's account to ours. The department applies the transferred amount to the tax liability. EFT is **not** a way to file a return electronically.

The department receives various tax payments by EFT. The State of Illinois transmits payments for taxes withheld from its employees using this method. Riverboat gambling tax payments and fedwire transfers are also received by EFT. A taxpayer whose annual average liability meets or exceeds a certain threshold must participate in the department's EFT program.

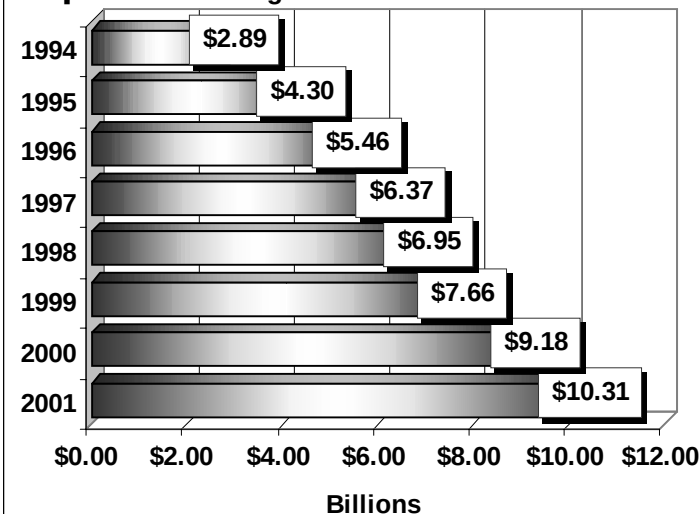
Note: Graph 1 shows all tax payments received by EFT; Graph 2 shows all tax payments received by the EFT program.

EFT Program

The department's EFT program has both mandated and voluntary participants. The Automated Clearing House (ACH) payment network is the primary means of collecting EFT payments. Taxpayers can either originate their tax payments through their bank (ACH credit) or call the department's bank who can originate an ACH debit. Either way, the tax dollars are transmitted electronically to the bank thereby eliminating mail and check collection "float".

In FY 2001, 31,010 registered participants made 560,828 payments totaling over \$10.31 billion (44 percent of the department's total collections). In addition, the department introduced ACH debit payments authorized over the Internet for both sales tax and Individual Income Tax; over 7,000 payments were received.

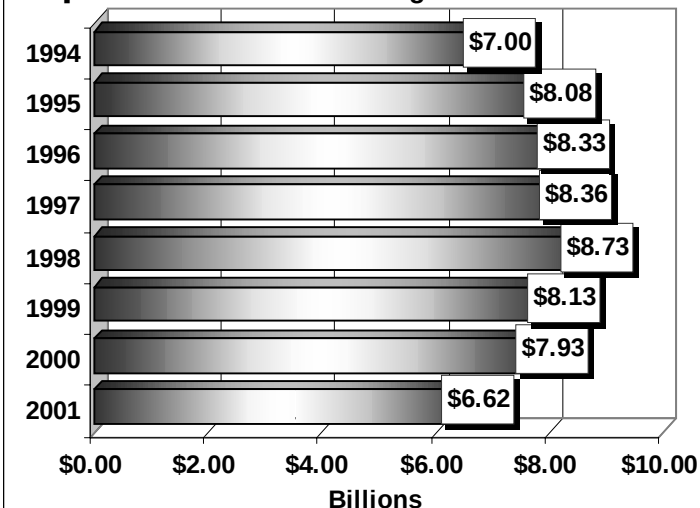
Graph 2: EFT Program Dollars Collected



Lockbox Program

Lockbox is a service provided by a financial institution that enables selected taxpayers to mail their tax payments directly to a post office box for pickup by the financial institution. The financial institution then processes and deposits the monies based on department specifications. This process reduces mail "float," check collection time, and the time necessary to credit a taxpayer's account. In 1986, the department processed its first payment through a lockbox facility. Currently, 6 different payment types are processed at two different lockbox facilities. Graph 3 shows the recent decline in the lockbox processing volume. The department expects this decline to continue as more payments are processed using the electronic funds transfer program. Approximately \$6.62 billion (27 percent of the department's total collections) were deposited in the lockbox banks in FY 2001. Lockbox facilities processed 5,451,417 documents in FY 2001.

Graph 3: Lockbox Processing Dollars Collected



Individual Income Tax Alternative Filing and Payment Options

The Illinois Department of Revenue offers taxpayers a choice of several electronic filing options for Form IL-1040: e-File, TeleFile, I-File and PC File.

e-File

Through the department's electronic filing program, taxpayers can have Form IL-1040, Illinois Individual Income Tax Return, transmitted directly from tax professionals' computers to the department's computer. This method of electronic filing has been in place since 1991. The department also participates in the Internal Revenue Service (IRS) Federal/State Electronic Filing Program. Rather than transmit returns directly to the department, the tax professional can transmit the state return along with the federal return to the IRS. The IRS then makes the state return available for the department to retrieve electronically and process. This method of electronic filing has been in place since 1996. The department received 957,297 returns in processing year 2001 through both electronic filing methods, a 17.9 percent increase from the previous year.

TeleFile

The TeleFile method of filing an individual income tax return was launched in January 1994, and was only offered to a select group of taxpayers based on their previous filing history. Beginning in January 2000, this method is offered to all Illinois taxpayers that meet the TeleFile program criteria. Taxpayers who are assigned an Illinois Personal Identification Number (IL-PIN) access the TeleFile system by dialing a toll-free telephone number. Voice instructions guide these taxpayers through the telephone call, instructing them when, how, and what type of entries to make from the keypad of a touch-tone telephone. The department received 147,014 TeleFile returns in processing year 2001.

I-File

In January 1999, the department introduced the Internet Filing Pilot Program to 700,000 randomly selected taxpayers. Beginning January 2000, the program is available to any Illinois taxpayer who is assigned an IL-PIN and who meets the I-File program criteria. These taxpayers have the opportunity to file their individual income tax returns on our Internet web site. By allowing taxpayers to enter the data from their W-2 forms and the IL-PIN, those expecting a refund have nothing to mail. The department received 62,556 Internet filed returns in processing year 2001, a 43.7 percent increase from the previous year.

PC File

Beginning January 2000, all taxpayers assigned an IL-PIN may use the PC Retail Software filing method. Taxpayers can purchase or obtain a tax preparation software package from a retail store or by downloading software on the Internet that contains an Illinois Individual Income Tax Return and file both their federal and Illinois income tax returns at the same time. The department received 108,501 PC Retail Software filed returns in 2001, a 111.9 percent increase from the previous year.

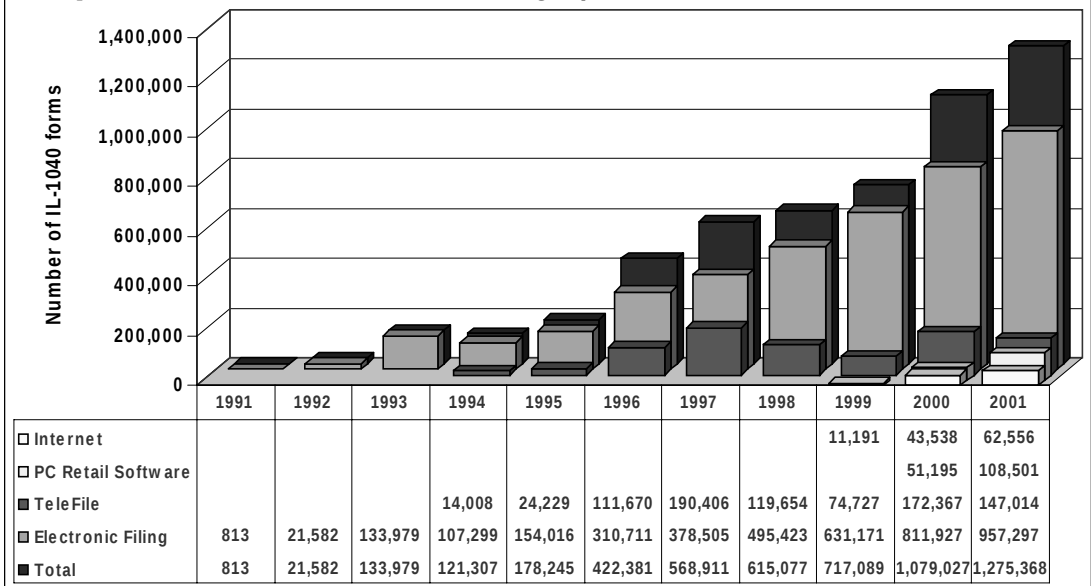
Credit Card Payments

In addition to paying by check or money order, taxpayers may use a credit card to pay Individual Income Tax owed for the current tax year, prior tax years, estimated payments, and extension payments. Over 7,000 credit card payments were received in FY 2001.

Electronic Funds Withdrawal

In addition to paying by check or money order, taxpayers may pay Individual Income Tax liabilities owed for the current tax year by having the amount owed debited from their checking or savings accounts. Over 7,000 electronic funds withdrawal payments were received in FY 2001.

Graph 4: Income Tax Alternative Filing Options



Sales Tax Alternative Filing Options

TeleFile

The Sales Tax TeleFile Program was implemented in November 1999. Certain taxpayers who conduct business at a single location, who file Form ST-1, Sales and Use Tax Return, and who have relatively simple returns can participate in the program. Taxpayers receive a personal identification number which is used to access the toll-free TeleFile system. Taxpayers are prompted to enter information from the telephone keypad. The TeleFile system computes math, eliminating arithmetic mistakes. The department received 11,281 TeleFile Form ST-1 returns in calendar year 2001.

Electronic Data Interchange (EDI)

The department initiated the Form ST-1 Electronic Data Interchange (EDI) Program in September 2000. The program is voluntary and only Form ST-1, Sales and Use Tax Return, and Form ST-2, Multiple Site attachment, can be filed electronically. The program is an electronic exchange of business documents from one company's computer to another's computer in machine-processable, national standard data formats. Participants in the program include taxpayers who are required to file Form ST-1; trading partners formatting EDI interchanges; transmitters transmitting directly to the department's communications processor; and software developers supporting EDI. The department received 567 Form ST-1 returns by EDI in calendar year 2001.

Total Revenue Collected

Table 1: Total Revenue Collected ⁽¹⁾

Section 1: State Taxes and Fees Collections ⁽²⁾	FY 1999	FY 2000	FY 2001
Income Taxes			
1 Corporate Income Tax	1,384,711,476	1,524,201,811	1,302,558,427
2 Individual Income Tax	7,786,233,842	8,265,868,742	8,617,847,075
3 Personal Property Replacement Income Tax	905,274,983	1,029,301,570	942,653,146
A. Total Income Taxes	\$ 10,076,220,301	\$ 10,819,372,123	\$ 10,863,058,648
Sales Taxes			
1 Retailers' Occupation, Use, Service Occupation, Service Use	7,570,174,221	8,165,116,191*	8,014,161,192
2 Other Sales or Renting Taxes and Fees			
a Automobile Renting Occupation and Use Taxes	29,379,248	32,363,836	31,730,257
b Replacement Vehicle Tax	1,128,201	1,271,525	1,233,808
c Tire User Fee	6,104,036	6,328,586	6,448,167
d Vehicle Use Tax	42,254,740	43,427,699	38,999,471
B. Total Sales Taxes	\$ 7,649,040,446	\$ 8,248,507,837	\$ 8,092,572,895
Motor Fuel Taxes			
1 Motor Fuel and Motor Fuel Use Taxes	1,258,279,198	1,292,203,504	1,296,026,938
2 Underground Storage Tank Tax and Environmental Impact Fee	67,535,386	73,643,346	73,658,542
C. Total Motor Fuel Taxes	\$ 1,325,814,584	\$ 1,365,846,850	\$ 1,369,685,480
Excise Taxes			
1 Cigarette and Cigarette Use Taxes	485,823,852	477,928,356	470,352,315
2 Coin-operated Amusement Device Tax	1,221,269	1,309,735	1,307,615
3 Dry-cleaning Solvent Tax and License Fees	1,667,125	1,987,113	1,771,326
4 Electricity Excise Tax	325,057,827	354,035,688*	367,730,929
5 Energy Assistance and Renewable Energy Charges	91,720,323	85,899,673	92,619,239
6 Gas Revenue Tax	106,495,678	127,821,097*	150,560,390
7 Hotel Operators' Occupation Tax	151,680,653	161,052,080	170,013,089
8 Invested Capital Tax and Electricity Distribution Tax	173,257,645	170,249,629	183,470,954
9 Liquor Gallonage Tax	56,898,930	128,443,874	140,118,688
10 Oil and Gas Production Assessment	129,963	239,511	293,911
11 Telecommunications Excise Tax	675,944,687	776,083,066*	793,188,882
12 Telecommunications Infrastructure Maintenance Fees ⁽³⁾	36,547,148	40,226,615	36,872,412
13 Tobacco Products Tax	16,903,151	17,495,314	17,317,691
D. Total Excise Taxes	\$ 2,123,348,251	\$ 2,342,771,751	\$ 2,425,617,441
Gaming Taxes			
1 Bingo Tax and License Fees	6,136,518	5,759,064	5,190,765
2 Charitable Games Tax and License Fees	181,253	165,798	160,632
3 Pull Tabs and Jar Games Tax and License Fees	7,750,240	8,201,465	7,918,236
4 Racing Privilege Tax	36,383,044	23,277,916	12,815,513
5 Riverboat Gambling Taxes and Fees	357,544,653	483,558,525	528,547,545
E. Total Gaming Taxes	\$ 407,995,708	\$ 520,962,768	\$ 554,632,691
Other Collections			
1 Miscellaneous ⁽⁴⁾	330,314	1,282,346	770,852
2 Pharmaceutical Assistance	1,719,362	2,074,818	4,485,037
3 Real Estate Transfer Tax	53,675,949	57,716,738	59,584,436
4 Senior Citizens Real Estate Tax Deferral	1,824,136	2,259,644	2,319,222
5 Tennessee Valley Authority (TVA)	58,717	66,295	68,469
6 Qualified Solid Waste Energy Facility Payment ⁽³⁾	0	0	100,220
F. Total Other Collections	\$ 57,608,478	\$ 63,399,841	\$ 67,328,236
Total Section 1: State Collections (A+B+C+D+E+F)	\$ 21,640,027,768	\$ 23,360,861,170	\$ 23,360,655,875

Table 1: Total Revenue Collected ⁽¹⁾ (continued)

Section 2: Taxes Collected for Local Governments ⁽⁵⁾	FY 1999	FY 2000	FY 2001
Automobile Renting Occupation and Use Taxes			
1 County Automobile Renting Occupation and Use Taxes	88,479	80,353	78,180
2 MPEA Automobile Renting Occupation and Use Taxes	24,865,909	24,756,094	26,945,368
3 Municipal Automobile Renting Occupation and Use Taxes	5,222,078	5,332,306	5,761,105
A. Total Automobile Renting Occupation and Use Taxes \$	30,176,466	\$ 30,168,753	\$ 32,784,653
B. Chicago Soft Drink Tax	\$ 7,164,003	\$ 7,848,107	\$ 8,071,991
C. County Motor Fuel Tax	\$ 26,123,408	\$ 27,490,439	\$ 27,292,721
D. County Water Commission Tax	\$ 31,720,836	\$ 33,608,287	\$ 33,324,122
E. Home Rule and Non-home Rule Sales Taxes	\$ 606,326,154	\$ 656,634,248	\$ 682,323,787
Hotel Taxes			
1 Illinois Sports Facilities Tax	23,547,920	25,708,565	27,222,223
2 MPEA Hotel Tax	27,452,547	29,971,464	31,736,059
3 Municipal Hotel Tax (Chicago)	11,914,102	12,985,447	13,750,046
F. Total Hotel Taxes	\$ 62,914,569	\$ 68,665,476	\$ 72,708,328
G. Mass Transit District Sales and Use Taxes	\$ 490,053,665	\$ 523,975,810 *	\$ 537,851,021
H. MPEA Food and Beverage Tax	\$ 19,661,938	\$ 21,492,261	\$ 23,106,600
Replacement Vehicle Taxes			
1 County Replacement Vehicle Tax	330	120	243
2 Municipal Replacement Vehicle Tax	39,113	47,346	46,150
I. Total Replacement Vehicle Taxes	\$ 39,443	\$ 47,466	\$ 46,393
J. Tennessee Valley Authority (TVA)	\$ 137,010	\$ 154,687	\$ 159,760
K. Special County Retailers' Occupation Tax for Public Safety	\$ 5,809,113	\$ 14,755,241	\$ 17,821,985
Total Section 2: Taxes Collected for Local Governments (A+B+C+D+E+F+G+H+I+J+K)	\$ 1,280,126,605	\$ 1,384,840,775	\$ 1,435,491,361
Collections Grand Total (Section 1+ Section 2)	\$ 22,920,154,373	\$ 24,745,701,945	\$ 24,808,386,752

* Adjusted from FY 2000 annual report

Table 1 Footnotes

- (1) Amounts reported represent dollars remaining *after* the return is processed, any adjustments have been made to the account, and any credits or refunds have been issued. "Collections Grand Total" figures do not match Graph 1, which represents dollars deposited *before* the return was processed.
- (2) Amounts reported in Section 1 include amounts subsequently disbursed to units of local government in the form of revenue-sharing as mandated by various Illinois tax acts. See Table 45 and "Revenue-sharing with Local Governments" for more information.
- (3) Payments were required to be sent to the department effective January 2001.
- (4) Includes jury duty refunds, duplicate payments, insurance claims, and tax forms.
- (5) These taxes are locally-imposed taxes that the department collects for the governmental unit that imposes the tax. State revenues that are "shared" with units of local government are shown in Table 45.

Income Taxes

Statutory Reference

35 ILCS 5/101 to 5/1701

Definition

The Illinois Income Tax is imposed on every individual, corporation, trust, and estate earning or receiving income in Illinois. The tax is calculated by multiplying net income by a flat rate. The Illinois Income Tax is based, to a large extent, on the federal Internal Revenue Code.

Individuals

The rate is 3 percent of net income. The starting point for the Illinois Individual Income Tax is federal adjusted gross income. Federal adjusted gross income is "income" minus various deductions (not including itemized deductions, the standard deduction, or any exemptions). Next, the federal adjusted gross income is changed by adding back certain items (e.g., federally tax-exempt interest income) and subtracting others (e.g., federally taxed retirement and Social Security income). The result is "base income."

The base income earned in Illinois or while a resident of Illinois is then reduced by the number of federally claimed exemptions plus any additional exemptions. The amount of each **standard exemption** is \$2,000. **Additional exemptions** are provided for any taxpayer or spouse who was either 65 years of age or older, legally blind, or both (\$1,000 each). The total exemption amount is deducted from base income to arrive at "net income." The tax rate is then applied against net income.

Illinois Income Tax must be withheld by an employer if any of the following conditions are met:

- Federal income tax is withheld.
- Compensation (i.e., wages and salaries) is paid in Illinois.
- Gambling or lottery winnings are paid in Illinois.
- A voluntary withholding agreement is executed with the employee.

Illinois Income Tax is **not** withheld from compensation paid to residents of Iowa, Kentucky, Michigan, and Wisconsin, due to reciprocal agreements with each of these states and from certain other types of compensation and payments.

Table 2: Illinois Income Tax Rate History

Effective date	Individuals	Corporations
August 1, 1969	2.5 percent	4.0 percent
January 1, 1983 ⁽¹⁾	3.0 percent	4.8 percent
July 1, 1984	2.5 percent	4.0 percent
July 1, 1989 ⁽²⁾	3.0 percent	4.8 percent
July 14, 1993 ⁽³⁾	3.0 percent	4.8 percent
(1) First 20 percent surcharge		
(2) Second 20 percent surcharge		
(3) Rate made permanent, retroactive to July 1, 1993.		

Table 3: Individual Exemption History

Tax year	Standard exemption	Additional exemptions
1969	\$1,000	As on federal return*
1987	\$1,000	\$ 0
1990	\$1,000	\$1,000
1998	\$1,300	\$1,000
1999	\$1,650	\$1,000
2000	\$2,000	\$1,000
* Additional exemptions for blind and elderly (i.e., age 65 or older) were provided through the federal income tax return. These exemptions were subsequently repealed at the federal level by the Federal Tax Reform Act of 1986, effective for tax year 1987.		

Table 4: Individual Income Tax Filing Status (by tax year)

Taxpayer status	1999 returns	2000 returns
Single*	3,287,716	3,372,118
Married, filing jointly	2,233,654	2,254,293
Married, filing separately	77,914	77,087
Total	5,599,284	5,703,498
* Includes single, head of household, and widowed.		

Table 5: Returns Filed by Adjusted Gross Income — Tax Year 2000

Adjusted gross income (AGI)	No. of returns	Total AGI	No. of exemptions	Tax liability	No. claiming property tax credit	Property tax credit amount
Less than \$0	27,974	(\$ 1,677,511,903)	56,754	\$ 166,324	55	\$ 18,706
\$0 — 5,000	530,868	1,406,770,734	510,900	22,790,678	9,677	304,679
5,001 — 15,000	926,228	9,071,264,898	1,480,214	164,371,378	117,060	7,422,576
15,001 — 25,000	784,262	15,550,064,800	1,601,438	325,261,179	182,866	14,148,773
25,001 — 50,000	1,340,200	48,721,895,976	2,926,897	1,147,013,845	579,882	54,076,891
50,001 — 100,000	1,208,464	84,480,798,987	3,418,629	2,078,573,868	904,807	118,676,784
100,001 — 500,000	505,203	83,367,594,779	1,572,222	2,216,840,566	437,942	101,314,160
500,001 & more	33,462	50,872,298,122	107,614	1,491,803,982	30,798	15,637,042
Subtotal resident returns	5,356,661	291,793,176,393	11,674,668	7,446,821,820	2,263,087	311,599,611
<i>Nonresidents and residents with invalid Illinois Zip Codes</i>	346,837	77,246,863,979	750,199	391,511,618	33,796	6,333,390
Total	5,703,498	\$ 369,040,040,372	12,424,867	\$ 7,838,333,438	2,296,883	\$ 317,933,001

Individual Income Tax Credits

Property tax relief for real estate taxes paid on one's principal residence has been provided to Illinois Individual Income Tax filers by various means since tax year 1983. Currently, taxpayers receive a 5 percent credit for residential property taxes paid.

Beginning in tax year 2000, taxpayers who spend more than \$250 for **qualifying education expenses** may receive a credit for 25 percent of the amount over \$250, up to a maximum of \$500. The amount claimed during tax year 2000 was over \$61.2 million.

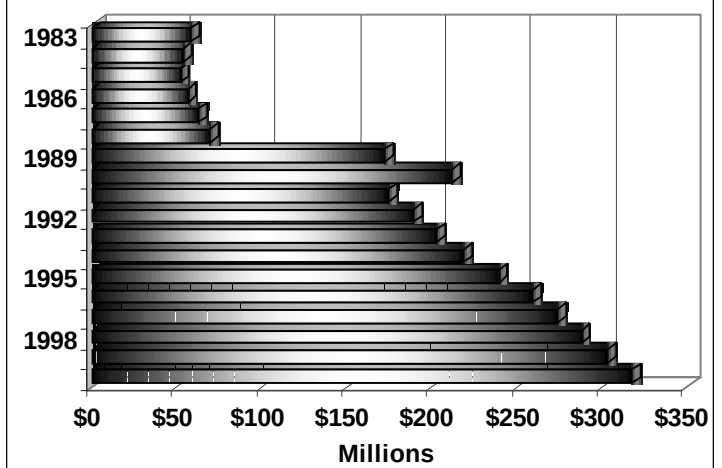
An Illinois **Earned Income Credit**, equal to 5 percent of the federal tax credit was also allowed beginning in tax year 2000. Over \$39.9 million was claimed.

Table 6: Reduced Individual Income Tax Liabilities From Property Tax Relief

Tax year	Filers with credits/deductions	Reduced tax liabilities
1990 *	2,261,209	\$ 211,867,382
1991**	2,038,642	174,576,338
1992**	2,045,180	189,143,060
1993**	2,056,462	203,093,478
1994**	2,099,241	218,690,218
1995**	2,182,997	239,410,806
1996**	2,231,165	258,704,032
1997**	2,237,539	273,854,726
1998**	2,255,864	287,911,422
1999**	2,275,646	303,400,238
2000**	2,296,883	\$ 317,933,001

* Property tax deduction doubled from single deduction
** Property tax credit of 5 percent

Graph 5: Illinois Individual Income Tax — Property Tax Relief



A single deduction for property taxes paid was in effect for tax years 1983 through 1988; a double deduction for property taxes paid was in effect for tax years 1989 and 1990. The current 5 percent credit began in tax year 1991.

Corporations

The rate for corporations is 4.8 percent of net income. The rate for trusts and estates is 3 percent of net income.

(Note: These rates apply to income tax only. See "Replacement Taxes.")

Generally, S corporations and partnerships do not pay the Illinois Corporate Income Tax. However, corporations, S corporations, partnerships, and trusts are subject to **Personal Property Replacement Tax**. Income from these entities is generally passed on to owners who, in turn, must report this income on their federal income tax returns. This income is included in federal adjusted gross income, which is the starting point for the Illinois Individual Income Tax, or taxable income for corporations.

The starting point for the Illinois Corporate Income Tax is federal taxable income, which is income minus deductions. Next, the federal taxable income is changed by adding back certain items (e.g., state, municipal, and other interest income excluded from federal taxable income) and subtracting others (e.g., interest income from U.S. Treasury obligations). The result is "base income."

If income is earned both inside and outside of Illinois, the base income is then apportioned by a formula to determine Illinois' share of income. Generally, income allocable to Illinois is determined by the ratio of sales of the corporation within Illinois to total sales of the entire corporation. Insurance companies, financial organizations, and transportation companies have special formulas. Each taxpayer then subtracts the \$1,000 basic **exemption** (which is prorated if income is earned both inside and outside Illinois) from income allocable to Illinois to arrive at net income. The tax rate is then applied against net income.

Table 7: Corporate Liability Stratification for Income and Replacement Taxes — Tax Year 1999

Liability Range (000'S)	Total filers	Percent of filers	Liabilities (millions)	Percent of liabilities	Average Liability
\$0	85,296	65.24%	\$ 0.0	0.00%	\$ 0
\$0 > \$5	34,559	26.43%	42.5	3.08%	1,230
\$5 > \$10	4,066	3.11%	28.2	2.05%	6,936
\$10 > \$50	4,296	3.29%	95.3	6.91%	22,183
\$50 > \$100	982	0.75%	69.5	5.04%	70,774
\$100 > \$500	1,138	0.87%	247.3	17.94%	217,311
\$500 > \$1,000	197	0.15%	137.6	9.98%	698,477
\$1,000 or More	205	0.16%	757.9	54.99%	\$ 3,697,073
Totals	130,739	100.00%	\$ 1,378.3	100.00%	\$ 10,542
Liability only	45,443	34.76%	\$ 1,378.3	100.00%	\$ 30,330

Note: For information on replacement taxes, see Table 57 and Table 58.

Table 8: Corporate Income Tax Credit Profile* (in millions)

Credit	1993	1994	1995	1996	1997	1998	1999
Enterprise Zone	\$ 2.9	\$ 7.0	\$ 10.0	\$ 8.4	\$ 9.0	\$ 10.0	\$ 5.8
Coal Research & Coal Utilization	3.1	3.1	3.9	0.7	4.3	1.1	0.1
High Impact Business	0.0	0.2	0.4	1.2	0.4	0.5	0.5
Jobs Tax Credit	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Training Expense	5.9	9.8	17.4	17.7	18.8	17.3	14.5
Research & Development	16.5	24.0	27.8	35.2	32.6	27.5	15.9
Life & Health Insurance Tax Offset	N/A	N/A	2.7	4.1	12.3	16.1	14.1
TECH-PREP	N/A	N/A	0.0	0.0	0.2	0.3	0.3
Dependent Care	N/A	N/A	0.0	1.0	0.0	0.0	0.0
Environmental Remediation	N/A	N/A	N/A	N/A	0.0	0.0	0.0
EDGE**	N/A	N/A	N/A	N/A	N/A	N/A	\$0.0
Totals	\$ 28.4	\$ 44.4	\$ 62.2	\$ 68.3	\$ 77.6	\$ 72.8	\$ 51.2

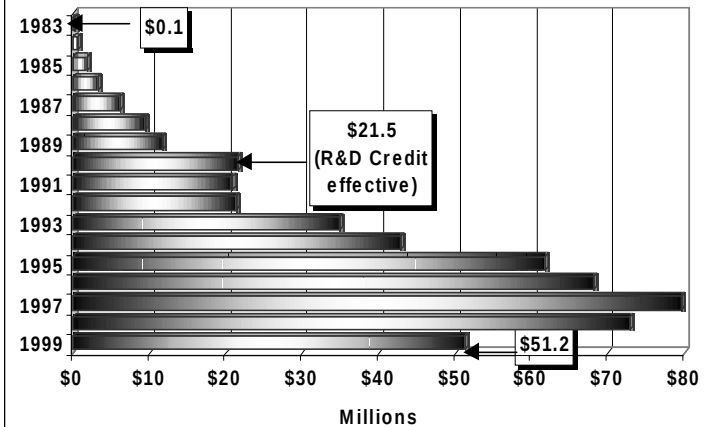
* Based on a review of Schedule 1299-Ds.

** Economic Development for a Growing Economy

Corporate Income Tax credits are provided as incentives to encourage certain types of taxpayer behavior. Major tax credits are listed below.

- Research and Development Credit
- Training Expense Credit
- Coal Research and Coal Utilization Investment Credits
- Enterprise Zone Investment Credit
- High Impact Business Investment Credit
- Environmental Remediation Tax Credit (for tax years ending on or before December 31, 2001)
- Economic Development for a Growing Economy (EDGE) Tax Credit
- TECH-PREP Youth Vocational Programs Credit
- Dependent Care Assistance Program Tax Credit
- Employee Child Care Tax Credit
- Enterprise Zone and Foreign Trade Zone Jobs Tax Credit
- Jobs Tax Credit
- Life and Health Insurance Tax Offset

Graph 6: Illinois Corporate Income Tax Credits, Schedule 1299-D



Distribution

Individual and corporate income tax collections are deposited into three separate funds: the Income Tax Refund Fund (ITRF), the Education Assistance Fund (EAF), and the General Revenue Fund (GRF). A percentage of gross income tax collections — 7.1 percent for individuals and 19.0 percent for corporations in FY 2001 — is deposited into the ITRF to arrive at net income taxes. A percentage of the net income taxes is then deposited into the EAF (7.3 percent). The GRF receives all remaining income tax deposits. Beginning with FY 96, 1/10 of net income taxes are transferred from the GRF to the Local Government Distributive Fund. See "Revenue-sharing with Local Governments."

Table 9: Individual and Corporate Income Tax Receipts by Fund (in millions)

Funds	Individual FY 2001	Corporate FY 2001	Total FY 2001
ITRF	\$ 611.1	\$ 243.0	\$ 854.1
EAF	583.7	75.6	659.3
GRF	7,412.1	960.4	8,372.5
Total	\$ 8,606.9	\$1,279.0	\$ 9,885.9

The GRF received 84.7 percent of total income tax receipts in FY 2001.

Note: The individual and corporate receipt totals by fund outlined in this table may not equal those in Table 10 due to timing differences between when the money was received and when it was deposited into the funds.

Graph 7: Individual and Corporate Receipts

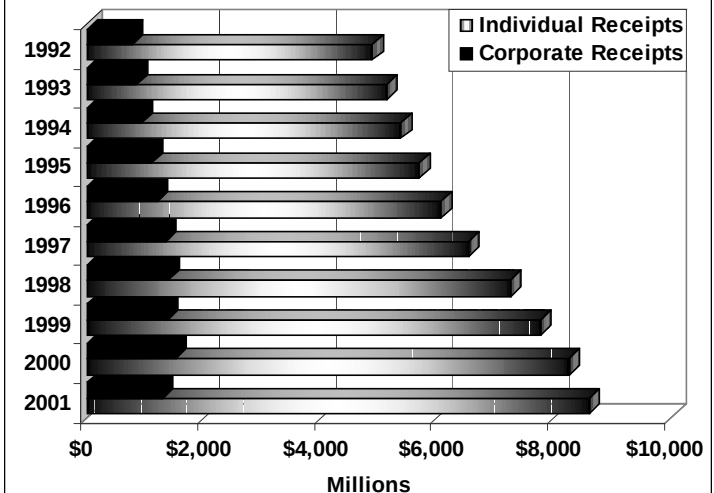


Table 10: Income Tax Collections and Refunds

Fiscal year	Individual collections	Corporate collections	Total collections	Total refunds
1992	\$ 4,909,187,935	\$ 774,913,137	\$5,684,101,072	\$460,271,970
1993	5,133,166,823	851,416,860	5,984,533,683	504,676,782
1994	5,378,397,361	939,156,586	6,317,553,947	531,509,976
1995	5,710,709,044	1,100,484,453	6,811,193,497	584,395,224
1996	6,110,147,297	1,204,187,601	7,314,334,898	629,104,398
1997	6,544,228,585	1,364,779,886	7,909,008,471	667,642,391
1998	7,254,646,661	1,397,470,262	8,652,116,923	616,524,887
1999	7,786,233,842	1,384,711,476	9,170,945,318	740,663,005
2000	8,265,868,742	1,524,201,811	9,790,070,553	959,039,990
2001	\$ 8,617,847,075	\$ 1,302,558,427	\$9,920,405,502	\$942,653,146

Note: Collections from replacement income taxes are not included in this table. See Table 57 and Table 58 for information about replacement taxes distributions.

Income Tax Refund Fund

Effective January 1, 1989, the Income Tax Refund Fund (ITRF) removed income and replacement tax refunds from the appropriation process. Percentages of all incoming income tax dollars are deposited into the fund. Public Act 85-1414 set the individual percentage at 6 percent and the corporate percentage at 18 percent for FY 89. The act requires that the percentages be revised annually on the last business day of each fiscal year. However, for fiscal years 1999, 2000, and 2001, the refund fund percentages are fixed at 7.1 percent for individual income tax collections and 19.0 percent for corporate and replacement tax collections. All deposits into the ITRF are designated for the sole purpose of paying refunds.

Table 12 provides ITRF deposits.

Table 11: Individual Income Tax Refunds

Tax year	Refunds issued	Refund amount	Average refund
1990	2,923,706	\$ 305,935,735	\$ 104.64
1991	2,890,168	303,927,106	105.16
1992	2,711,501	328,984,665	121.33
1993	2,825,089	355,777,239	125.93
1994	2,932,315	378,397,464	129.04
1995	2,956,237	386,403,494	130.71
1996	2,969,670	411,863,295	138.69
1997	3,009,427	432,014,209	143.55
1998	3,438,205	552,142,118	160.59
1999	3,428,546	\$ 589,245,130	\$ 171.86

Graph 8: Individual Income Tax Average Refund

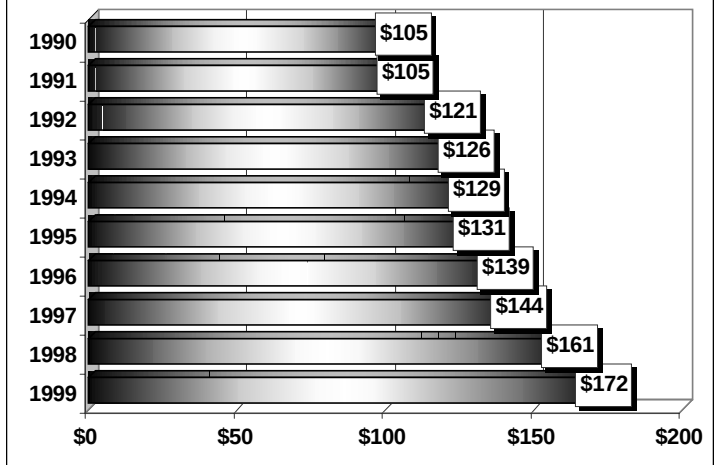


Table 12: Income Tax Refund Fund Deposits per the Office of the Comptroller (in millions)

Fiscal year	Individual		Corporate		Replacement		Total deposits
	Refund percent	Refund deposits	Refund percent	Refund deposits	Refund percent	Refund deposits	
1992	5.8	\$ 284.2	23.3	\$ 180.7	23.3	\$ 107.9	\$ 572.8
1993	5.9	303.4	23.0	195.8	23.0	119.6	618.8
1994	6.9	372.1	17.7	164.9	17.7	100.7	637.7
1995	6.6	376.9	18.6	205.2	18.6	130.7	712.8
1996	6.6	400.6	19.1	230.8	19.1	143.9	775.3
1997	6.3	412.8	20.3	276.3	20.3	171.7	860.8
1998	5.8	421.7	19.0	266.3	19.0	169.8	857.8
1999	7.1	552.2	19.0	263.1	19.0	172.0	987.3
2000	7.1	587.4	19.0	290.2	19.0	194.8	1,072.4
2001	7.1	\$ 611.1	19.0	\$ 243.0	19.0	\$ 176.8	\$ 1,030.9

Income Tax Checkoffs

Income tax checkoffs for charitable causes first appeared on the Illinois Individual Income Tax return for the 1983 tax year. Legislation provided that taxpayers who had refunds coming could donate up to \$10 of that refund to any or all of the causes listed on the return. (Joint filers could each donate \$10 per cause.) That year there were three causes, which raised a total of \$936,592. Follow-up legislation in 1986 required that checkoff causes attract at least \$100,000 in donations by October 1 in order to remain on the return for subsequent years. Effective January 1, 1990, all taxpayers may donate and there is no maximum for donations.

Graph 9: Checkoff Dollars Donated

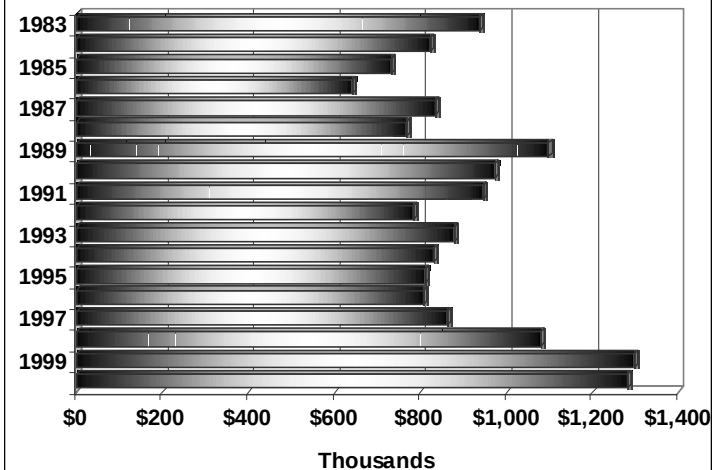


Table 13: Checkoff Dollars Donated by Tax Year

Note: Totals may not add due to rounding.

Voluntary Contributions	1983	1984	1985	1986	1987	1988	1989	1990	1991
Veterans Home	\$178,283	\$124,150	\$ 68,499	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Wildlife Conservation	259,972	227,947	171,291	200,200	205,875	234,117	239,970	234,220	175,802
Child Abuse Prevention	498,337	353,407	240,052	266,837	296,130	312,694	285,977	273,728	182,395
Food and Housing Assistance	—	116,208	79,122	—	—	—	—	—	—
Mental Health Education	—	—	56,417	—	—	—	—	—	—
Alzheimer's Disease Research	—	—	114,850	173,026	164,603	169,823	169,784	185,781	103,651
U.S. Olympic Fund	—	—	—	—	82,629	—	—	—	—
Assistance to the Blind	—	—	—	—	84,427	—	—	—	—
Heritage Preservation	—	—	—	—	—	49,496	—	—	—
Assistance to the Homeless	—	—	—	—	—	—	263,989	280,481	178,184
Child Care Expansion Program	—	—	—	—	—	—	77,720	—	—
Community Health Center Care	—	—	—	—	—	—	60,058	—	—
Gulf War Veterans	—	—	—	—	—	—	—	—	15,922
1992 U.S. Olympians	—	—	—	—	—	—	—	—	33,817
Rehabilitation Technology	—	—	—	—	—	—	—	—	28,764
AIDS Victims Assistance	—	—	—	—	—	—	—	—	96,677
Domestic Violence	—	—	—	—	—	—	—	—	54,589
Drug Abuse Prevention	—	—	—	—	—	—	—	—	75,992
Literacy Advancement	—	—	—	—	—	—	—	—	—
Breast & Cervical Cancer Research	—	—	—	—	—	—	—	—	—
Ryan White Pediatric and Adult AIDS	—	—	—	—	—	—	—	—	—
Illinois Special Olympics	—	—	—	—	—	—	—	—	—
Heart Disease Prevention	—	—	—	—	—	—	—	—	—
Korean War Memorial	—	—	—	—	—	—	—	—	—
Hemophilia Treatment	—	—	—	—	—	—	—	—	—
Women in the Military Memorial	—	—	—	—	—	—	—	—	—
Children's Cancer	—	—	—	—	—	—	—	—	—
American Diabetes	—	—	—	—	—	—	—	—	—
Mental Health Research	—	—	—	—	—	—	—	—	—
Prostate Cancer Research	—	—	—	—	—	—	—	—	—
National WWII Memorial	—	—	—	—	—	—	—	—	—
Total	\$936,592	\$821,711	\$730,232	\$640,063	\$833,664	\$766,129	\$1,097,497	\$974,211	\$ 945,793

Table 13: Checkoff Dollars Donated by Tax Year (continued)

Note: Totals may not add due to rounding.

Voluntary Contributions	1992	1993	1994	1995	1996	1997	1998	1999	2000
Veterans Home	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Wildlife Conservation	169,086	185,824	205,177	216,356	208,763	178,688	240,033	237,183	225,373
Child Abuse Prevention	205,338	167,299	167,801	175,912	179,119	138,290	239,537	283,213	232,810
Food and Housing Assistance	—	—	—	—	—	—	—	—	—
Mental Health Education	—	—	—	—	—	—	—	—	—
Alzheimer's Disease Research	124,415	108,116	108,592	119,277	130,165	102,721	161,503	225,860	166,146
U.S. Olympic Fund	—	—	—	—	—	—	—	—	—
Assistance to the Blind	—	—	—	—	—	—	—	—	—
Heritage Preservation	—	—	—	—	—	—	—	—	—
Assistance to the Homeless	202,248	152,274	141,603	145,321	143,717	115,011	190,708	189,386	180,108
Child Care Expansion Program	—	—	—	—	—	—	—	—	—
Community Health Center Care	—	—	—	—	—	—	—	—	—
Gulf War Veterans	—	—	—	—	—	—	—	—	—
1992 U.S. Olympians	—	—	—	—	—	—	—	—	—
Rehabilitation Technology	—	—	—	—	—	—	—	—	—
AIDS Victims Assistance	—	—	—	—	—	—	—	—	—
Domestic Violence	—	—	—	—	—	—	—	—	—
Drug Abuse Prevention	—	—	—	—	—	—	—	—	—
Literacy Advancement	82,285	—	—	—	—	—	—	—	—
Breast & Cervical Cancer Research	—	117,279	111,008	129,797	146,317	110,965	247,496	224,968	249,649
Ryan White Pediatric and Adult AIDS	—	81,607	—	—	—	—	—	—	—
Illinois Special Olympics	—	64,103	—	—	—	—	—	—	—
Heart Disease Prevention	—	—	48,384	—	—	—	—	—	—
Korean War Memorial	—	—	25,640	—	—	—	—	—	—
Hemophilia Treatment	—	—	22,940	—	—	—	—	—	—
Women in the Military Memorial	—	—	—	24,342	—	—	—	—	—
Children's Cancer	—	—	—	—	—	86,248	—	—	—
American Diabetes	—	—	—	—	—	74,133	—	—	—
Mental Health Research	—	—	—	—	—	57,093	—	—	—
Prostate Cancer Research	—	—	—	—	—	—	—	115,837	115,468
National WWII Memorial	—	—	—	—	—	—	—	—	112,666
Total	\$783,371	\$876,503	\$831,144	\$811,005	\$808,081	\$863,149	\$1,079,278	\$1,296,446	\$1,282,221

Sales Taxes

Statutory References

- **Retailers' Occupation Tax** — 35 ILCS 120/1 to 120/14
- **Service Occupation Tax** — 35 ILCS 115/1 to 115/21
- **Service Use Tax** — 35 ILCS 110/1 to 110/21
- **Use Tax** — 35 ILCS 105/1 to 105/22

Definition

"Sales tax" is imposed on a seller's receipts from sales of tangible personal property for use or consumption. Tangible personal property does not include real estate, stocks, bonds, or other "paper" assets representing an interest.

If the seller (typically an out-of-state business, such as a catalog company or a retailer making sales on the Internet) does not charge Illinois Sales Tax, the purchaser must pay the tax directly to the department.

The term "sales tax" actually refers to several tax acts. Sales tax is a combination of "occupation" taxes that are imposed on sellers' receipts and "use" taxes that are imposed on amounts paid by purchasers. Sellers owe the occupation tax to the department; they reimburse themselves for this liability by collecting use tax from the buyers. "Sales tax" is the combination of all state, local, mass transit, water commission, home rule occupation and use, non-home rule occupation and use, and county public safety taxes.

For purposes of this document, Illinois Sales Tax has three rate structures — one for qualifying food, drugs, and medical appliances; one for items required to be titled or registered; and another for all other general merchandise.

"Qualifying food" applies to food not prepared by the retailer for immediate human consumption, such as grocery store food items.

"Qualifying food, drugs, and medical appliances" include

- food that has not been prepared for immediate human consumption, such as most food sold at grocery stores, excluding hot foods, alcoholic beverages, and soft drinks;
- prescription medicines and nonprescription items claimed to have medicinal value, such as aspirin, cough medicine, medicated hand lotion, and fluoride toothpaste; and
- prescription and nonprescription medical appliances that directly replace a malfunctioning part of the human body, such as corrective eyewear, contact lenses, prostheses, insulin syringes, and dentures.

"Vehicles" includes

- vehicles, watercraft, aircraft, trailers, and mobile homes; and
- vehicles, aircraft, and vessels owned by a business when that business moves into or relocates to Illinois.

"Other general merchandise" includes sales of most tangible personal property including sales of

- soft drinks;
- photo processing (getting pictures developed);
- prewritten and "canned" computer software;
- repair parts and other items transferred or sold in conjunction with providing a service under certain circumstances based on the actual selling price.

The fundamental rate for

- qualifying food, drugs, and medical appliances is 1 percent.
- items required to be titled or registered is 6.25 percent.
- other general merchandise is 6.25 percent.

Depending upon the location of the sale, the actual sales tax rate may be higher than the fundamental rate because of home rule, non-home rule, water commission, mass transit, county public safety, and park and recreation district sales taxes.

Table 14: Sales Tax Rates History

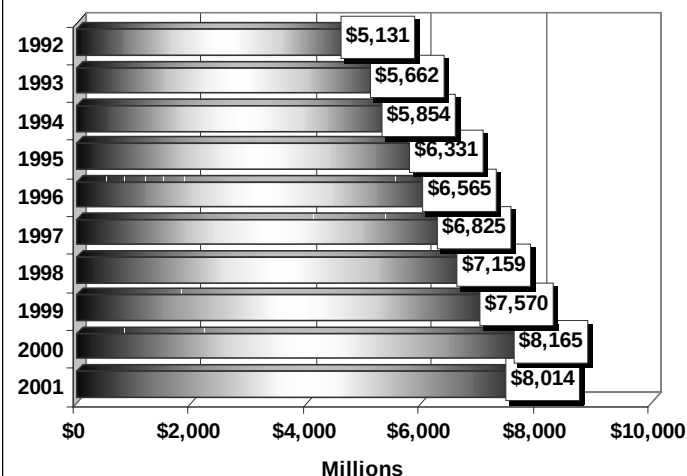
Year	Imposed by	Rate	Footnotes
1933	State (temporary)	2.00%	(1) 0.25 percent in DuPage, Kane, Lake, McHenry, and Will counties; 1.00 percent in Cook County
1935	State (permanent)	3.00%	(2) No change to rates imposed by local governments (up to 1%) and RTA (either 0.25 percent or 1 percent)
1955	Municipalities — local sales tax	varied	(3) Portions of Madison and St. Clair counties
1959	Counties — local sales tax	varied	(4) No change to rates imposed on food, drugs, and medical appliances by local governments (up to 1 percent) and mass transit districts (RTA, either 0.25 percent or 1 percent; MED, 0.25 percent); "soft drinks" removed from definition of food, drugs, and medical appliances effective September 1
1969	State	4.00%	(5) Most of DuPage County and certain municipalities in Cook and Will counties
1979	State/municipalities & counties	4.00%/1.00%	(6) County Supplementary Tax Act
1979	Regional Transportation Authority (RTA)	0.25%/1.00% ⁽¹⁾	(7) Local sales tax acts and County Supplementary Tax Act repealed; additional 1.25 percent on general merchandise and 1.00 percent on qualifying food, drugs, and medical appliances returned to local governments; RTA and MED sales tax remain imposed on both general merchandise and qualifying food, drugs, and medical appliances bases
1980	State (food, drugs, & medical appliances)	3.00% ⁽²⁾	(8) Imposed in 0.25 percent increments and on the same general merchandise base as the state sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs, and medical appliances
1980	Metro-East Mass Transit District (MED)	0.25% ⁽³⁾	(9) Imposed on the same general merchandise base as the state sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs, and medical appliances
1981	State (food, drugs, & medical appliances)	2.00%	
1981	MED (food, drugs, & medical appliances)	0.25%	
1984	State (general merchandise/food, drugs, & medical appliances)	5.00%/0.00% ⁽⁴⁾	
1986	County Water Commission	0.25% ⁽⁵⁾	
1986	All counties but Cook County	0.25% ⁽⁶⁾	
1990	Sales Tax Reform	6.25%/1.00% ⁽⁷⁾	
1990	Home rule taxes	varied ⁽⁸⁾	
1994	Non-home rule taxes	varied ⁽⁸⁾	
1998	County public safety taxes	varied ⁽⁸⁾	
2001	Metro-East Park and Recreation	0.10% ⁽⁹⁾	

Table 15: State Sales Tax Collections

Fiscal year	Collections	Number of taxpayers
1992	\$ 5,131,108,850	235,566
1993	5,661,622,193	231,513
1994	5,854,432,646	233,550
1995	6,331,447,058	240,021
1996	6,564,513,297	241,003
1997	6,825,310,943	243,326
1998	7,158,829,522	244,199
1999	7,570,174,221	242,339
2000	8,165,116,191	239,054
2001	\$ 8,014,161,192	235,506

Note: Collections include Motor Vehicle Use Tax and the 20 percent share subsequently disbursed to units of local government.

Graph 10: State Sales Tax Collections



Graph 11: Sales Tax Reported by Type of Business for Fiscal Year 2001

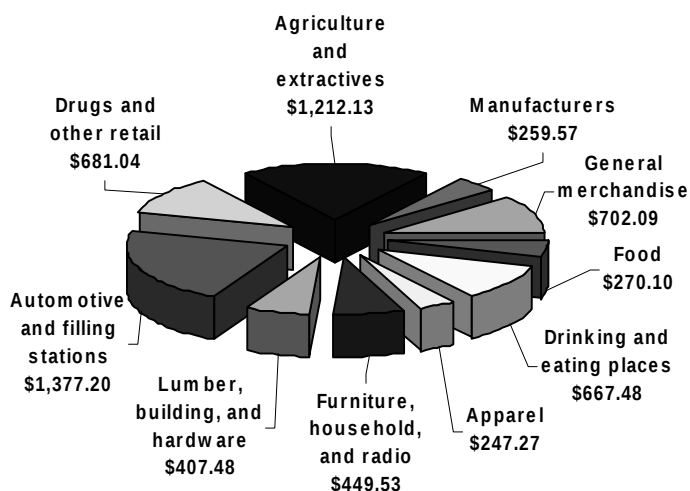


Table 16: Sales Tax Reported by Type of Business ⁽¹⁾

	FY 1997	FY 1998 ⁽²⁾	FY 1999 ⁽²⁾	FY 2000 ⁽²⁾	FY 2001 ⁽²⁾
Number of taxpayers filing ⁽³⁾	431,811	407,933	399,323	332,814	332,672
General merchandise	\$ 752,836,233	\$ 628,317,400	\$ 688,401,607	\$ 707,330,341	\$ 702,095,418
Food	186,523,923	210,853,990	221,895,292	270,122,075	270,103,662
Drinking and eating places	542,531,032	546,316,198	580,091,716	643,298,617	667,482,637
Apparel	235,542,798	226,174,533	229,317,700	239,477,718	247,274,214
Furniture, household, and radio	239,413,906	334,637,932	395,715,790	438,941,925	449,535,424
Lumber, building, and hardware	514,150,361	329,525,544	362,691,745	401,369,486	407,483,210
Automotive and filling stations	1,313,747,824	1,217,426,315	1,293,388,251	1,437,105,671	1,377,200,398
Drugs and other retail	747,839,336	532,255,467	574,801,314	630,806,710	681,046,638
Agriculture and extractives	330,450,267	1,191,229,046	1,266,815,433	1,326,995,905	1,212,130,197
Manufacturers	472,560,439	375,567,160	316,091,101	277,365,381	259,577,057
Total tax collections	\$5,335,596,119	\$5,592,303,585	\$5,929,209,954	\$6,372,813,833	\$6,273,928,855

Note: Amounts subsequently disbursed to units of local government, which are included in Table 15 and Graph 10, have been subtracted.

(1) This table shows where sales tax collections came from by category and is for items purchased during the fiscal year.

(2) Reporting was changed from kind of business (KOB) codes to standard industrial classification (SIC) codes.

(3) Includes both taxpayers registered for sales tax and those paying use tax.

Distribution

Sales and use tax collections are allocated among state and local governments.

Sales Taxes

The state treasury receives 80 percent of collections from the basic 6.25 percent general merchandise sales tax (including items that must be titled or registered).

The state's 80 percent share is disbursed as shown below.

- Build Illinois Fund — 5.55 percent
- Local Government Distributive Fund — 0.4 percent (often referred to as the "photoprocessing" portion)
- Illinois Tax Increment Fund — 0.27 percent
- General Revenue Fund — 70.335 percent (or 75 percent of the amount remaining after disbursements to the first three funds listed)
- General Revenue/Common School Special Account Fund — 23.445 percent (or 25 percent of the amount remaining after disbursements to the first three funds listed)

Local governments receive the remaining 20 percent of the 6.25 percent general merchandise sales tax and 100 percent of the collections from qualifying food, drugs, and medical appliances. See "Revenue-sharing with Local Governments, Local Share of State Sales and Use Taxes" for more information.

Use Taxes

The state treasury receives 80 percent of collections from the basic 6.25 percent general merchandise use tax (including items that must be titled or registered).

Local governments receive the remaining 20 percent of the 6.25 percent general merchandise use tax and 100 percent of the collections from qualifying food, drugs, and medical appliances. The local government's portion (excluding the 20 percent for items that must be titled or registered, which is discussed under "Revenue-sharing with Local Governments, Local Share of State Sales and Use Taxes") is deposited in the State and Local Sales Tax Reform Fund with a subsequent disbursement of local use tax to the Local Government Distributive Fund. These transfers are made in the following order:

- 20 percent to Chicago
- 10 percent to the Regional Transportation Authority (RTA)
- 0.6 percent to the Metro-East Mass Transit District (MED)
- \$37.8 million to the Build Illinois Fund
- The remainder to municipal and county governments (except Chicago) based on each local government's population (referred to as "local" use tax, transferred to the LGDF before disbursement)

Local Taxes Collected by the Department

The department collects certain taxes imposed by units of local government. Collections, minus any statutory administrative fees, are disbursed to the unit of local government that imposes the tax.

- Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax
- Chicago Home Rule Use Tax
- County Motor Fuel Tax
- County Water Commission Taxes
- Home Rule County Taxes
- Home Rule or Non-home Rule Municipal Taxes
- Mass Transit District Taxes (Metro-East Mass Transit (MED) Taxes and Regional Transportation Authority (RTA) Taxes)
- Metropolitan Pier and Exposition Authority (MPEA) Food and Beverage Tax
- Metro-East Park and Recreation District Taxes
- Special County Retailers' Occupation Tax for Public Safety

See "Taxes Collected for Local Governments" for more information.

Note: Units of local government may impose taxes or fees which the department does not collect.

Manufacturer's Purchase Credit

Statutory References

Use Tax — 35 ILCS 105/3-85; **Service Use Tax** — 35 ILCS 110/3-70; **Service Occupation Tax** — 35 ILCS 115/9; **Retailers' Occupation Tax** — 35 ILCS 120/3

Definition

Taxpayers who purchase sales and use tax exempt (*i.e.*, no tax is paid on the purchase) manufacturing or graphic arts machinery and equipment may earn a Manufacturer's Purchase Credit (MPC). This credit can be applied toward future state use tax or service use tax liabilities owed when production-related tangible personal property is purchased from suppliers (including purchases by a manufacturer, graphic arts producer, or lessor who rents or leases the use of the property to a manufacturer or graphic arts producer). The credit cannot be transferred to another party.

Qualified production-related tangible personal property must be used or consumed in a production facility in which the manufacturing process or graphic arts production takes place. The term includes tangible personal property

- purchased for incorporation into real estate within a manufacturing or graphic arts facility;
- used or consumed in activities such as preproduction material-handling, receiving, quality control, inventory control, storage, staging, and packaging for shipping and transportation purposes; and
- used or consumed by the purchaser for research and development.

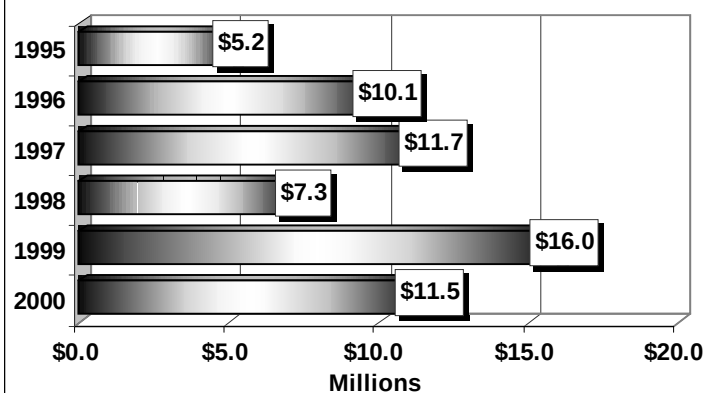
Taxpayers who make qualifying purchases must report MPC earned to the Department of Revenue to receive the MPC. The MPC must be used within two calendar years following the year in which the credit was earned. The taxpayer must pay any locally imposed taxes (*e.g.*, home rule, mass transit) directly to the supplier. Taxpayers can also use the MPC to satisfy use or service use tax liabilities owed on purchases of production-related tangible personal property from suppliers not registered in Illinois.

Credit History

MPC is determined by multiplying the 6.25% tax that would have been due on the purchase of exempt manufacturing or graphic arts machinery and equipment by the applicable percentage based on year of purchase:

- 15 percent (.15) for purchases made on or after January 1, 1995, but before July 1, 1995 (manufacturers only)
- 25 percent (.25) for purchases made on or after July 1, 1995, but before July 1, 1996 (manufacturers only)
- 40 percent (.40) for purchases made on or after July 1, 1996, but before July 1, 1997 (manufacturers and graphic artists)
- 50 percent (.50) for purchases made on or after July 1, 1997 (manufacturers and graphic artists)

Graph 12: MPC Used



Other Sales or Renting Taxes and Fees

Automobile Renting Occupation and Use Taxes

Statutory Reference

35 ILCS 155/1 to 155/4

Definition

The occupation tax is imposed on automobile rental businesses based on their charges for renting or leasing an automobile in Illinois for periods of one year or less.

The use tax is imposed on persons renting automobiles in Illinois based on the rental price. Rentors collect the use tax from renters and in turn meet their occupation tax liability by remitting the tax to the Department of Revenue. If the use tax is not paid to the rentor, the person using the automobile in Illinois must pay the tax directly to the department.

The department began collecting the original 4 percent taxes on January 1, 1982. Effective July 1, 1985, the tax rates are 5 percent.

Distribution

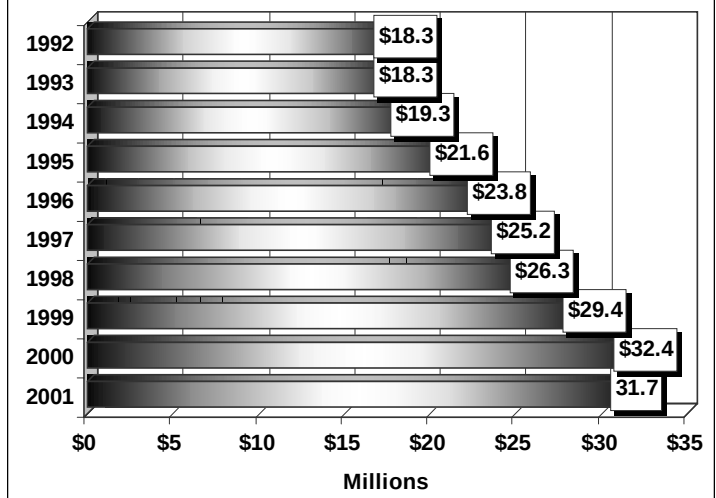
Collections are deposited into the General Revenue Fund.

Local Taxes Collected by the Department

Counties, municipalities, certain mass transportation districts, and the Metropolitan Pier and Exposition Authority (MPEA) are allowed to impose automobile renting occupation and use taxes. If imposed, the department collects the taxes for these local governments and returns the collections to them. The specific names of these local taxes are identified below. See "Taxes Collected for Local Governments" for more information .

- County Automobile Renting Tax
- Metro-East Mass Transit (MED) Automobile Renting Tax
- Metropolitan Pier and Exposition Authority (MPEA) Automobile Renting Tax
- Municipal Automobile Renting Tax
- Regional Transportation Authority (RTA) Automobile Renting Tax

Graph 13: Automobile Renting Occupation and Use Taxes Collections



Replacement Vehicle Tax

Statutory Reference

625 ILCS 5/3-2001 to 5/3-2006

Definition

The tax is imposed on insurance companies purchasing passenger cars bought in Illinois by or on behalf of their insured person to replace an insured person's passenger car that has been deemed a total loss.

Effective August 19, 1983, the state rate of tax is \$200 per vehicle.

Distribution

Collections are deposited into the General Revenue Fund.

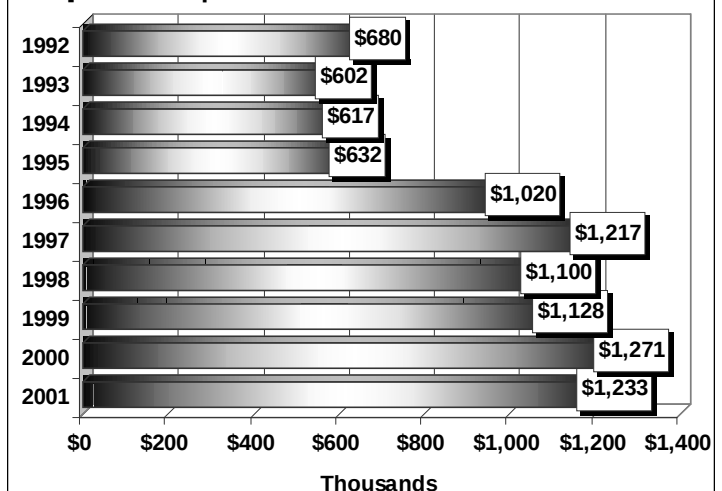
Local Taxes Collected by the Department

Municipalities and counties may impose a replacement vehicle tax of \$50. The Department of Revenue collects the tax for municipal and county governments and returns it to them minus an administrative fee of 1.6 percent for municipalities and 2 percent for counties. The specific names of these local taxes are identified below.

- County Replacement Vehicle Tax
- Municipal Replacement Vehicle Tax

See "Taxes Collected for Local Governments" for more information about these taxes.

Graph 14: Replacement Vehicle Tax Collections



Tire User Fee

Statutory Reference

415 ILCS 5/55.8 -10

Definition

Any person who sells or delivers tires at retail in Illinois must collect the fee. The fee is imposed on

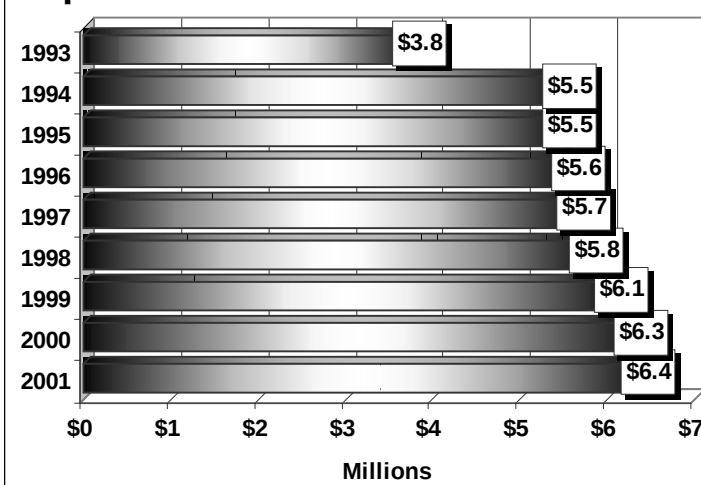
- new and used tires for vehicles in which persons or property may be transported or drawn upon a highway, as defined in the Illinois Vehicle Code, Section 1-217;
- aircraft;
- special mobile equipment (such as street sweepers, road construction and maintenance machinery); and
- implements of husbandry (farm wagons and combines).

Effective July 1, 1992, the rate is \$1 per tire sold or delivered at retail.

Distribution

Collections are deposited into the Used Tire Management Fund, less a retailer seller's collection allowance of 10 cents per tire and an amount equal to 10 cents per tire, which is paid into the General Revenue Fund.

Graph 15: Tire User Fee Collections



Vehicle Use Tax

Statutory Reference

625 ILCS 5/3-2001 to 5/3-2006

Definition

The tax is imposed on motor vehicles purchased (or acquired by gift or transfer) from another individual or private party. (Sales of motor vehicles from registered Illinois dealers are taxed under the Retailers' Occupation Tax Act.) The tax is submitted to the Office of the Secretary of State when the purchaser applies for title to the motor vehicle. The rate is determined by either the purchase price or fair market value of the motor vehicle. Fair market value is used when there is no stated purchase price (e.g., the motor vehicle is a gift). If the vehicle's purchase price is less than \$15,000, the tax is based on the age of the vehicle. See Table A below. If the vehicle's purchase price is \$15,000 or more, the tax is based on the purchase price. See Table B.

Distribution

The first \$5 million of collections annually goes into the Build Illinois Fund. The remainder goes into the General Revenue Fund.

Table 18: History of Vehicle Use Tax Rates

Effective date	Rate
January 1, 1980	\$30 per transaction
October 1, 1985	5 percent of selling price on models up to 10 years old*
January 1, 1988	See Table 17

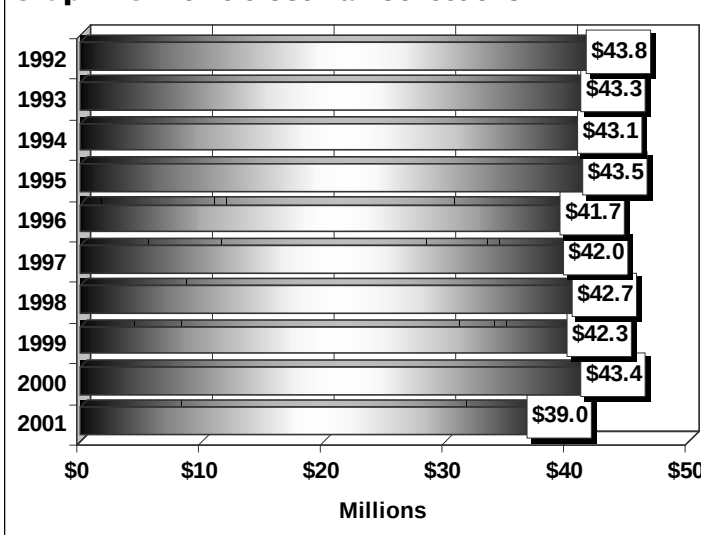
Note: Effective September 9, 1980, through October 1, 1985, motor vehicles more than five years old were not subject to the tax.
* cars, trucks, vans, motorcycles, motor-driven cycles, and buses (pull-trailers not taxed)

Table 17: Vehicle Use Tax Rates

Table A Vehicles purchased for less than \$15,000:		Table B Vehicles purchased for \$15,000 or more:	
Vehicle Age	Tax	Purchase Price	Tax
1 or newer	\$ 390	\$15,000 – \$19,999	\$ 750
2	290	\$20,000 – \$24,999	1,000
3	215	\$25,000 – \$29,999	1,250
4	165	\$30,000 or more	1,500
5	115		
6	90		
7	80		
8	65		
9	50		
10	40		
11 or older	25		

In addition, there is a flat rate tax of \$25 for purchases of motorcycles and all-terrain vehicles (ATVs), and \$15 for purchases from certain family members, gifts to beneficiaries (not spouses), and transfers in a business reorganization.

Graph 16: Vehicle Use Tax Collections



Motor Fuel Taxes

Motor Fuel and Motor Fuel Use Taxes

Statutory References

- **Motor Fuel Tax** — 35 ILCS 505/1 to 505/20
- **Motor Fuel Use Tax** — 35 ILCS 505/13a

Definition

The **Motor Fuel Tax** is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers, who collect the tax from their customers.

The **Motor Fuel Use Tax (MFUT)** is imposed on the use of motor fuel on Illinois highways by commercial motor vehicles, which are qualified under the International Fuel Tax Agreement (IFTA). IFTA includes all contiguous states in the U.S. and most Canadian provinces. Each motor carrier has a base jurisdiction (state or province) that collects motor fuel use taxes on qualified motor vehicle operations for all IFTA jurisdictions and apportions money to those jurisdictions.

The **motor fuel tax rate for diesel fuel** is 2.5 cents per gallon over the 19 cents per gallon rate for gasoline (or 21.5 cents per gallon). The **motor fuel use tax rate** is composed of two parts. The Part A rate is the motor fuel tax rate. The Part B rate is equal to 6.25 percent of the average selling price of motor fuel sold in Illinois. The department determines the Part B rate by January 1 of each year.

Taxpayers applying for a license as a distributor, distributor/blender, supplier, or receiver of gasoline, diesel, kerosene, aviation/jet fuel, or other fuels must post a bond. The maximum bond is based on twice the monthly amount that would be collectable as a tax in the event of a sale of all motor fuel, or special fuel sold, distributed, and used by the distributor including tax-free sales, use, and distribution.

Illinois based motor carriers who travel interstate may be required to post a bond for just cause. The bond is based on at least twice the estimated average tax liability of a quarterly return.

Table 19: Motor Fuel Tax Rate History

Effective date	Gasoline	Diesel
August 1, 1929 *	\$.03	\$.03
August 1, 1951	\$.04	\$.04
January 1, 1953	\$.05	\$.05
August 1, 1967	\$.06	\$.06
August 1, 1969	\$.075	\$.075
August 1, 1983	\$.11	\$.135
July 1, 1984	\$.12	\$.145
July 1, 1985	\$.13	\$.155
August 1, 1989	\$.16	\$.185
January 1, 1990	\$.19	\$.215
* Later declared unconstitutional on technical grounds.		

A provision in the Motor Fuel Tax Law allows for refunds of tax paid to consumers for nonhighway use of motor fuel, such as a manufacturing process. Refunds for nonhighway use totalled \$11.18 million. A separate appropriation was established to pay motor fuel use taxes to other IFTA member states. This appropriation was \$52 million for fiscal year 2001.

Table 20: Motor Fuel Tax Refunds for Nonhighway Use*

Nonhighway use	Number	Amount
Agriculture	6,505	\$ 1,564,157
Industrial	1,744	8,180,062
Construction	72	60,690
Lawn	440	289,405
Fuel	68	244,573
Marine	62	66,921
Distributor	178	770,005
Supplier	2	1,746
Total	9,071	\$ 11,177,559
* Does not include reciprocal claims and common carrier refunds.		

Table 21: Motor Fuel Gallonage History

Fiscal year	Gasoline	Diesel	Combustible gases	Total
1992	4,402,846,104	708,071,966	6,826,285	5,117,744,355
1993	4,476,228,862	785,392,592	6,971,287	5,268,592,741
1994	4,579,543,480	839,644,173	6,646,947	5,425,834,600
1995	4,660,057,634	857,273,635	6,207,897	5,523,539,166
1996	4,735,404,376	883,291,045	6,164,852	5,624,860,273
1997	4,782,926,142	905,165,220	6,324,513	5,694,415,875
1998	4,792,542,981	948,322,221	5,935,007	5,746,800,209
1999	4,855,227,376	1,055,975,015	5,781,131	5,947,225,399
2000	5,216,523,158	1,046,610,027	5,139,625	6,268,272,810
2001	5,182,725,051	1,061,333,056	5,463,172	6,249,521,279

Motor Fuel Taxes

Table 22: Motor Fuel Tax Collections and Refunds ⁽¹⁾

Fiscal year	Collections	Non-highway refunds	No. of motor fuel taxpayers ⁽²⁾	---- No. of MFUT taxpayers ---- IFTA IL Interstate ⁽³⁾		Total
1992	\$ 1,033,603,630	\$ 20,964,935	1,046		45,170	
1993	1,072,296,137	23,507,193	931		47,671	
1994	1,105,043,967	22,894,784	861	7,011	12,699	19,710
1995	1,141,921,067	15,477,780	826	8,507	13,047	21,554
1996	1,169,906,414	8,775,809	923	7,757	2,801	10,558
1997	1,187,335,532	13,185,825	748	8,056	0	8,056
1998	1,227,238,552	10,066,589	863	8,834	0	8,834
1999	1,258,279,198	12,360,782	851	9,412	0	9,412
2000	1,292,203,504	13,284,511	765	10,309	0	10,309
2001	\$ 1,296,026,938	\$ 11,177,559	730	10,476	0	10,476

(1) Money collected for tax on motor fuel not used for highway travel is refundable. Includes refunds for overpayments (e.g., common carriers).

(2) Includes distributors and suppliers.

(3) The Illinois Interstate program was abolished January 1, 1997.

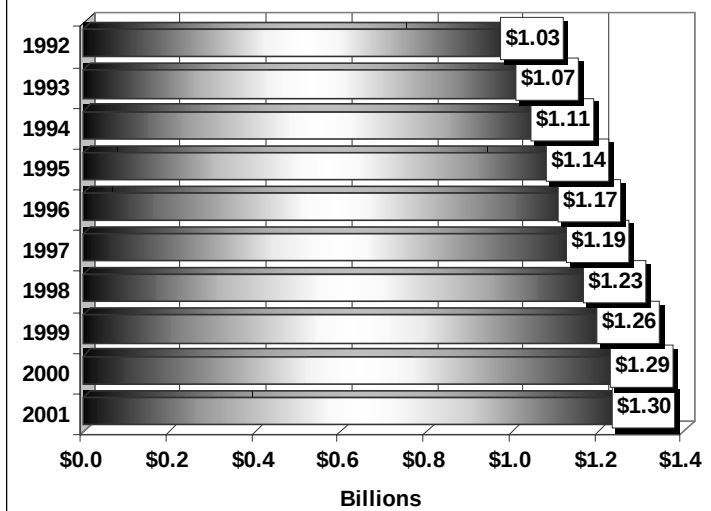
Distribution

Collections from motor fuel taxes (excluding the Underground Storage Tank Tax and the Environmental Impact Fee) are divided among state and local governments according to a formula set by law.

The 2.5 cents additional tax on diesel fuel goes directly into the State Construction Account Fund. The Grade Crossing Protection Fund receives \$2.25 million per month, and \$420,000 per month is transferred to the Boating Act Fund. The Vehicle Inspection Fund receives a transfer of \$25 million annually. Department of Transportation and Department of Revenue administrative costs, along with the cost of refunds, are deducted. The remainder is distributed as follows:

- 45.6 percent is distributed to the Illinois Department of Transportation. Of this amount, 63 percent is allocated to the Road Fund (includes \$1.25 million reserved for use in accordance with provisions of the Illinois Highway Code) and 37 percent to the state Construction Fund.
- 54.4 percent is shared by local governments and is distributed as follows: 49.1 percent to municipalities, 16.74 percent to counties with more than 1,000,000 residents (Cook County), 18.27 percent to all other counties, and 15.89 percent to road districts.

Graph 17: Motor Fuel Tax Collections



Underground Storage Tax and Environmental Impact Fee

Statutory References

- Underground Storage Tax** — 35 ILCS 505/2a-2b, 17
- Environmental Impact Fee** — 415 ILCS 125/310

Definition

Both the tax and fee are imposed on the privilege of being a receiver of certain petroleum products in Illinois. The fee is paid by the receiver who first sells or uses the following petroleum products:

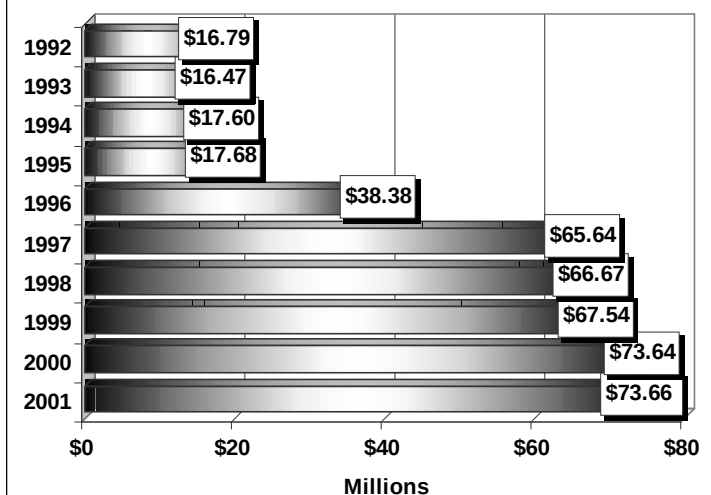
- Motor fuel
- Home heating oil
- Kerosene
- Aviation fuel (in some cases)

Effective January 1, 1990, the **Underground Storage Tank Tax** rate is three-tenths of one cent (\$.003) per gallon of fuel. Effective May 22, 1996, and retroactive to January 1, 1996, the **Environmental Impact Fee** rate is \$60 per 7,500 gallons (eight-tenths of one cent [\$.008] per gallon) of fuel sold.

Distribution

Collections are deposited into the Underground Storage Tank Fund and are used by the Illinois Environmental Protection Agency to clean up leaking storage tanks.

Graph 18: UST and EIF Collections



Excise and Utility Taxes

Cigarette and Cigarette Use Taxes

Statutory References

- Cigarette Tax Act — 35 ILCS 130/1 to 130/30
- Cigarette Use Tax Act — 35 ILCS 135/1 to 135/37

Definition

The **Cigarette Tax Act** imposes a tax on anyone engaged in the business as a retailer of cigarettes in Illinois. Although the tax is imposed on the retailer, licensed distributors prepay the tax through the purchase of stamps, which are affixed (either heat-transferred or hand-applied) to each cigarette package. The distributor, who is liable for the tax, collects the tax from the retailer at or before the time of sale. The retailer passes the tax on to the consumer in the cigarette sale price. The **Cigarette Use Tax Act** imposes a tax on the privilege of using cigarettes in Illinois. This act duplicates the provisions of the Cigarette Tax Act.

The rate for both Cigarette Tax and Cigarette Use Tax is 29 mills per cigarette or 58 cents per package of 20 cigarettes. A \$250 annual fee is charged for each distributor's license. In addition, a \$2,500 bond must be posted.

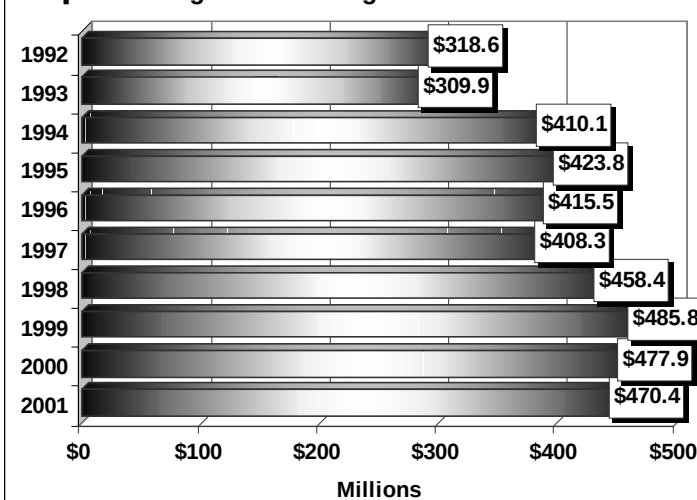
Distribution

Under the Cigarette Tax Act, the 8-cents-per-pack increase enacted in 1985 and the 14-cents-per-pack increase enacted in 1997 are deposited into the Common School Fund (up to \$17.3 million per month), 1 cent per pack is placed in the Metropolitan Fair and Exposition Authority Reconstruction Fund (up to \$4.8 million per year), and \$16 million per month goes into the General Revenue Fund. The remaining balance derived from the 58-cents-per-pack tax is used to pay for any unpaid amounts owed to the General Revenue Fund and the Long-Term Care Provider Fund, respectively. After these delinquent amounts (if any) are paid, \$9,545,000 per month is deposited into the Long-Term Care Provider Fund and all remaining collections are placed into the Hospital Provider Fund.

Table 23: Cigarette Tax Rate History

Effective date	Per cigarette	Per pack of 20
July 1, 1941	0.10¢	2¢
January 1, 1947	0.15¢	3¢
July 31, 1959	0.20¢	4¢
June 8, 1960	0.15¢	3¢
May 1, 1961	0.20¢	4¢
August 1, 1965	0.35¢	7¢
August 1, 1967	0.45¢	9¢
August 1, 1969	0.60¢	12¢
December 1, 1985	1.00¢	20¢
July 1, 1989	1.50¢	30¢
July 14, 1993	2.20¢	44¢
December 15, 1997	2.90¢	58¢

Graph 19: Cigarette and Cigarette Use Tax Collections



Coin-operated Amusement Device and Redemption Machine Tax

Statutory Reference

5 ILCS 510/1 to 510/16

Definition

The tax is imposed on the privilege of operating amusement devices that require insertion of coins, tokens, chips or similar objects. Jukeboxes, pinball machines, kiddie rides, and coin-operated video games are among the many coin-operated amusement devices that are required to display state decals under the Coin-operated Amusement Device and Redemption Machine Tax Act.

The tax is also imposed on the privilege of operating redemption machines — single-player or multi-player amusement devices involving a game whose purpose is to propel an object into, upon, or against a target.

Decals are valid for one year, and the license year begins August 1. The rate is \$15 per decal. Decals issued on or after February 1 for any year and ending July 31 of that year are \$8.

Rate and Base History

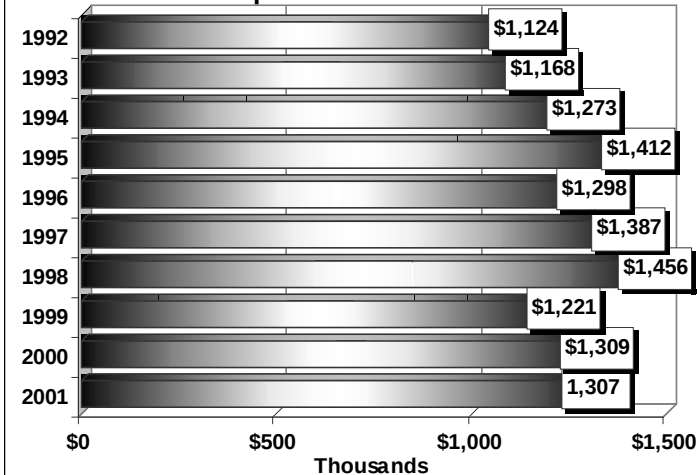
This annual tax became effective August 1, 1953, at the following rates: \$50 for pinball machines, \$25 for mechanical bowling and shuffleboard machines, and \$10 for machines using electric light rays. In 1963, the rate became \$10 per coin-receiving slot.

Effective January 1, 1990, the rate was changed to \$25 per machine but was reduced February 1, 1990, to the current rate. Redemption machines were added to the tax base on May 8, 1992.

Distribution

Collections are deposited into the General Revenue Fund.

Graph 20: Coin-operated Amusement Device and Redemption Machine Tax Collections



Dry-cleaning Solvent Tax and License Fees

Statutory Reference

415 ILCS 135/60 to 135/70

Definition

The Dry-cleaning Solvent Tax is imposed on the use of dry-cleaning solvent by persons who operate dry-cleaning facilities in Illinois and has two different rates depending on the type of solvent used or purchased. The tax rate on chlorine-based solvents is \$3.50 per gallon used or purchased. The tax rate on petroleum-based solvents is \$0.35 per gallon used or purchased.

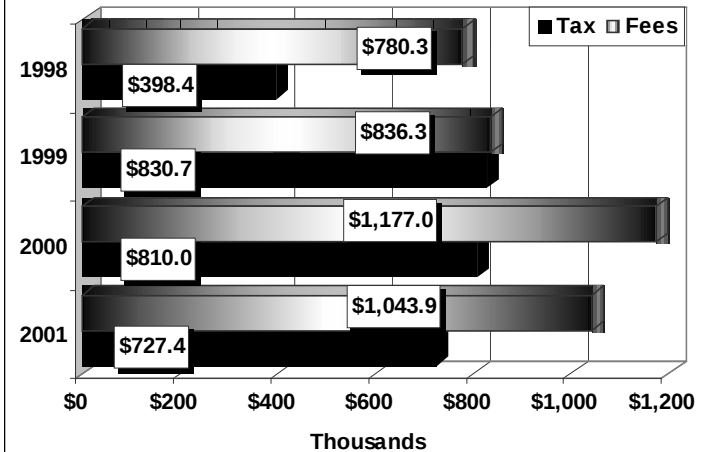
License fees are imposed on those who operate dry-cleaning facilities and are based on the amount and type of dry-cleaning solvent purchased by a dry-cleaning facility operator and are determined annually by the Dry-cleaner Environmental Response Trust Fund Council. Proof of license fee payment is required in order to receive a dry-cleaning license from the Dry-cleaning Trust Fund Council. The license fees are

- \$500 for a facility that purchases 140 gallons or less of chlorine-based dry-cleaning solvents annually or 1,400 gallons or less of petroleum-based dry-cleaning solvents annually
- \$1,000 for a facility that purchases more than 140 gallons but less than 360 gallons of chlorine-based dry-cleaning solvents annually or more than 1,400 gallons but less than 3,600 gallons of petroleum-based dry-cleaning solvents annually
- \$1,500 for a facility that purchases 360 gallons or more of chlorine-based dry-cleaning solvents annually or 3,600 gallons or more of petroleum-based dry-cleaning solvents annually

Distribution

The Dry-cleaner Environmental Response Trust Fund Council issues the licenses and determines the tax rate annually. Collections are deposited into the Drycleaner Environmental Response Trust Fund.

Graph 21: Dry-cleaning Solvent Tax and License Fees Collections



Electricity Excise Tax

Statutory Reference

35 ILCS 640/2-1 to 99

Definition

The tax is imposed on the privilege of using electricity purchased in Illinois for use and consumption (not for resale). Each month, municipal systems and electric cooperatives collect tax from each purchaser an amount equal to the lesser of 5 percent or \$.0032 per kilowatt-hour (kwh) per customer. Delivering suppliers collect the following tax amounts from each purchaser monthly:

- \$.0033 per kilowatt-hours (kwhs) for the first 2,000 kwhs
- \$.00319 per kwh for the next 48,000 kwhs
- \$.00303 per kwh for the next 50,000 kwhs
- \$.00297 per kwh for the next 400,000 kwhs
- \$.00286 per kwh for the next 500,000 kwhs
- \$.00270 per kwh for the next 2 million kwhs
- \$.00254 per kwh for the next 2 million kwhs
- \$.00233 per kwh for the next 5 million kwhs
- \$.00207 per kwh for the next 10 million kwhs
- \$.00202 per kwh for all kwhs in excess of 20 million kwhs

Self-assessing purchasers pay 5.1 percent of the purchase price for all electricity distributed, supplied, furnished, sold, transmitted, and delivered to them in a month.

History

The tax was originally imposed under the Public Utilities Revenue Tax Act, which became effective March 11, 1937. The Electricity Excise Tax Law became effective August 1, 1998.

Distribution

Collections are deposited into the General Revenue Fund.

Other taxes

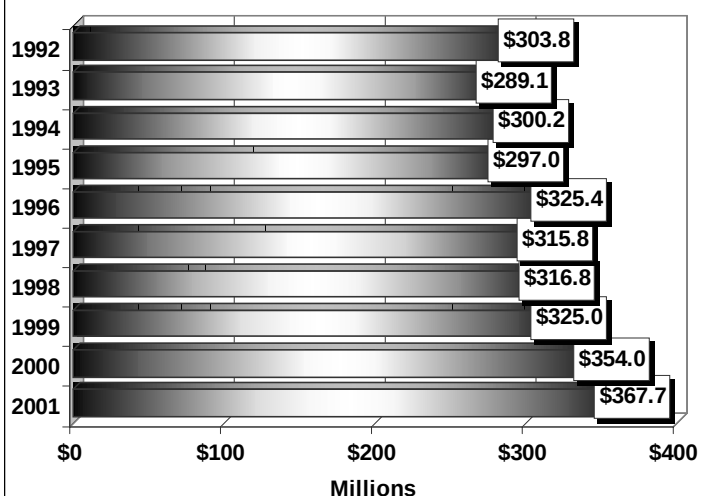
An Electricity Distribution Tax and an Invested Capital Tax is also imposed. See "Revenue-Sharing with Local Governments, Replacement Taxes, for more information."

Table 24: Electricity Excise Tax Rate History

Effective date	Rate
1937	3.00 percent
August 1, 1965	4.00 percent
September 1, 1966	3.92 percent
August 1, 1967	5.00 percent
January 1, 1986 ⁽¹⁾	5.00 percent or \$0.0032 per kwh, whichever is less
August 1, 1998 ⁽²⁾	See "Definition"

(1) Municipal systems and electric cooperatives
(2) Public Utilities Revenue Tax was replaced by the Electricity Excise Tax.

Graph 22: Electricity Excise Tax Collections



Excise and Utility Taxes

Energy Charges

Statutory References

- **Energy Assistance Charge** — 305 ILCS 20/13
- **Renewable Energy Resources and Coal Technology Development Assistance Charge** — 20 ILCS 687/6-5

Definition

The energy charges are amounts that a public utility, a municipal utility, a cooperative, or an alternative retail electric supplier collects monthly from each of its customers for electric or natural gas services delivered by the utility, cooperative, or supplier.

The rates that are imposed for each of the energy charges depend on the type of customer and the customer's electric or natural gas usage during the past calendar year.

The monthly rates for the **Energy Assistance Charge** are listed below. These rates became effective January 1, 1998.

- \$0.40 per account to which residential electric service is delivered
- \$0.40 per account to which residential gas service is delivered
- \$4.00 per account to which nonresidential electric service is delivered and which had less than 10 megawatts of peak demand during the previous calendar year
- \$4.00 per account to which nonresidential gas service is delivered and which received less than 4 million therms of gas during the previous calendar year
- \$300 per account to which nonresidential electric service is delivered and which had 10 megawatts or more of peak demand during the previous calendar year
- \$300 per account to which nonresidential gas service is delivered and which received 4 million therms or more of gas during the previous calendar year

The monthly rates for the **Renewable Energy Resources and Coal Technology Development Assistance Charge** are listed below. These rates became effective January 1, 1998.

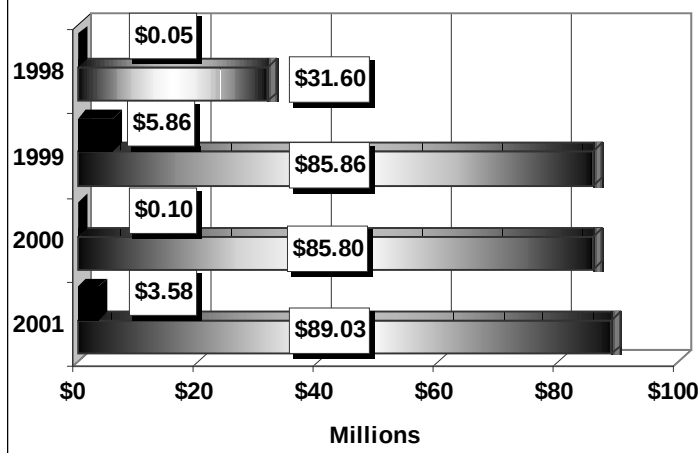
- \$0.05 per account to which residential electric service is delivered
- \$0.05 per account to which residential gas service is delivered
- \$0.50 per account to which nonresidential electric service is delivered and that had less than 10 megawatts of peak demand during the previous calendar year
- \$0.50 per account to which nonresidential gas service is delivered and that received less than 4 million therms of gas during the previous calendar year
- \$37.50 per account to which nonresidential electric service is delivered and that had 10 megawatts or more of peak demand during the previous calendar year
- \$37.50 per account to which nonresidential natural gas service is delivered and that received 4 million therms or more of gas during the previous calendar year

Distribution

Collections from the Energy Assistance Charge are deposited into the Supplemental Low-Income Energy Assistance Fund.

Collections from the Renewable Energy Resources and Coal Technology Development Assistance Charge are deposited into the Renewable Energy Resources Trust Fund and the Coal Technology Development Assistance Fund. Each fund receives 50 percent of the collections.

Graph 23: Energy Charges Collections



Gas Revenue Tax Statutory Reference

35 ILCS 615/1 to 615/15

Definition

The tax is imposed on persons who distribute, supply, furnish, or sell natural gas for use or consumption (not for resale). The tax is calculated at the lesser of 5 percent or 2.4 cents per therm per customer.

Distribution

Collections are deposited into the General Revenue Fund.

Other taxes

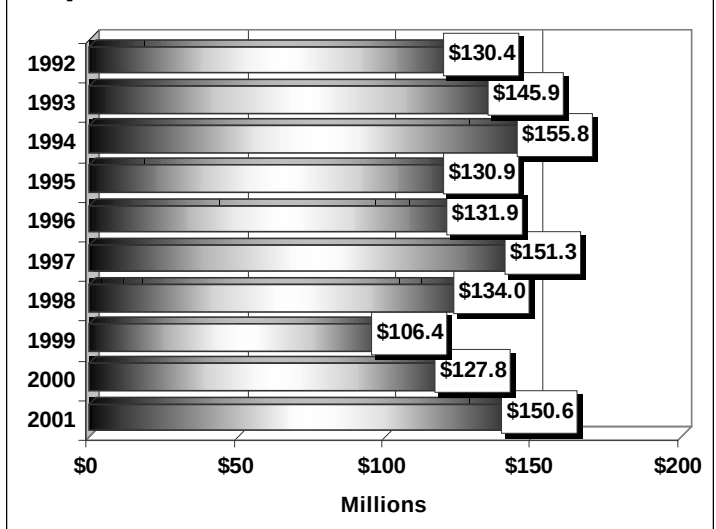
An Invested Capital Tax is also imposed. See "Revenue-Sharing with Local Governments, Replacement Taxes, for more information."

Table 25: Gas Revenue Tax Rate History

Effective date	Rate
March 11, 1937*	3.00 percent
July 23, 1945*	3.00 percent
August 1, 1965	4.00 percent
September 1, 1966	3.92 percent
August 1, 1967	5.00 percent
January 1, 1986	5 percent or 2.4 cents, per therm per customer, whichever is less

* The tax was originally collected under the Public Utilities Revenue Act. The Gas Revenue Tax was adopted July 24, 1945.

Graph 24: Gas Revenue Tax Collections



Hotel Operators' Occupation Tax Statutory Reference

35 ILCS 145/1 to 145/10

Definition

The tax is imposed on the occupation of renting, leasing, or letting rooms to persons for living quarters for periods of less than 30 days. The rate is 6 percent of 94 percent of the gross receipts from renting, leasing, or letting rooms for periods of less than 30 days.

Distribution

Collections are deposited as follows: 50 percent into the Build Illinois Fund; \$13 million into the Illinois Sports Facilities Fund; 8 percent into the Local Tourism Fund; 6 percent into the International Tourism Fund; and the balance into the General Revenue Fund. Twenty-one percent is then transferred from the General Revenue Fund to the Tourism Promotion Fund.

Local Taxes Collected by the Department

The department collects the following locally imposed hotel taxes:

- Metropolitan Pier and Exposition Authority (MPEA) Hotel Operators' Occupation Tax
- Municipal Hotel Operators' Occupation Tax (Chicago)
- Sports Facilities Authority Hotel Operators' Occupation Tax

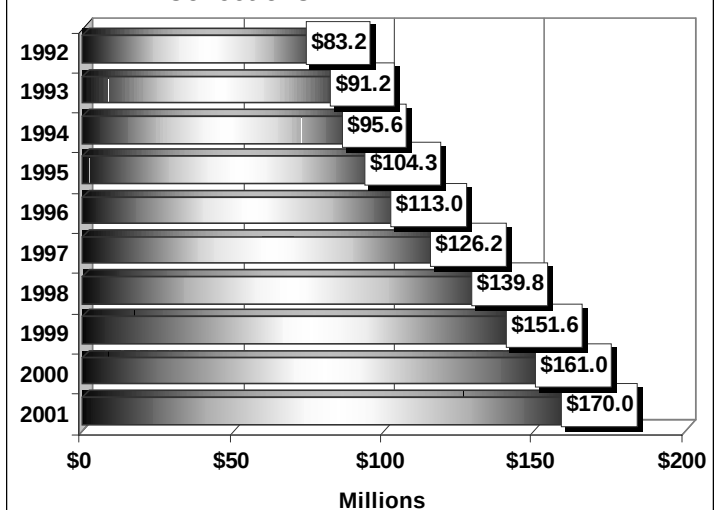
See "Taxes Collected for Local Governments" for more information.

Table 26: Hotel Operators' Occupation Tax Rate History

Effective date	Rate
August 1, 1961	3 percent of 97 percent*
July 1, 1969	5 percent of 95 percent*
	5 percent of 94 percent*
August 1, 1984	+ 1 percent of 94 percent*
	6 percent of 94 percent*

* of gross rental receipts

Graph 25: Hotel Operators' Occupation Tax Collections



Excise and Utility Taxes

Table 27: Hotel Net Receipts by County

County	No. of Accounts	FY 1999 Receipts	No. of Accounts	FY 2000 Receipts	No. of Accounts	FY 2001 Receipts
Adams	23	7,952,761	22	7,857,844	21	8,041,948
Alexander	12	332,216	12	330,706	12	332,660
Bond	10	1,912,275	11	1,842,462	10	1,766,542
Boone	5	170,942	4	162,258	5	121,073
Bureau	14	2,046,036	16	1,853,839	14	1,796,538
Carroll	22	668,728	27	958,155	24	1,601,169
Champaign	63	34,065,374	61	35,470,982	56	36,365,311
Christian	7	650,988	8	679,100	8	730,406
Clinton	6	264,917	7	393,660	10	700,795
Coles	14	6,291,874	16	6,673,154	19	6,535,989
Cook	592	1,824,683,168	629	1,966,832,423	638	2,027,556,238
Crawford	4	1,191,229	4	1,246,586	5	1,286,533
DeKalb	14	4,965,693	18	5,536,356	15	6,105,122
DeWitt	5	1,290,879	5	1,135,480	7	1,199,214
Douglas	17	3,211,107	17	3,419,486	20	3,448,913
DuPage	124	284,488,085	150	288,739,054	165	295,656,681
Effingham	29	11,905,722	30	12,841,648	28	12,946,869
Fayette	9	1,830,730	8	2,037,946	9	2,061,632
Franklin	16	3,218,814	16	2,970,713	15	3,395,957
Fulton	10	803,041	10	855,526	13	869,248
Grundy	10	4,061,999	9	4,467,172	9	4,326,014
Hancock	16	1,205,629	14	1,557,748	22	1,504,201
Jackson	23	5,645,164	24	5,652,859	24	6,809,400
Jefferson	18	10,339,636	19	11,335,548	19	11,448,665
Jersey	13	2,307,013	15	2,533,953	14	2,678,142
Jo Daviess	161	24,831,707	164	25,025,086	160	25,876,519
Kane	38	24,123,416	35	30,228,482	42	38,472,747
Kankakee	19	8,202,938	22	8,419,109	19	8,266,895
Kendall	13	870,714	14	1,686,824	11	2,305,567
Knox	18	6,712,786	21	6,246,496	23	5,982,401
Lake	114	105,506,970	125	116,740,784	130	120,455,899
LaSalle	45	12,875,580	43	13,996,129	44	14,249,527
Lee	9	1,995,276	8	2,096,892	7	2,186,201
Livingston	10	1,839,478	9	1,967,168	9	2,086,986
Logan	10	2,181,259	9	2,244,953	11	2,440,323
McDonough	17	3,524,989	13	3,590,298	13	3,611,674
McHenry	27	11,192,872	32	11,669,071	30	12,275,329
McLean	39	35,070,430	41	35,350,291	45	35,101,145
Macon	24	13,312,795	23	12,449,357	22	13,703,068
Macoupin	11	2,169,332	9	2,109,120	8	2,051,209
Madison	63	24,164,507	71	25,731,293	69	27,542,809
Marion	17	3,105,306	15	3,023,368	18	3,092,505
Mason	7	327,816	7	374,406	7	435,113
Montgomery	9	1,924,523	10	2,266,287	12	2,856,033
Morgan	11	3,226,027	13	3,027,929	11	2,729,373
Ogle	20	4,152,031	20	3,981,189	22	4,130,899
Peoria	42	31,299,314	40	30,826,824	42	32,269,132
Perry	9	623,389	7	763,691	9	740,203
Rock Island	36	17,804,509	32	17,813,451	30	18,419,965
St Clair	63	21,784,415	60	24,391,374	57	26,074,959
Sangamon	62	47,910,862	60	47,286,467	55	49,615,868
Shelby	16	2,702,030	17	3,184,296	17	3,028,811
Stephenson	10	3,017,750	13	3,050,686	11	3,366,384
Tazewell	28	15,889,450	28	17,413,648	34	16,664,976
Vermilion	23	7,108,124	25	7,384,649	23	7,221,466
Washington	10	1,074,791	11	1,093,872	8	1,127,306
White	7	914,458	7	922,138	5	969,408
Whiteside	14	2,558,451	17	3,129,039	13	3,365,987
Will	69	35,404,320	73	38,776,085	73	38,706,544
Williamson	21	9,220,414	21	9,657,141	20	9,712,459
Winnebago	52	36,054,043	52	35,488,569	49	35,415,166
Brown & Schuyler	8	355,376	9	416,459	7	422,549
Calhoun & Green	7	213,415	7	290,511	7	293,730
Cass & Menard	6	476,161	6	454,849	6	522,956
Clark & Edgar	8	1,543,261	9	1,622,423	10	1,813,030
Clay, Cumberland & Jasper	8	876,156	8	936,433	10	925,128
Edwards, Wabash & Wayne	9	565,319	10	508,967	9	494,761
Ford & Iroquois	14	1,687,601	14	1,737,244	13	1,753,927
Gallatin, Hardin & Hardin	9	256,663	11	225,097	11	267,117
Henderson, Mercer & Warren	7	791,333	8	710,389	9	1,135,684
Henry & Stark	17	1,658,378	17	1,799,430	18	1,875,960
Johnson & Union	19	753,538	18	800,344	18	861,609
Lawrence & Richland	10	1,207,157	8	1,060,158	7	1,029,899
Marshall, Putnam & Woodford	8	1,234,521	8	1,304,439	6	993,971
Massac & Pulaski	11	3,398,831	10	4,197,425	11	4,568,282
Monroe & Randolph	16	1,365,740	18	1,538,332	18	1,761,624
Moultrie & Piatt	11	915,148	12	968,022	10	920,055
Pike & Scott	8	355,442	10	399,603	12	542,054
Pope & Saline	25	1,294,266	24	1,001,927	22	1,121,196
Total	2,421	2,759,129,398	2,526	2,940,763,172	2,545	3,037,139,648

Note: Some counties have been combined to preserve taxpayer confidentiality. Net receipts represent hotel revenue on which state and local taxes are calculated. To figure approximate tax receipts, see the example.

Example
 Adams County net receipts: \$ 8,041,948
 State hotel tax (6% of 94% = 5.64%): X .0564
 Approximate state tax collections \$ 453,565.86

Liquor Gallonage Tax

Statutory Reference

235 ILCS 5/8-1 to 5/8-14

Definition

Illinois imposes a tax on businesses that are manufacturers or importing distributors of liquor. The tax rates are listed below.

- 18.5 cents per gallon for beer or cider with an alcohol content of 0.5 percent to 7 percent
- 73 cents per gallon for alcoholic liquor other than beer with an alcohol content of 14 percent or less
- 73 cents per gallon for alcoholic liquor with an alcohol content of more than 14 percent and less than 20 percent
- \$4.50 per gallon for alcoholic liquor with an alcohol content of 20 percent or more

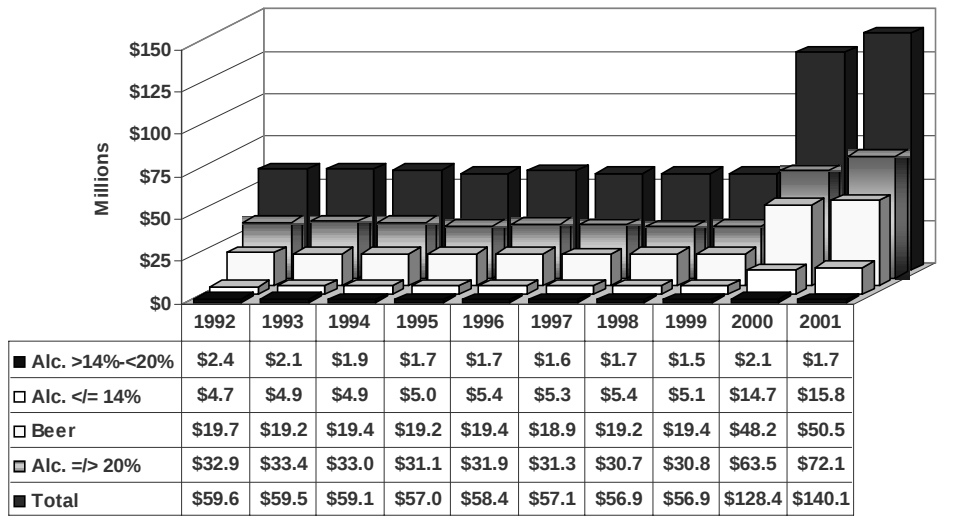
Distribution

Collections are deposited into the General Revenue Fund.

Table 28: Liquor Tax Rate History

Effective date	Beer	Alcohol < / = 14%	Alcohol > 14% - < 20%	Alcohol = / > 20%
July 1, 1934	\$0.02	\$0.10	\$0.25	\$0.50
July 1, 1941	\$0.04	\$0.15	\$0.40	\$1.00
July 1, 1957	\$0.04	\$0.15	\$0.40	\$1.02
Aug. 1, 1959	\$0.06	\$0.23	\$0.60	\$1.52
Aug. 1, 1969	\$0.07	\$0.23	\$0.60	\$2.00
July 1, 1999	\$1.85	\$0.73	\$0.73	\$4.50

Graph 26: Liquor Gallonage Tax Collections



**Table 29: Liquor Gallonage History
(in millions of gallons)**

Fiscal year	Beer	Alcohol < / = 14%	Alcohol >14% - <20%	Alcohol = / > 20%	Total
1991	289.0	21.4	4.2	17.7	332.3
1992	280.8	20.2	3.9	16.5	321.4
1993	274.6	21.1	3.5	16.6	315.8
1994	276.7	21.3	3.1	16.1	317.2
1995	274.8	21.6	2.9	15.5	314.8
1996	276.8	22.3	2.8	15.9	317.8
1997	269.8	22.9	2.7	15.5	310.9
1998	274.2	23.3	2.8	15.3	315.6
1999	276.9	22.3	2.6	15.3	317.1
2000	282.0	21.9	3.0	15.5	322.4
2001	281.7	22.3	2.4	16.5	323.0

Oil and Gas Production Assessment

Statutory Reference

225 ILCS 728/1 to 728/99

Definition

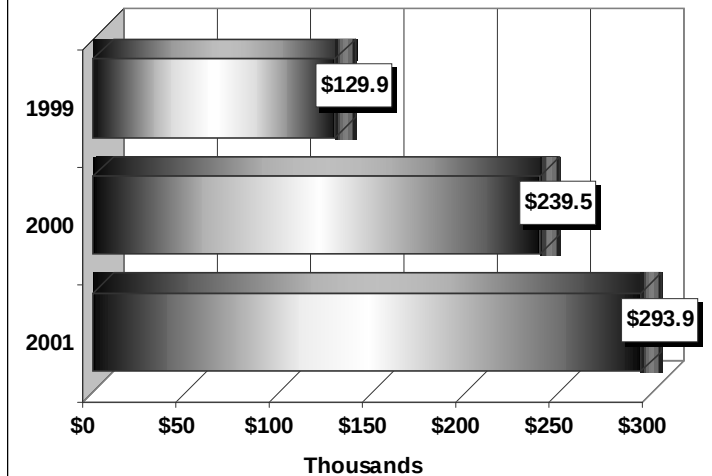
Effective July 10, 1998, the assessment is levied on gross revenues of oil and gas produced from each well in Illinois. It is imposed on Illinois oil or gas producers and is paid by the first purchaser of the oil or gas. The first purchaser pays the assessment to the department. The Illinois Petroleum Resources Board administers and enforces this assessment. The assessment is levied in the amount of 0.1 percent of the gross revenues of oil and gas produced from each well in Illinois.

Distribution

Amounts collected are distributed to the Illinois Petroleum Resources Board. Revenues are used to

- demonstrate the importance of Illinois' oil exploration and production industry;
- encourage the wise and efficient use of energy,
- promote environmentally sound production methods and technologies,
- develop existing supplies of Illinois oil resources, and
- support research and educational activities concerning the oil exploration and production industry.

Graph 27: Oil and Gas Production Assessment Collections



Telecommunications Excise Tax

Statutory Reference

35 ILCS 630/1 to 630/21

Definition

The tax is imposed on intrastate messages (*i.e.*, those that originate or terminate in Illinois and are billed to a service address in Illinois) as well as interstate messages. The rate is 7 percent of gross charges.

In addition to this tax, two telecommunications infrastructure maintenance fees (TIMFs) are imposed on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services in Illinois for compensation (*i.e.*, telecommunications retailers). The State Telecommunications Infrastructure Maintenance Fee is mandatory. The other fee is optional and is known as the Optional Telecommunications Infrastructure Maintenance Fee. See "Replacement Taxes" for more information.

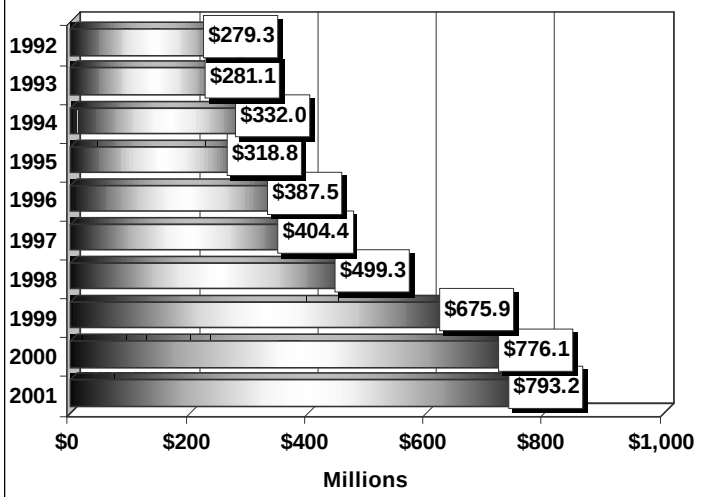
Distribution

Collections from the 5 percent rate effective August 1, 1967, are deposited into the General Revenue Fund, minus \$1 million per month, which is deposited into the Common School Fund. Proceeds from the 2 percent increase effective January 1, 1998, are divided equally between the School Infrastructure Fund and the Common School Fund.

Table 30: Telecommunications Excise Tax Rate History

Effective date	Rate
March 11, 1937	3.00%
August 1, 1965	4.00%
September 1, 1966	3.92%
August 1, 1967	5.00%
January 1, 1998	7.00%

Graph 28: Telecommunications Excise Tax Collections



Tobacco Products Tax

Statutory Reference

35 ILCS 143/10-1

Definition

The tax is imposed on tobacco products (other than cigarettes), including cigars; cheroots; stogies; periques; 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; refuse scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco suitable for chewing or smoking. The rate is 18 percent of the wholesale price of tobacco products sold by a distributor.

Rate History

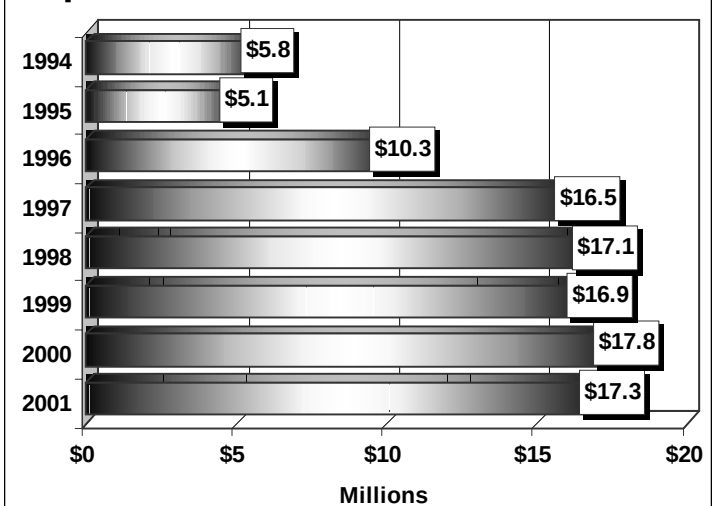
The original Tobacco Products Tax Act became effective October 1, 1993. The tax imposed under this act was at the rate of 20 percent of the wholesale price of tobacco products. The circuit court of Cook County declared the tax unconstitutional on January 12, 1995.

On September 1, 1995, a new tobacco products tax was imposed under the Tobacco Products Tax Act of 1995. This tax is at the rate of 18 percent of the wholesale price of tobacco products sold by a distributor.

Distribution

Collections are deposited into the Long-Term Care Provider Fund.

Graph 29: Tobacco Products Tax Collections



Gaming Taxes

Bingo Tax and License Fees

Statutory Reference

230 ILCS 25/1 to 25/7

Definition

The tax is imposed on the privilege of conducting bingo games. Annual license fees are imposed on suppliers, providers, and operators of bingo games. To operate a bingo game, the organization must

- be licensed by the state;
- be a licensed *bona fide* religious, charitable, labor, fraternal, youth athletic, senior citizens', educational, or veterans' organization in Illinois;
- operate without profit to its members;
- have been in existence in Illinois continuously for a period of five years immediately before applying for a license; and — it must have a *bona fide* membership engaged in carrying out its objectives during that entire five-year period. (Note: The five-year requirement is reduced to two years when it is applied to a local organization that is affiliated with and chartered by a national organization that meets the five-year requirement.)

The rate is 5 percent of gross proceeds. License fees are imposed in the following amounts:

- An **operator's license** costs \$200 and permits an organization to hold one bingo session a week, with a maximum of 25 bingo games per session and a maximum of \$2,250 in prizes or merchandise per session. (In Madison, Monroe, and St. Clair counties, and the City of Redbud, the prize limit is \$3,250.) A licensed organization may obtain permits to hold two special events per year of up to seven days each.
- Organizations that would qualify for annual licenses but prefer not to conduct weekly bingo sessions may obtain a limited license at a cost of \$50. This license entitles them to conduct a maximum of two bingo events during the year. Each event is limited to five consecutive days.
- Persons, firms, or organizations that sell, lease, or otherwise distribute bingo supplies (e.g., cards or markers) must purchase a **supplier's license** for \$200.
- Persons, firms, or organizations that rent or lease premises (e.g., rooms, halls, or buildings) for bingo games must purchase a **provider's license** for \$200.

Rate History

The original 10 percent tax on the gross receipts from bingo games was effective from October 1, 1971, through December 31, 1978. Effective January 1, 1979, the rate was reduced to 5 percent.

Distribution

Tax collections are divided evenly between the Common School Fund and the Mental Health Fund. **License Fees** collections are deposited into the General Revenue Fund.

Graph 30: Bingo Tax and License Fees Collections

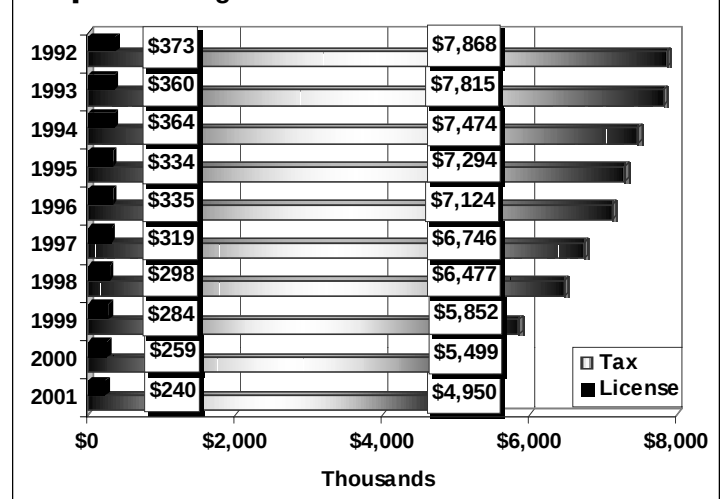


Table 31: Bingo Tax and License Fee Collections

Fiscal year	Tax	License fees	*No. of licenses	No. of limited licenses	No. of suppliers	No. of providers
1992	\$ 7,868,103	\$ 373,112	1,435	394	83	173
1993	7,814,672	360,220	1,384	383	93	166
1994	7,474,444	363,495	1,375	378	107	169
1995	7,294,153	334,130	1,915	362	122	158
1996	7,124,471	334,570	1,237	393	115	159
1997	6,746,008	318,960	1,171	368	121	156
1998	6,476,875	297,900	1,167	353	112	136
1999	5,852,258	284,260	1,031	342	104	129
2000	5,499,934	259,130	899	311	100	109
2001	\$ 4,950,235	\$ 240,530	905	295	93	98

* Total licenses in effect on June 30 of the given fiscal year.

Table 32: Bingo Tax Statistics by County

County	FY 99	FY 00	FY 01	County	FY 99	FY 00	FY 01
Adams				Ford			
Players	33,308	42,688	37,907	Players	8,059	6,429	6,569
Gross	\$824,778	\$885,516	\$776,585	Gross	\$178,068	\$186,401	\$157,279
Tax	\$41,241	\$44,277	\$38,153	Tax	\$8,801	\$9,301	\$7,863
Alexander				Franklin			
Players	1,995	2,047	1,703	Players	46,649	53,345	47,651
Gross	\$31,078	\$31,985	\$28,640	Gross	\$1,088,264	\$1,126,698	\$1,036,999
Tax	\$1,554	\$1,599	\$1,432	Tax	\$53,888	\$56,333	\$51,850
Bond				Fulton			
Players	4,255	4,301	2,676	Players	33,486	40,278	30,078
Gross	\$75,638	\$75,603	\$48,595	Gross	\$622,611	\$701,248	\$597,932
Tax	\$3,782	\$3,780	\$2,429	Tax	\$31,129	\$35,048	\$29,897
Boone				Gallatin			
Players	18,546	17,059	18,038	Players	3,664	2,299	539
Gross	\$387,543	\$347,973	\$369,533	Gross	\$41,155	\$39,326	\$11,394
Tax	\$19,377	\$17,394	\$18,477	Tax	\$2,058	\$1,966	\$570
Brown				Greene			
Players	0	0	0	Players	7,853	8,807	7,133
Gross	\$0	\$0	\$0	Gross	\$105,043	\$119,009	\$99,666
Tax	\$0	\$0	\$0	Tax	\$5,252	\$5,886	\$4,984
Bureau				Grundy			
Players	23,811	21,899	20,672	Players	21,500	21,105	20,086
Gross	\$427,868	\$400,806	\$394,642	Gross	\$443,178	\$443,295	\$435,878
Tax	\$21,391	\$20,040	\$19,681	Tax	\$22,159	\$22,163	\$21,794
Calhoun				Hamilton			
Players	4,484	3,532	3,587	Players	0	0	0
Gross	\$67,246	\$66,742	\$56,834	Gross	\$0	\$0	\$0
Tax	\$3,362	\$3,337	\$2,842	Tax	\$0	\$0	\$0
Carroll				Hancock			
Players	12,044	12,744	10,651	Players	13,807	11,844	11,203
Gross	\$232,481	\$221,700	\$222,018	Gross	226,560	196,380	195,933
Tax	\$11,624	\$11,529	\$10,927	Tax	\$11,262	\$9,819	\$9,797
Cass				Hardin			
Players	6,970	8,522	7,952	Players	0	0	0
Gross	\$146,723	\$142,853	\$127,476	Gross	\$0	\$0	\$0
Tax	\$7,337	\$7,145	\$6,350	Tax	\$0	\$0	\$0
Champaign				Henderson			
Players	58,416	49,581	45,052	Players	3,025	2,641	1,884
Gross	\$1,008,570	\$995,337	\$972,985	Gross	\$33,752	\$29,548	\$19,808
Tax	\$50,428	\$49,767	\$48,659	Tax	\$1,688	\$1,477	\$990
Christian				Henry			
Players	88,564	83,762	73,381	Players	34,438	36,336	32,516
Gross	\$1,439,616	\$1,384,919	\$1,206,592	Gross	\$664,199	\$631,292	\$579,994
Tax	\$71,919	\$69,257	\$60,404	Tax	\$33,438	\$31,431	\$29,298
Clark				Iroquois			
Players	5,636	3,334	669	Players	5,376	1,569	863
Gross	\$91,250	\$54,401	\$11,735	Gross	\$120,176	\$35,838	\$11,887
Tax	\$4,563	\$2,768	\$587	Tax	\$6,009	\$1,792	\$594
Clay				Jackson			
Players	8,166	7,637	7,140	Players	33,227	33,717	31,140
Gross	\$99,613	\$96,912	\$93,860	Gross	\$784,489	\$848,378	\$780,034
Tax	\$4,986	\$4,846	\$4,693	Tax	\$39,225	\$42,420	\$39,003
Clinton				Jasper			
Players	89,678	80,128	75,161	Players	2,142	837	127
Gross	\$1,120,533	\$1,153,127	\$1,114,699	Gross	\$33,127	\$13,164	\$1,920
Tax	\$55,997	\$57,660	\$55,735	Tax	\$1,656	\$658	\$96
Coles				Jefferson			
Players	52,933	49,016	44,762	Players	54,105	35,513	32,458
Gross	\$1,040,636	\$1,008,664	\$896,599	Gross	\$765,281	\$722,730	\$670,726
Tax	\$52,033	\$50,425	\$44,829	Tax	\$38,266	\$36,136	\$33,536
Cook				Jersey			
Players	1,626,163	1,454,617	1,266,391	Players	18,645	19,991	11,582
Gross	\$28,132,710	\$25,213,437	\$21,695,124	Gross	\$263,064	239,315	174,828
Tax	\$1,407,088	\$1,258,148	\$1,085,176	Tax	\$13,153	\$11,965	\$8,742
Crawford				Jo Daviess			
Players	5667	4308	5493	Players	2,634	1,806	1,599
Gross	82048	63569	39705	Gross	\$40,935	\$32,490	\$33,804
Tax	4102	3178	1985	Tax	\$2,047	\$1,625	\$1,690
Cumberland				Johnson			
Players	9,846	9,578	4,911	Players	0	0	0
Gross	\$196,962	\$194,644	\$99,949	Gross	\$0	\$0	\$0
Tax	\$9,848	\$9,732	\$4,997	Tax	\$0	\$0	\$0
DeKalb				Kane			
Players	28,510	28,371	23,195	Players	185,393	191,527	143,392
Gross	\$551,420	\$553,074	\$499,215	Gross	\$3,466,352	\$3,318,156	\$2,994,236
Tax	\$27,575	\$27,653	\$24,960	Tax	\$173,347	\$164,352	\$147,027
DeWitt				Kankakee			
Players	10,904	11,570	10,442	Players	34,560	29,285	27,062
Gross	\$214,774	\$230,172	\$211,468	Gross	\$818,786	\$712,930	\$661,601
Tax	\$10,739	\$11,509	\$10,573	Tax	\$41,605	\$35,646	\$33,080
Douglas				Kendall			
Players	18,575	10,068	93,104	Players	26,668	28,748	39,603
Gross	\$10,963	\$227,156	\$198,368	Gross	\$536,572	\$575,939	\$554,988
Tax	\$13,084	\$11,356	\$9,919	Tax	\$26,829	\$28,790	\$27,749
DuPage				Knox			
Players	223,322	206,712	276,174	Players	59,769	54,088	42,660
Gross	\$4,261,714	\$3,674,686	\$3,346,418	Gross	\$935,911	\$851,969	\$773,161
Tax	\$210,755	\$184,159	\$165,706	Tax	\$46,965	\$42,599	\$38,679
Edgar				Lake			
Players	26,797	23,461	19,763	Players	192,265	185,180	163,666
Gross	\$444,647	\$393,995	\$350,056	Gross	\$3,941,269	\$3,834,386	\$3,511,602
Tax	\$22,234	\$19,712	\$17,514	Tax	\$195,981	\$191,769	\$175,569
Edwards				LaSalle			
Players	0	0	0	Players	135,485	210,644	116,024
Gross	\$0	\$0	\$0	Gross	\$2,613,760	\$2,453,348	\$2,277,202
Tax	\$0	\$0	\$0	Tax	\$130,633	\$122,274	\$113,861
Effingham				Lawrence			
Players	29,438	29,551	26,512	Players	12,985	12,339	6,228
Gross	\$582,561	\$598,123	\$558,291	Gross	\$263,689	\$241,147	\$225,441
Tax	\$29,129	\$29,906	\$27,914	Tax	\$13,184	\$10,765	\$11,272
Fayette				Lee			
Players	33,453	31,811	28,759	Players	19,449	15,746	13,928
Gross	\$526,210	\$538,294	\$505,106	Gross	\$392,624	\$369,742	\$314,230
Tax	\$26,310	\$26,920	\$25,255	Tax	\$19,632	\$18,487	\$15,711

Gaming Taxes

Table 32: Bingo Tax Statistics by County

County	FY 99	FY 00	FY 01	County	FY 99	FY 00	FY 01
Livingston	Players 17,500 Gross \$343,981 Tax \$16,694	14,318 \$311,919 \$15,216	11,887 \$275,516 \$13,776	Randolph	Players 46,418 Gross \$1,031,022 Tax \$50,345	42,882 \$951,692 \$48,322	38,403 \$776,959 \$38,848
Logan	Players 21,018 Gross \$396,677 Tax \$19,833	20,564 \$390,235 \$19,512	19,619 \$372,755 \$18,760	Richland	Players 15,919 Gross \$250,925 Tax \$12,547	14,859 \$303,329 \$15,167	15,289 \$295,174 \$14,759
McDonough	Players 24,223 Gross \$520,740 Tax \$26,030	23,152 \$534,612 \$26,721	23,595 \$541,798 \$27,103	Rock Island	Players 186,573 Gross \$3,112,674 Tax \$154,756	168,031 \$2,938,614 \$145,986	160,101 \$2,721,884 \$135,178
McHenry	Players 62,426 Gross \$1,286,760 Tax \$64,337	63,483 \$1,344,586 \$67,229	58,585 \$1,259,972 \$63,000	St. Clair	Players 342,386 Gross \$6,108,565 Tax \$303,885	321,617 \$5,961,930 \$295,116	289,699 \$5,707,056 \$286,394
McLean	Players 39,620 Gross \$787,268 Tax \$39,458	44,307 \$818,517 \$40,926	35,305 \$768,688 \$38,625	Saline	Players 34,240 Gross \$657,525 Tax \$30,710	32,612 \$571,441 \$27,743	20,442 \$327,198 \$16,360
Macon	Players 187,412 Gross 2,252,030 Tax \$108,625	180,847 2,049,408 \$102,952	174,578 1,746,414 \$86,971	Sangamon	Players 245,221 Gross \$2,684,615 Tax \$133,406	236,440 \$2,483,084 \$124,151	195,902 \$2,144,984 \$107,251
Macoupin	Players 62,469 Gross \$1,214,313 Tax \$60,719	60,126 \$1,240,265 \$62,011	56,029 \$1,105,839 \$55,362	Schuyler	Players 3,919 Gross \$81,581 Tax \$4,079	2,589 \$48,486 \$2,424	2,170 \$42,832 \$2,142
Madison	Players 499,086 Gross \$8,906,845 Tax \$446,813	496,402 \$8,712,650 \$435,547	413,654 \$8,172,750 \$408,640	Scott	Players 2,969 Gross \$51,116 Tax \$2,556	2,660 \$42,975 \$2,149	2,674 \$39,800 \$1,990
Marion	Players 62,083 Gross \$1,251,899 Tax \$62,595	54,070 \$1,103,418 \$55,170	51,770 \$1,139,709 \$56,978	Shelby	Players 15,354 Gross \$180,419 Tax \$9,021	12,799 \$146,175 \$7,309	12,400 \$140,274 \$7,014
Marshall	Players 3,609 Gross \$63,853 Tax \$3,193	13,383 \$69,982 \$3,499	3,742 \$68,924 \$3,446	Stark	Players 0 Gross \$0 Tax \$0	0 \$0 \$0	0 \$0 \$0
Mason	Players 5,791 Gross \$89,392 Tax \$4,470	3,663 \$57,370 \$2,868	2,933 \$48,793 \$2,439	Stephenson	Players 23,727 Gross \$398,335 Tax \$19,917	24,785 \$461,139 \$23,057	24,020 \$416,908 \$20,846
Massac	Players 1,110 Gross \$40,981 Tax \$2,049	432 \$9,627 \$481	0 \$0 \$0	Tazewell	Players 132,345 Gross \$1,578,156 Tax \$79,995	105,660 \$1,419,387 \$71,116	95,754 \$1,349,360 \$67,710
Menard	Players 2,864 Gross \$49,264 Tax \$2,463	2,872 \$58,084 \$2,904	2,933 \$54,738 \$2,737	Union	Players 9,482 Gross \$227,064 Tax \$11,353	9,369 \$230,814 \$11,541	8,488 \$209,633 \$10,481
Mercer	Players 4,328 Gross \$81,991 Tax \$4,100	5,035 \$96,940 \$4,847	2,777 \$54,086 \$2,704	Vermilion	Players 48,700 Gross \$973,617 Tax \$49,206	39,704 \$794,162 \$39,708	37,408 \$675,958 \$34,261
Monroe	Players 23,147 Gross \$475,464 Tax \$23,773	21,415 \$453,617 \$22,681	19,258 \$422,066 \$21,103	Wabash	Players 14,340 Gross \$415,663 Tax \$20,783	12,863 \$399,379 \$19,982	11,104 \$334,958 \$16,748
Montgomery	Players 35,809 Gross \$724,730 Tax \$36,260	37,632 \$789,564 \$39,479	36,282 \$740,037 \$37,001	Warren	Players 17,436 Gross \$197,056 Tax \$9,853	15,756 \$162,133 \$8,440	21,379 \$169,760 \$8,487
Morgan	Players 29,650 Gross \$371,530 Tax \$18,724	26,608 \$338,527 \$16,652	24,754 \$290,968 \$14,244	Washington	Players 14,324 Gross \$179,784 Tax \$8,990	17,066 \$196,457 \$9,823	16,812 \$207,021 \$10,350
Moultrie	Players 13,215 Gross \$215,735 Tax \$10,788	14,336 \$218,499 \$10,925	14,109 \$227,014 \$11,351	Wayne	Players 6,450 Gross \$119,549 Tax \$5,978	6,877 \$135,150 \$6,757	6,634 \$124,208 \$6,211
Ogle	Players 13,006 Gross \$195,013 Tax \$9,751	12,224 \$175,030 \$8,752	11,070 \$140,900 \$7,045	White	Players 7,757 Gross \$146,965 Tax \$7,351	9,277 \$174,682 \$8,758	11,095 \$213,526 \$10,876
Peoria	Players 148,778 Gross \$1,532,524 Tax \$77,312	95,866 \$1,176,416 \$58,934	78,441 \$923,152 \$47,068	Whiteside	Players 60,355 Gross \$1,244,235 Tax \$62,214	57,679 \$1,176,123 \$58,808	55,776 \$1,135,889 \$56,795
Perry	Players 54,567 Gross \$948,631 Tax \$47,630	53,656 \$902,834 \$45,142	44,271 \$805,708 \$40,426	Will	Players 148,602 Gross \$2,920,889 Tax \$145,846	144,113 \$2,803,990 \$140,196	117,487 \$2,428,372 \$121,419
Piatt	Players 0 Gross \$0 Tax \$0	0 \$0 \$0	0 \$0 \$0	Williamson	Players 56,686 Gross \$1,136,871 Tax \$56,844	56,769 \$1,190,393 \$59,520	59,912 \$1,210,228 \$60,488
Pike	Players 9,095 Gross \$178,890 Tax \$8,945	8,816 \$164,882 \$8,232	7,340 \$140,568 \$7,028	Winnebago	Players 354,286 Gross \$5,539,271 Tax \$275,363	308,033 \$4,787,109 \$239,163	284,010 \$4,482,351 \$224,141
Pope	Players 0 Gross \$0 Tax \$0	0 \$0 \$0	0 \$0 \$0	Woodford	Players 18,773 Gross \$224,780 Tax \$11,239	25,730 \$291,269 \$14,564	28,941 \$324,581 \$16,229
Pulaski	Players 0 Gross \$0 Tax \$0	0 \$0 \$0	0 \$0 \$0	Grand Total	Players 6,508,733 Gross \$111,936,359 Tax \$5,589,213	6,121,748 \$104,963,309 \$5,239,283	5,500,918 \$94,724,345 \$4,733,634
Putnam	Players 0 Gross \$0 Tax \$0	0 \$0 \$0	0 \$0 \$0	Note: Grand total figures may not agree with the reported collections because these statistics are taken directly from bingo tax returns and are unedited.			

Charitable Games Tax and License Fees

Statutory Reference

230 ILCS 30/1 to 30/15

Definition

The tax is imposed on the gross proceeds of charitable games; license fees are imposed on operators, suppliers, and providers of such games. Fourteen games are permitted: bang, beat the dealer, big six, blackjack, chuck-a-luck, craps, five-card stud poker, gin rummy, hold-em poker, keno, merchandise wheel, poker, pull tabs, and roulette. Profits from the games must be used to support the organization's goals, such as charitable work or education. A licensed organization may hold up to four charitable game events per year.

In order for a group to be eligible to conduct charitable games, it must

- be a religious, charitable, educational, veterans', fraternal, or labor organization;
- have been in existence for at least five years;
- operate without profit to its members; and
- already be exempt from federal income taxation under Internal Revenue Code, Section 501(c)(3), (4), (5), (8), (10), or (19).

Note: Veterans' organizations that are eligible to hold a bingo license are also eligible for a charitable game license without regard to federal tax status.

The tax rate is 3 percent of gross proceeds and became effective September 1, 1986. License fees are also imposed. One annual application is good for four events; however, if all four dates are not requested at application time, an organization may amend or add dates by requesting an amendment in writing 30 days prior to an event and paying a \$50 amendment fee.

- Organizations conducting charitable games are required to pay a \$200 annual license fee.
- Suppliers of gaming equipment are required to purchase a \$500 annual license.
- A \$50 annual "provider's fee" is imposed on anyone who rents space to be used for a charitable game.

Distribution

Tax collections are deposited into the Illinois Gaming Law Enforcement Fund. From this fund, two-thirds goes to the Department of Revenue, the Department of State Police, and the Office of the Attorney General. One-third is distributed to cities and counties where licensed games are held and is to be used for law enforcement purposes.

License fees collections generated from the supplier and provider license fees are deposited into the General Revenue Fund. The Illinois Gaming Law Enforcement Fund receives money from the operator license fee.

See "Revenue-sharing with Local Governments" for more information.

Graph 31: Charitable Games and License Fees Collections

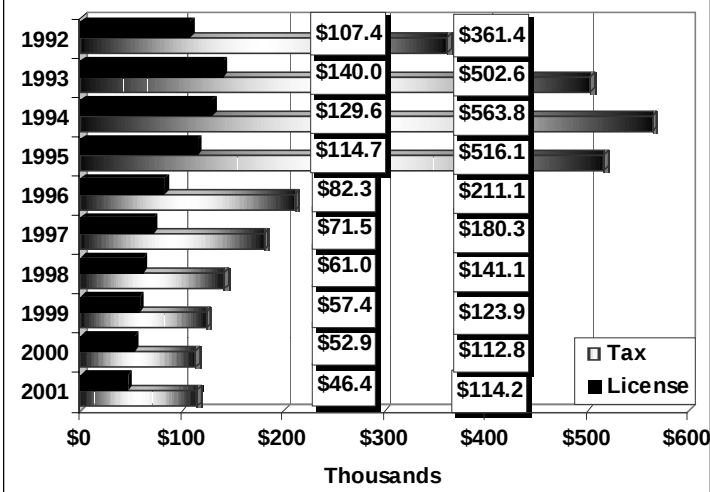


Table 33: Charitable Games Tax and License Fee Collections

Fiscal year	Tax	License fees	No. of licenses	No. of suppliers	No. of providers
1992	\$ 361,379	\$ 107,378	374	16	194
1993	502,626	130,950	463	19	259
1994	563,775	129,550	457	19	258
1995	516,081	114,700	408	18	227
1996	211,149	82,250	226	16	182
1997	180,332	71,500	240	15	163
1998	141,150	60,950	217	15	148
1999	123,903	57,350	176	13	138
2000	112,849	52,950	160	12	136
2001	\$ 114,232	\$ 46,400	155	11	131

Pull Tabs and Jar Games Tax and License Fees

Statutory Reference

230 ILCS 20/1 to 20/7

Definition

The tax is imposed on the gross proceeds of pull tabs and jar games. An annual license fee is imposed on operators, suppliers, and manufacturers of pull tabs and jar games. To sell pull tabs or conduct jar games the organization must

- be licensed by the state;
 - be a licensed *bona fide* religious, charitable, labor, fraternal, youth athletic, senior citizens', educational, or veterans' organization in Illinois;
 - operate without profit to its members;
 - have been in existence in Illinois continuously for a period of five years immediately before applying for a license; and
 - it must have a *bona fide* membership engaged in carrying out its objectives during that entire five-year period.
- (Note: The five-year requirement is reduced to two years when it is applied to a local organization that is affiliated with and chartered by a national organization that meets the five-year requirement.

The cost of a ticket cannot exceed \$2, and no more than 6,000 tickets can be sold for a single game. The aggregate value of all prizes or merchandise awarded on any single day of games cannot exceed \$5,000 and a single prize cannot exceed \$500.

Effective July 1, 1988, the tax rate is 5 percent of gross proceeds. License fees are also imposed in the following amounts:

- The annual fee for a regular license is \$500. Qualified operators of pull tabs and jar games may hold only one regular operator's license, which is valid only at the locations stated on the license. Once during each license year, a regular licensee may obtain a special permit to sell pull tabs at a different additional location for a period of up to 10 consecutive days.
- The limited license fee is \$50. An organization qualified for a regular license, but not holding one, may receive a limited license to sell pull tabs or conduct jar games on two occasions per year for up to five consecutive days each at a single location.
- Qualified suppliers and manufacturers of pull tabs and jar games must pay an annual license fee of \$5,000.

Distribution

Fifty percent of the collections is deposited into the Common School Fund, and 50 percent is deposited into the Illinois Gaming Law Enforcement Fund. Two-thirds of the amount deposited into the Illinois Gaming Law Enforcement Fund is appropriated to the Department of Revenue, the Department of State Police, and the Office of the Attorney General. The remaining one-third is distributed for law enforcement purposes to municipalities and counties based on the number of licenses issued in the municipality or county.

See "Revenue-sharing with Local Governments" for more information.

Graph 32: Pull Tabs and Jar Games Tax and License Fees Collections

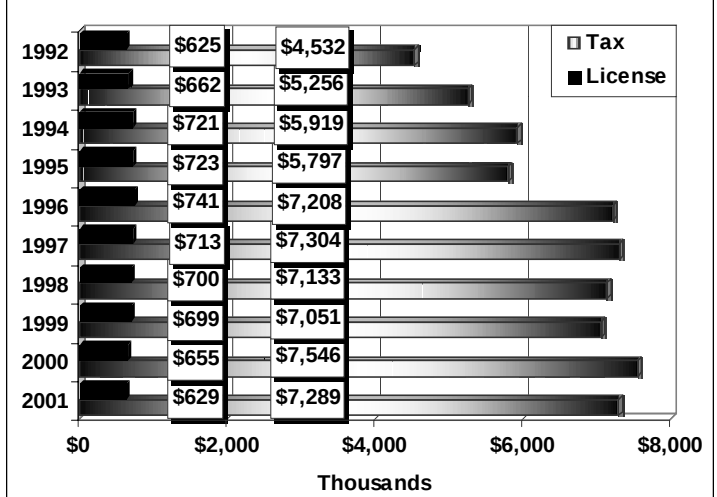


Table 34: Pull Tabs and Jar Games Tax and License Fee Collections

Fiscal year	Tax	License fees	No. of regular licenses	No. of limited licenses	No. of suppliers	No. of manufacturers
1992	\$ 4,531,794	\$ 625,176	915	141	21	8
1993	5,256,469	662,450	990	150	19	8
1994	5,919,140	725,100	1,064	152	21	9
1995	6,797,453	723,100	1,006	145	22	9
1996	7,208,488	740,650	1,098	150	24	10
1997	7,304,678	712,904	1,076	149	28	11
1998	7,133,877	700,000	1,050	141	24	9
1999	7,051,440	698,800	993	127	26	8
2000	7,546,315	655,150	891	122	21	10
2001	\$ 7,289,486	\$ 628,750	915	105	21	9

Racing Privilege Tax

Statutory Reference

230 ILCS 5/1 to 5/27.1

Definition

The tax is imposed on every person, association, or trust conducting the pari-mutuel or certificate system of wagering. The Illinois Racing Board determines the amount of tax to be collected. Each of the state's seven racetrack organizations (four in Cook County and three downstate) is allowed to have two off-track betting (OTB) outlets. Cook County's OTB outlets cannot be within 5 miles of an existing track or more than 90 miles from the sponsoring track. Downstate OTB outlets cannot be more than 135 miles from the sponsoring track. OTB outlets cannot be located near existing churches, schools, and residences.

The flat pari-mutuel tax rate is 1.5 percent of the daily pari-mutuel handle and is imposed at all pari-mutuel facilities. The Illinois Racing Board administers an admittance tax of 15 cents for each ticket and license fees required of the organizations that sponsor races.

Distribution

Racing privilege tax collections are allocated to various funds. See Table 35.

Rate History

The Horse Racing Act of 1927 set up different privilege tax schedules for thoroughbred and harness racing wagers. When the act was rewritten in 1975, a single racing privilege tax schedule was established at graduated rates. In 1985, separate graduated rates were created for downstate tracks. Effective January 1, 1988, the tax was imposed at a flat rate of the daily pari-mutuel "handle" (total amount wagered). The rate was based on the racetrack's location and the number of horses wagered.

Graph 33: Racing Privilege Tax Collections

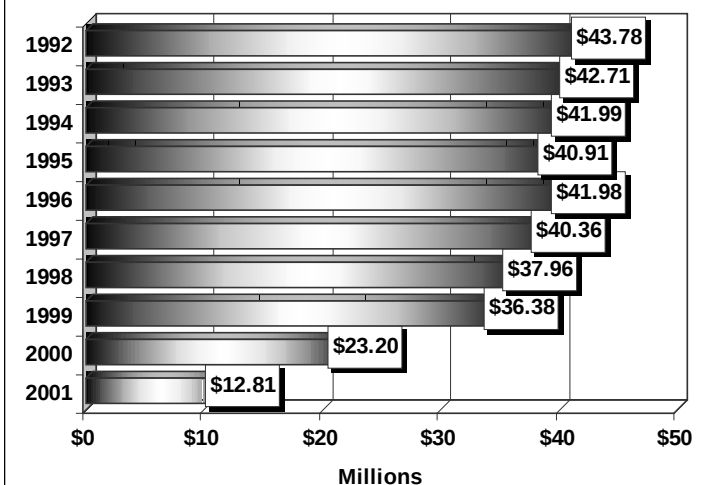


Table 35: Racing Privilege Tax Breakdown by Fund

Funds	Percentage allocated to funds	FY 98	FY 99	FY 00	FY 01
General Revenue Fund (Discontinued 12/31/99)	50% total regular breakage 100% total charity breakage	\$ 3,294,364 0	\$ 2,985,994 0	\$ 1,460,225 0	0 0
Agricultural Premium Fund (Discontinued 12/31/99)	50% total privilege tax	13,232,759	12,682,513	6,042,161	0
Metropolitan Exposition Authority Auditorium and Office Building Fund (Discontinued 12/31/99)	34.5% total privilege tax	9,130,604	8,750,934	4,169,091	0
Fair and Exposition Fund (Discontinued 12/31/99)	7% total privilege tax	224,186	156,992	98,390	0
Build Illinois Fund (Discontinued 12/31/99)	7% total privilege tax	1,628,401	1,618,560	747,512	0
Racetrack Improvement Fund (Discontinued 12/31/99)	50% total regular breakage	3,258,159	2,951,208	1,439,125	0
Illinois Standardbred Breeders Fund (Discontinued 12/31/99)	8.5% total privilege tax	639,789	651,031	303,505	0
Illinois Thoroughbred Breeders Fund (Discontinued 12/31/99)	8.5% total privilege tax	1,573,574	1,470,208	702,561	0
Horse Racing Allocation Fund (Discontinued 12/31/99)	1% pari-mutuel handle on intertrack wagering	4,976,074	5,115,604	2,839,665	0
Illinois Racing Quarterhorse @ 1/01	100% pari-mutuel tax receipts into Quarterhorse racing	0	0	2,378	0
Horse Racing Fund @ 1/01	100% with exception of Quarterhorse racing	0	0	4,394,022	12,815,513
Protest		0	0	1,079,281	0
Total		\$ 37,957,910	\$ 36,383,044	\$ 23,277,916	\$ 12,815,513

Note: Other horse-racing-related taxes and fees include

- a 15-cents admittance tax collected by the Racing Board. This money goes into the General Revenue Fund.
- license fees of \$1,000 from organizations for each race meeting. A fee of \$100 is levied when the handle is more than \$400,000 and an additional \$100 when the handle reaches \$700,000 for a maximum total of \$200. There is also a \$110 fee for each racing day awarded. This money goes into the General Revenue Fund.

The Racing Board deposits unclaimed winnings into the Veterans' Rehabilitation Fund, which is administered by the Department of Rehabilitation Services.

*Build Illinois – 1/12 of \$1,665,662 each month, then the remaining amount for that month goes into the Fair and Exposition Fund.

Riverboat Gambling Taxes and License Fees

Statutory Reference

230 ILCS 10/1 to 10/23

Definition

The Illinois Gaming Board regulates the riverboat gambling industry in Illinois. It conducts background investigations on applicants, approves owners, and issues licenses to employees of owners, and suppliers. The board oversees the licensees' operations for compliance with the Illinois Riverboat Gambling Act and adopted rules. The board also conducts audits of casinos' internal control systems and financial records. In addition, the board is responsible for collecting all gaming and admissions taxes, penalties and fees. On a calendar year basis, the board produces a detailed annual report, which may be obtained by writing to: Illinois Gaming Board, P.O. Box 19474, Springfield, Illinois 62794-9474, or by visiting their web site at www.IGB.state.il.us.

A \$2 admission tax is imposed on every person admitted to each riverboat gambling cruise.

Originally, a 20 percent wagering tax was imposed on the daily calculation of adjusted gross receipts derived from wagering activities. Effective January 1, 1998, the wagering tax rates are graduated and are imposed on annual adjusted gross receipts at the following rates:

Annual adjusted gross receipts	Tax rate
\$0 — \$25,000,000	15%
\$25,000,001 — \$50,000,000	20%
\$50,000,001 — \$75,000,000	25%
\$75,000,001 — \$100,000,000	30%
\$100,000,001 or more	35%

Application fees must be paid when the application for license is submitted. Annual license fees are due when the license is issued. If there is cause for an investigation relating to the license, the licensee must pay the board for the cost of the investigation.

Application fees	License fees
Owner's license	\$50,000
Supplier's license	\$10,000
Occupational license, Level 1	\$1,000
Occupational license, Level 2	\$200
Occupational license, Level 3	\$75

* \$25,000 for the first year; \$5,000 for each succeeding year

Distribution

Riverboat gaming collections are deposited into the State Gaming Fund with the exception of fines and penalties, which are deposited into the Education Assistance Fund. All Illinois Gaming Board and Illinois State Police expenses relative to the enforcement of gaming regulations and laws are paid for from the State Gaming Fund. The balance of funds collected from riverboat gaming is appropriated to the Education Assistance Fund. Each quarter, the board issues 50 percent of the admission tax collections, subject to appropriation, to the municipality or county in which the licensee operates. Twenty-five percent of the wagering tax revenues collected from each licensee is issued, subject to appropriation, to the local government designated as the home dock.

Graph 34: Riverboat Gambling Collections

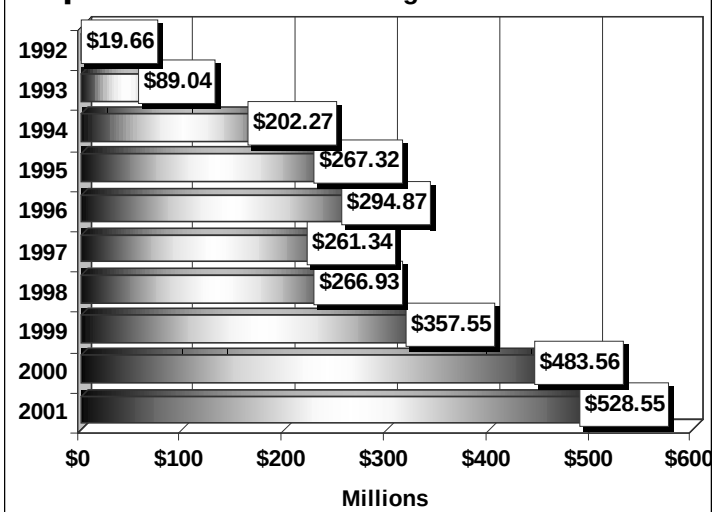


Table 36: Riverboat Gambling Collections

Fiscal year	Admission tax	Wagering tax	Owner's license application fees	Owner's license fees	Supplier's license application fees	Occupational license and application fees	Other (fines and penalties)	Total
1992	\$ 3,047,256	\$ 15,776,217	\$277,195	\$105,000	\$198,077	\$ 250,610	\$ 4,335	\$ 19,658,690
1993	12,614,294	74,943,684	70,000	108,403	178,022	915,060	207,014	89,036,477
1994	31,891,288	168,317,522	124,222	0	188,384	1,384,655	358,703	202,264,774
1995	46,585,968	219,014,777	60,000	0	120,000	1,152,475	389,472	267,322,692
1996	51,293,835	242,015,934	103,409	0	130,000	1,105,166	218,291	294,866,635
1997	49,701,556	210,368,224	50,000	0	110,000	939,285	166,582	261,335,653
1998	49,741,868	215,102,027	55,000	120,000	75,000	648,905	1,184,958	266,927,758
1999	50,244,686	305,858,916	0	0	20,000	0	1,421,051	357,544,653
2000	38,533,548	443,533,513	55,000	0	10,000	0	1,426,464	483,558,525
2001	\$37,067,890	\$490,201,313	\$ 45,000	\$ 0	\$ 20,000	\$ 0	\$1,213,342	\$528,547,545

Real Estate

Taxes and Programs

Circuit Breaker Property Tax Grant Program and Pharmaceutical Assistance Program

Statutory Reference

320 ILCS 20/1 to 25/13

Program Explanation

Circuit Breaker consists of two components — a property tax grant and pharmaceutical assistance. The property tax grant portion acts to offset mobile home tax or property taxes paid by low- to middle-income senior and disabled residents who can least afford the burden of property taxes on residences (whether paid directly or indirectly in the form of increased rent or nursing home charges). When property taxes begin to “overload” the elderly or disabled person’s income, the Circuit Breaker property tax relief program provides compensation, just as a circuit breaker prevents an overload in an electrical system. By providing compensation for property taxes paid, the program can provide incentives for senior citizens and disabled persons to acquire and retain private housing and thereby reduce the need for public housing.

The Property Tax grant for claim year 2000 was calculated as follows:

Claimants having an annual combined household income of less than \$14,000

The amount of the grant was either the amount of the claimant’s property tax bill minus 3.5 percent of household income; or \$700 (the maximum grant allowable) minus 4.5 percent of household income, whichever was less.

Claimants having an annual combined household income of \$14,000 or more

The amount of the grant was either the amount of the claimant’s property tax bill minus 3.5 percent of household income; or \$70, whichever was less.

The claimant’s property tax bill was figured by using

- the entire amount of property tax,
- the entire amount of mobile home tax,
- 25 percent of rent, or
- 6.25 percent of nursing home charges.

The Pharmaceutical Assistance Program helps participants pay for approved prescription medications used for the treatment of heart and blood pressure problems, diabetes (including insulin and syringes and needles used to administer insulin), arthritis, Parkinson’s disease, Alzheimer’s disease, cancer, glaucoma, lung disease and smoking-related illnesses, and osteoporosis.

During the 2001 calendar year, a two-tiered structure was in effect: the cost of pharmaceutical coverage and the amount of copayment per prescription required from the participant were determined by the participant’s income. If a participant’s annual income for calendar year 2001 was at or below the federal poverty level guidelines in effect at that time (\$8,350 for single individuals and \$11,250 for married couples), the coverage cost was \$5, and there was no monthly copayment. If a participant’s income was at or above the federal poverty level, the coverage cost was \$25, and the participant paid the first \$3 of each prescription covered. Participants were liable for 20 percent of drug costs after the accumulated total paid by the program reached \$2,000 for the fiscal year.

Amount Expended

Circuit Breaker and Pharmaceutical Assistance Property Tax Grant — A total of 254,032 Property Tax grants were processed during the 2001 calendar year, amounting to more than \$55.5 million in grants.

Pharmaceutical Assistance Program — The total amount expended in the 2001 calendar year was \$145,356,229 for 139,826 members.

Note: An annual report for the Circuit Breaker and Pharmaceutical Assistance programs is available and outlines the two programs in greater detail. To obtain a copy, visit our web site at www.ILtax.com or write to us at the address below.

PHARMACEUTICAL ASSISTANCE SECTION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19021
SPRINGFIELD IL 62794-9021

Property Tax

Statutory Reference

35 ILCS 200/1-1 to 32-20

Definition

The property tax is the largest single tax in Illinois, and is a major source of tax revenue for local governments. The property tax is a local tax, imposed by local governments (counties, townships, municipalities, school districts, special districts, *etc.*) and is administered by local officials.

In Illinois, the property tax is imposed on the value of real property (typically land, buildings, and permanent fixtures). Illinois does not have a state property tax.

The process of imposing the property tax has three distinct parts. First, a value must be placed on the property; that value is called an assessment. Next, the taxing district files a levy with the county clerk on the property situated within its boundaries. Finally, the county clerk calculates the tax rate that is required to produce the amount of the levy based on the assessed value of each property in the district so taxes can be billed.

The department administers some aspects of the property tax system. The department

- provides technical assistance and training to local officials,
- maintains taxing district maps,
- approves non-homestead exemptions,
- equalizes assessments between counties,
- administers the personal property replacement tax,
- assesses railroad operating properties and pollution control facilities,
- performs complex commercial and industrial appraisals at the request of assessors, and
- publishes appraisal and assessment manuals.

The property tax cycle extends over a two-year period. During the first year, the property is assessed and the assessment reflects the property value as of January 1 of that year. During the second year, the actual tax bills are paid (*e.g.*, the tax for the 1999 assessment is paid in 2000). Steps in the property tax cycle are shown in Table 37.

Table 37: Steps in the Property Tax Cycle

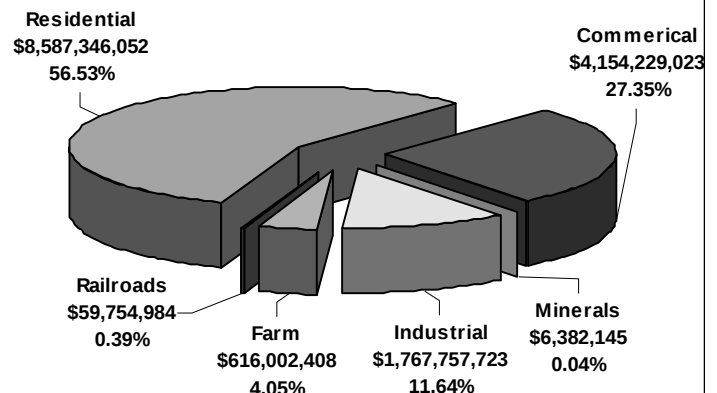
- 1 Assessment — Local assessing officials establish a value (assessment) for each parcel of property.
- 2 Review — Opportunity for property owners to appeal their assessments.
- 3 Equalization — Application of Department of Revenue equalization factor (multiplier) to assure that the median level of assessments in all counties is $33\frac{1}{3}$ percent.
- 4 Levy — Taxing districts determine the amount in property taxes needed.
- 5 Extension — County clerk apportions the levy among the properties in a taxing district according to their assessed values.
- 6 Collection and distribution equalized — Taxpayers pay their bills and payments are allocated to the local government taxing districts.

Most property is assessed at $33\frac{1}{3}$ percent of its market value. Cook County "classifies" property and assesses classes at various percentages of market value according to local ordinance. Farmland in Illinois is assessed on its agricultural economic value, not on its market value. A complex formula takes into account the soil productivity, commodity prices and market conditions, production costs, and interest rates. Illinois statutes provide preferential assessments for other types of property.

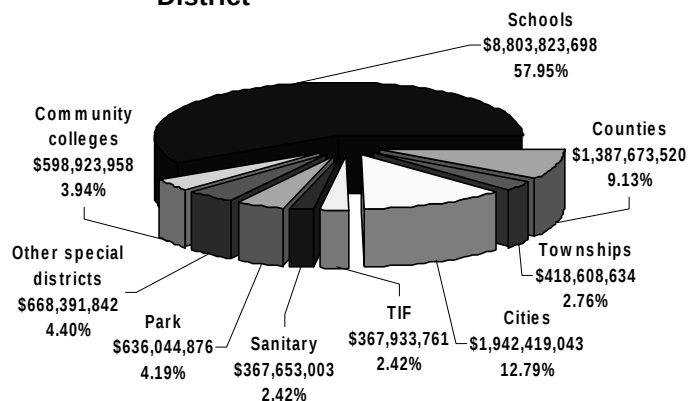
By law, the department must equalize any assessment discrepancies between counties to be sure that the median level of assessments in each county is $33\frac{1}{3}$ percent. To do this, the department conducts an annual study that compares the selling price of property to its assessed value. Based on that study, the department assigns an equalization factor (commonly called a multiplier) to each county. Equalization between counties

- assures fairness in property taxes when taxing districts overlap county lines,
- allows fair distribution of state aid based on assessed value, and
- provides equality in determining debt and tax rate limits.

Graph 35: Tax Year 1999 Extensions by Class



Graph 36: Tax Year 1999 Extensions by Type of District



Real Estate

Taxes and Programs

Table 38: Comparison of Equalized Assessed Values and Taxes Extended, 1998 and 1999

County	1999 Total EAV	1998 Total EAV	Amount of increase or decrease	% of increase or decrease	Total taxes extended 1999	Total taxes extended 1998	Amount of increase or decrease	% of increase or decrease
Statewide	192,993,890,240	182,725,993,240	10,267,897,000	5.62	15,191,472,335	14,636,685,464	554,786,871	3.79
Cook County	85,493,322,852	80,903,077,178	4,590,245,674	5.67	7,592,570,671	7,432,559,949	160,010,722	2.15
Collar counties	59,296,452,571	56,104,535,933	3,191,916,638	5.69	4,021,032,905	3,785,979,554	235,053,352	6.21
Rest of state	48,204,114,817	45,718,380,129	2,485,734,688	5.44	3,577,868,759	3,418,145,961	159,722,797	4.67
Adams	666,701,954	642,102,459	24,599,495	3.83	42,601,686	40,989,706	1,611,980	3.93
Alexander	40,515,905	38,327,183	2,188,722	5.71	3,594,067	3,290,053	304,014	9.24
Bond	116,205,388	111,205,041	5,000,347	4.50	9,248,726	8,857,659	391,066	4.42
Boone	603,607,151	574,539,883	29,067,268	5.06	40,825,007	38,611,840	2,213,167	5.73
Brown	51,251,260	46,358,193	4,893,067	10.55	3,655,380	3,509,217	146,163	4.17
Bureau	470,640,230	445,604,433	25,035,797	5.62	35,357,091	34,125,924	1,231,167	3.61
Calhoun	44,806,623	40,186,560	4,620,063	11.50	2,984,364	2,612,459	371,905	14.24
Carroll	225,609,334	212,311,500	13,297,834	6.26	16,394,487	15,918,077	476,410	2.99
Cass	110,034,302	104,558,036	5,476,266	5.24	8,840,746	8,360,712	480,035	5.74
Champaign	2,063,976,523	1,940,589,316	123,387,207	6.36	155,303,922	149,100,238	6,203,684	4.16
Christian	371,654,383	352,773,405	18,880,978	5.35	25,645,689	24,873,483	772,206	3.10
Clark	147,271,061	136,523,861	10,747,200	7.87	9,630,684	8,936,490	694,194	7.77
Clay	98,914,622	100,032,601	(1,117,979)	(1.12)	7,267,371	7,580,483	(313,112)	(4.13)
Clinton	306,491,366	292,872,412	13,618,954	4.65	21,538,499	20,337,355	1,201,144	5.91
Coles	511,835,757	483,830,784	28,004,973	5.79	39,439,458	37,791,051	1,648,407	4.36
Cook	85,493,322,852	80,903,077,178	4,590,245,674	5.67	7,592,570,671	7,432,559,949	160,010,722	2.15
Crawford	219,918,992	235,186,763	(15,267,771)	(6.49)	14,447,903	14,930,528	(482,625)	(3.23)
Cumberland	86,714,067	80,593,973	6,120,094	7.59	6,197,201	5,631,872	565,329	10.04
DeKalb	1,225,069,567	1,168,806,986	56,262,581	4.81	99,123,127	92,044,621	7,078,506	7.69
DeWitt	715,220,126	710,517,705	4,702,421	0.66	28,601,761	29,371,391	(769,630)	(2.62)
Douglas	271,296,066	252,024,031	19,272,035	7.65	17,988,574	16,996,560	992,015	5.84
DuPage	22,543,254,020	21,417,669,202	1,125,584,818	5.26	1,433,089,179	1,381,305,538	51,783,641	3.75
Edgar	220,549,065	204,385,106	16,163,959	7.91	15,357,351	14,131,143	1,226,208	8.68
Edwards	51,239,360	47,752,476	3,486,884	7.30	3,923,808	3,485,981	437,827	12.56
Effingham	412,201,201	392,162,738	20,038,463	5.11	25,680,359	24,790,542	889,817	3.59
Fayette	144,140,380	141,675,355	2,465,025	1.74	10,567,888	10,282,556	285,332	2.77
Ford	186,540,535	174,391,880	12,148,655	6.97	14,789,145	14,109,768	679,378	4.81
Franklin	183,912,073	169,552,226	14,359,847	8.47	16,943,375	16,374,476	568,899	3.47
Fulton	304,793,966	284,889,747	19,904,219	6.99	24,367,393	22,677,989	1,689,404	7.45
Gallatin	50,185,624	47,650,914	2,534,710	5.32	3,649,001	3,469,115	179,886	5.19
Greene	134,785,656	128,232,243	6,553,413	5.11	8,818,870	8,142,935	675,935	8.30
Grundy	1,159,677,996	1,091,790,236	67,887,760	6.22	65,732,995	60,179,988	5,553,007	9.23
Hamilton	51,242,767	49,648,019	1,594,748	3.21	4,439,555	3,825,456	614,099	16.05
Hancock	213,118,380	199,627,006	13,491,374	6.76	15,257,247	14,658,867	598,380	4.08
Hardin	18,361,142	17,728,194	632,948	3.57	948,607	917,483	31,124	3.39
Henderson	95,798,697	88,704,248	7,094,449	8.00	6,670,480	6,198,568	471,912	7.61
Henry	558,513,950	518,192,943	40,321,007	7.78	40,500,704	37,547,776	2,952,929	7.86
Iroquois	408,844,729	388,590,378	20,254,351	5.21	30,065,166	28,454,532	1,610,633	5.66
Jackson	409,679,788	405,389,483	4,290,305	1.06	34,381,180	33,078,617	1,302,564	3.94
Jasper	165,377,865	160,109,767	5,268,098	3.29	9,723,517	9,699,866	23,651	0.24
Jefferson	301,577,051	289,841,734	11,735,317	4.05	23,068,040	22,318,024	750,016	3.36
Jersey	207,658,787	194,442,265	13,216,522	6.80	11,012,153	10,452,734	559,419	5.35
JoDaviess	443,363,166	421,555,855	21,807,311	5.17	28,256,156	27,178,135	1,078,021	3.97
Johnson	67,526,973	64,124,640	3,402,333	5.31	4,665,019	4,332,019	333,000	7.69
Kane	6,793,124,755	6,413,546,086	379,578,669	5.92	499,008,056	464,470,052	34,538,003	7.44
Kankakee	1,202,612,450	1,140,191,364	62,421,086	5.47	91,510,094	87,804,342	3,705,752	4.22
Kendall	957,600,343	886,578,322	71,022,021	8.01	71,960,585	67,867,935	4,092,650	6.03
Knox	552,352,005	509,787,119	42,564,886	8.35	39,709,879	37,523,026	2,186,853	5.83
Lake	16,080,238,469	15,164,632,227	915,606,242	6.04	1,116,293,044	1,049,665,272	66,627,772	6.35

Real Estate

Taxes and Programs

Table 38: Comparison of Equalized Assessed Values and Taxes Extended, 1998 and 1999 (continued)

County	1999 Total EAV	1998 Total EAV	Amount of increase or decrease	% of increase or decrease	Total taxes extended 1999	Total taxes extended 1998	Amount of increase or decrease	% of increase or decrease
LaSalle	1,731,366,194	1,641,116,991	90,249,203	5.50	120,654,549	115,599,842	5,054,707	4.37
Lawrence	95,535,359	89,921,131	5,614,228	6.24	6,498,889	6,690,893	(192,004)	(2.87)
Lee	473,559,487	447,152,693	26,406,794	5.91	33,870,726	32,164,263	1,706,463	5.31
Livingston	499,675,995	479,345,242	20,330,753	4.24	40,799,412	38,172,447	2,626,964	6.88
Logan	369,084,698	351,092,944	17,991,754	5.12	26,933,080	26,666,635	266,445	1.00
McDonough	279,615,616	257,431,481	22,184,135	8.62	25,983,279	24,308,278	1,675,001	6.89
McHenry	5,024,334,057	4,762,856,391	261,477,666	5.49	362,455,155	338,303,001	24,152,154	7.14
McLean	2,191,526,333	2,078,183,074	113,343,259	5.45	157,450,929	150,058,666	7,392,263	4.93
Macon	1,158,446,078	1,101,772,747	56,673,331	5.14	90,942,260	87,351,754	3,590,507	4.11
Macoupin	376,625,408	349,901,459	26,723,949	7.64	25,356,501	24,485,179	871,322	3.56
Madison	2,554,083,741	2,423,363,564	130,720,177	5.39	188,994,440	179,334,067	9,660,373	5.39
Marion	249,877,989	235,812,194	14,065,795	5.96	21,260,622	19,994,524	1,266,098	6.33
Marshall	172,048,936	158,388,760	13,660,176	8.62	13,185,101	12,251,069	934,032	7.62
Mason	154,941,550	147,679,761	7,261,789	4.92	12,764,747	12,081,474	683,274	5.66
Massac	131,003,218	123,993,277	7,009,941	5.65	8,106,073	7,664,807	441,265	5.76
Menard	166,786,834	157,902,038	8,884,796	5.63	11,199,252	10,417,144	782,108	7.51
Mercer	175,306,582	165,419,556	9,887,026	5.98	13,057,730	12,466,756	590,974	4.74
Monroe	381,807,379	342,050,067	39,757,312	11.62	21,063,748	19,415,684	1,648,064	8.49
Montgomery	289,622,788	277,635,824	11,986,964	4.32	21,978,105	21,113,113	864,992	4.10
Morgan	401,171,698	375,903,234	25,268,464	6.72	25,816,838	24,938,179	878,659	3.52
Moultrie	175,316,961	162,912,487	12,404,474	7.61	13,101,985	12,469,795	632,191	5.07
Ogle	1,157,101,802	1,118,775,527	38,326,275	3.43	73,658,970	70,352,279	3,306,691	4.70
Peoria	2,013,691,566	1,887,201,536	126,490,030	6.70	152,754,699	144,445,607	8,309,092	5.75
Perry	133,159,462	129,357,840	3,801,622	2.94	9,955,275	9,463,493	491,783	5.20
Piatt	255,686,943	240,163,286	15,523,657	6.46	16,659,900	15,818,004	841,896	5.32
Pike	166,662,251	153,897,882	12,764,369	8.29	11,141,608	10,524,698	616,910	5.86
Pope	24,234,356	24,126,699	107,657	0.45	1,556,509	1,449,627	106,882	7.37
Pulaski	24,730,423	24,689,858	40,565	0.16	1,924,363	1,749,852	174,511	9.97
Putnam	97,428,743	90,844,524	6,584,219	7.25	6,496,430	6,188,021	308,408	4.98
Randolph	268,031,408	254,201,977	13,829,431	5.44	16,905,633	16,052,978	852,655	5.31
Richland	155,794,510	144,733,296	11,061,214	7.64	10,415,286	9,739,314	675,972	6.94
Rock Island	1,594,607,387	1,505,482,644	89,124,743	5.92	130,210,155	123,064,173	7,145,982	5.81
St. Clair	2,147,760,561	2,041,496,667	106,263,894	5.21	171,611,194	158,578,224	13,032,970	8.22
Saline	163,580,369	162,655,432	924,937	0.57	13,708,421	13,262,675	445,746	3.36
Sangamon	2,516,745,452	2,388,941,582	127,803,870	5.35	179,643,677	172,784,568	6,859,109	3.97
Schuyler	68,612,636	63,546,701	5,065,935	7.97	5,546,166	5,348,733	197,433	3.69
Scott	53,795,518	50,910,594	2,884,924	5.67	3,651,778	3,460,172	191,605	5.54
Shelby	225,025,682	211,582,597	13,443,085	6.35	16,359,325	15,399,971	959,354	6.23
Stark	94,874,052	88,416,119	6,457,933	7.30	6,416,194	6,018,685	397,509	6.60
Stephenson	522,410,756	495,354,407	27,056,349	5.46	43,355,160	42,038,913	1,316,247	3.13
Tazewell	1,492,839,822	1,389,784,478	103,055,344	7.42	110,812,272	108,320,858	2,491,415	2.30
Union	99,480,421	93,339,094	6,141,327	6.58	7,548,814	7,311,795	237,019	3.24
Vermilion	689,477,705	648,169,394	41,308,311	6.37	57,096,381	53,979,461	3,116,920	5.77
Wabash	98,805,901	93,624,852	5,181,049	5.53	6,577,706	6,228,078	349,629	5.61
Warren	218,318,573	201,320,915	16,997,658	8.44	14,826,355	14,186,721	639,634	4.51
Washington	140,145,594	135,296,498	4,849,096	3.58	11,473,457	11,055,967	417,490	3.78
Wayne	127,669,220	122,720,585	4,948,635	4.03	9,354,122	8,935,292	418,830	4.69
White	113,167,251	111,428,377	1,738,874	1.56	8,044,728	7,757,145	287,582	3.71
Whiteside	600,240,912	569,942,024	30,298,888	5.32	44,936,112	44,232,639	703,473	1.59
Will	8,855,501,270	8,345,832,027	509,669,243	6.11	610,187,471	552,235,690	57,951,781	10.49
Williamson	525,269,178	492,008,650	33,260,528	6.76	34,076,591	32,042,009	2,034,583	6.35
Winnebago	3,050,687,546	2,984,321,264	66,366,282	2.22	297,494,542	294,595,897	2,898,645	0.98
Woodford	487,287,347	447,126,923	40,160,424	8.98	33,954,361	32,743,957	1,210,404	3.70

Real Estate

Taxes and Programs

Tax Relief Provisions

General Homestead Exemption — This annual exemption is available for residential property that is occupied as the principal dwelling place by the owner or a lessee with an equitable interest in the property and an obligation to pay the property taxes on the leased property. The amount of exemption is the increase in the current year's equalized assessed value (EAV), above the 1977 EAV, up to a maximum of \$3,500 (\$4,500 in Cook County).

Homestead Improvement Exemption — This exemption is limited to the fair cash value that was added to homestead property by any new improvement, up to an annual maximum of \$45,000. The exemption continues for four years from the date the improvement is completed and occupied.

Senior Citizens Assessment Freeze Homestead Exemption — This exemption allows senior citizens who have a total household income of less than \$40,000, and meet certain other qualifications to elect to maintain the equalized assessed value (EAV) of their homes at the base year EAV and prevent any increase in that value due to inflation.

Senior Citizens Homestead Exemption — This exemption allows a \$2,000 reduction (\$2,500 in Cook County) in the EAV of the property that a person 65 years of age or older is obligated to pay taxes on, and owns and occupies, or leases and occupies as a residence.

Senior Citizens Real Estate Tax Deferral Program — This program allows persons 65 years of age and older, who have a total household income of less than \$25,000 and meet certain other qualifications, to defer all or part of the real estate taxes and special assessments on their principal residences. The deferral is similar to a loan against the property's market value. A lien is filed on the property in order to ensure repayment of the deferral. The state pays the property taxes and then recovers the money, plus 6 percent annual interest, when the property is sold or transferred. The deferral must be repaid within one year of the taxpayer's death or 90 days after the property ceases to qualify for this program. The maximum amount that can be deferred, including interest and lien fees, is 80 percent of the taxpayer's equity interest in the property.

Table 39: Senior Citizens Real Estate Tax Deferrals for Tax Year 1999

County	Deferral	County	Deferral
Boone	\$ 18,592.64	Macon	\$ 8,959.70
Cass	273.74	Macoupin	3,990.48
Champaign	19,871.24	Madison	28,026.92
Christian	2,676.30	Marshall	1,288.21
Clinton	2,674.58	Massac	1,255.10
Coles	3,094.00	McDonough	1,452.76
Cook	1,039,757.58	McHenry	235,616.49
DeKalb	77,292.37	McLean	13,477.59
Douglas	1,749.84	Monroe	3,398.86
DuPage	699,824.21	Montgomery	648.74
Effingham	756.58	Morgan	764.60
Ford	271.20	Moultrie	982.74
Fulton	351.08	Ogle	18,454.80
Henry	2,334.68	Peoria	28,009.22
Iroquois	5,457.36	Rock Island	6,675.06
Jefferson	521.60	Sangamon	23,710.02
Jo Daviess	3,440.50	St. Clair	11,086.10
Kane	224,126.59	Stephenson	8,218.34
Kankakee	33,909.30	Tazewell	5,002.88
Kendall	42,268.10	Vermilion	2,795.12
Knox	2,594.56	Whiteside	2,677.24
Lake	647,678.86	Will	134,586.92
LaSalle	23,185.30	Williamson	1,626.88
Lee	13,514.86	Winnebago	210,618.68
Livingston	1,034.34	Special assessment	
Logan	583.20	deferrals	9,511.70
		Total	\$ 3,630,670.70
Total number of participants: 1,749			

Property Tax Extension Limitation Law

Statutory Reference

35 ILCS 200/18-185 to 18-245

Definition

The Property Tax Extension Limitation Law (PTELL), was enacted to limit the annual increases in property tax extensions (total taxes billed) for non-home rule taxing districts. Increases in property tax extensions are limited to the lesser of five percent or the increase in the consumer price index (CPI), for the year preceding the levy year. The CPI used is for all urban consumers for all items as published by the United States Department of Labor. The CPI increase for 1999 was 1.6%.

Although the law is commonly referred to as "tax caps," use of this phrase can be misleading. The PTELL does not "cap" either individual property tax bills or individual property assessments. Individual tax bills may still increase or decrease. PTELL only limits increases in taxing districts' extensions. The PTELL allows a taxing district to receive a limited inflationary increase in tax extensions on existing property, plus an additional amount for new construction, and voter-approved rate increases.

The limitation slows the growth of revenues to taxing districts when property values and assessments are increasing faster than the rate of inflation. As a whole, property owners have some protection from tax bills that increase only because the market value of their property is rising rapidly.

Payments for bonds issued without voter approval are subject to strict limitations.

If a taxing district determines that it needs more money than is allowed under the PTELL, it can ask the voters to approve an increase.

The PTELL was originally passed in 1991. Only non-home rule taxing districts are subject to the PTELL. The following districts are subject to the PTELL:

- Non-home rule taxing districts with a majority of their 1990 EAV in DuPage, Kane, Lake, McHenry, or Will counties;
- Non-home rule taxing districts with a majority of their 1994 EAV in Cook and the collar counties that were not subject to the PTELL before 1995;
- Non-home rule taxing districts in other counties if every county in which the district is located has held a referendum asking if voters want the PTELL to be applicable, and if the majority of the EAV of the district is in counties where voters have approved the referendum;
- Non-home rule taxing districts with part of their EAV in Cook or the collar counties if every other county in which the district is located has held a referendum asking if voters want the PTELL to be applicable, and if the majority of the EAV in the district is in counties where voters have approved the referendum and in Cook and the collar counties.

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Taxes and Programs

Table 40: 1999 PTELL Dollar Reduction

County	Total	Schools	Cities and villages	Townships and road districts	County	All other districts
Statewide	\$ 264,975,622.36	\$ 217,292,399.45	\$ 6,851,380.46	\$ 3,793,450.11	\$ 5,179,384.09	\$ 31,859,008.25
Cook	128,539,966.00	114,522,110.00	2,488,281.00	409,453.00	0.00	11,120,122.00
Collar counties	125,594,570.79	96,036,993.47	3,905,639.37	2,127,307.53	4,138,174.40	19,386,456.02
Rest of state	10,841,085.57	6,733,295.98	457,460.09	1,256,689.58	1,041,209.69	1,352,430.23
Boone	144,011.76	119,874.07	245.90	20,083.38	—	3,808.41
Champaign	229,593.30	58,419.21	5,550.80	141,274.15	—	24,349.14
Christian	161,516.00	114,175.00	3,965.00	9,821.00	15,227.00	18,328.00
Cook	128,539,966.00	114,522,110.00	2,488,281.00	409,453.00	—	11,120,122.00
DeKalb	13,689.94	13,648.43	—	—	—	41.51
DuPage	35,525,341.38	28,425,190.09	1,005,836.64	373,171.43	—	5,721,143.22
Franklin	122,241.76	100,693.72	3,162.89	13,542.53	—	4,842.62
Jackson	846,923.55	532,857.58	11,884.37	34,650.42	254,703.50	12,827.68
Jefferson	7,813.05	1,591.17	—	1,741.07	—	4,480.81
JoDaviess	251,032.48	150,205.46	9,016.73	80,070.97	—	11,739.32
Kane	14,118,925.59	11,010,211.97	566,672.89	216,628.72	134,755.78	2,190,656.23
Kankakee	540,251.62	139,319.54	17,868.76	148,160.71	—	234,902.61
Kendall	722,152.06	638,399.65	20,206.87	19,098.87	—	44,446.67
Lake	33,008,959.87	26,314,721.34	676,999.91	203,618.38	158,799.98	5,654,820.26
Lee	33,221.55	5,998.76	411.12	15,067.32	—	11,744.35
Logan	153,751.15	70,222.60	10,324.23	54,428.47	—	18,775.85
McDonough	76,222.97	—	2,029.97	66,999.87	—	7,193.13
McHenry	14,793,479.86	10,941,957.37	1,035,680.36	439,657.21	—	2,376,184.92
Macoupin (1)	0.00	—	—	—	—	—
Marion	215,105.25	27,748.08	3,222.93	18,248.67	155,738.27	10,147.30
Menard	275,503.00	168,860.00	452.00	66,421.00	—	39,770.00
Monroe	147,721.39	82,723.19	197.07	39,944.99	—	24,856.14
Morgan	322,272.45	233,419.36	54,416.52	30,741.20	—	3,695.37
Randolph	183,593.69	33,008.29	95,584.94	51,820.87	—	3,179.59
Sangamon	2,102,954.73	1,854,163.28	37,570.38	100,295.58	24,559.13	86,366.36
Shelby	1,086.96	—	—	—	—	1,086.96
Schuyler	120,470.00	49,368.00	2,529.00	12,523.00	56,050.00	—
Stephenson	932,985.24	269,054.00	23,665.00	213,869.50	—	426,396.74
Tazewell	161,428.97	23,739.96	55,296.49	28,926.23	15,765.99	37,700.30
Union	262,995.00	80,921.00	39,742.00	14,621.00	118,549.00	9,162.00
Washington	28,385.00	10,734.00	2,201.00	1,023.00	4,993.00	9,434.00
Will	28,147,864.09	19,344,912.70	620,449.57	894,231.79	3,844,618.64	3,443,651.39
Williamson	907,652.70	641,166.12	56,325.92	—	198,615.80	11,544.86
Winnebago	1,876,510.00	1,312,985.51	1,590.20	73,315.78	197,008.00	291,610.51

Information in this table was obtained from the county clerks' offices.

(1) Information was not available from the county.

Tennessee Valley Authority

The Tennessee Valley Authority (TVA) makes annual payments instead of property taxes each year for its Illinois coal reserves. Federal law provides that 5 percent of the TVA's gross proceeds from the previous year's sale of power be divided among the states in which it owns property.

The state retains 30 percent for its General Revenue Fund and distributes the remainder to the three counties (Franklin, Hamilton, and Jefferson) in which the TVA owns property based on the value of that property. Illinois received \$228,229 in FY 2001.

Table 41: TVA Payments

County	FY 2001
Franklin	\$ 75,842
Hamilton	66,227
Jefferson	17,691
Total paid to counties	\$ 159,760
State of Illinois	
General Revenue Fund	\$ 68,469
Total TVA payments	\$ 228,229

Stipends and Reimbursements

Assessor training stipends — The department awards \$500 per year to any chief county assessment officer (CCAO), assessor, or board of review member who has been awarded a Certified Illinois Assessing Officers certificate from the Illinois Property Assessment Institute. The department also awards \$500 per year to any CCAO, assessor, or board of review member who has earned a Certified Assessment Evaluator certificate from the International Association of Assessing Officers. In addition, the department awards \$250 per year to any CCAO, assessor, or board of review member who has been awarded a Residential Evaluation Specialist, Assessment Administration Specialist, or Cadastral Mapping Specialist certificate by the International Association of Assessing Officers, but who has not been awarded a Certified Assessment Evaluator certificate. To continue to be eligible for additional compensation, an assessor or board of review member must successfully complete a minimum number of qualified continuing education classes.

Assessor performance stipends — Any assessor other than in Cook County or any chief county assessing officer other than in Cook or St. Clair counties may petition the department each year to receive additional compensation of \$3,000 based on performance. To receive additional compensation, the official's assessment jurisdiction must meet certain criteria pertaining to the median level of assessments and the uniformity of assessments.

Chief County Assessment Officer (CCAO) salary reimbursements — Each month the department will reimburse a county 50 percent of the salary the county paid to its CCAO for the preceding month if the department determines that the total assessed value of property in the county is between $31\frac{1}{3}$ percent and $35\frac{1}{3}$ percent of the total fair cash value of property in the county.

County treasurer stipends — The department pays each county treasurer a stipend per year.

Real Estate

Taxes and Programs

Table 42: FY 2001 Stipends and Reimbursements

County	Assessor Training Stipend	Assessor Performance Stipends	S of A Salary Reimbursement	County Treasurer Stipends	County	Assessor Training Stipend	Assessor Performance Stipends	S of A Salary Reimbursement	County Treasurer Stipends
Adams	\$ 3,500.00	\$ 0.00	\$ 19,602.30	\$ 6,430.11	Lee	\$ 6,250.00	\$ 6,000.00	\$ 21,192.00	\$ 6,500.00
Alexander	500.00	0.00	15,307.56	6,500.00	Livingston	4,000.00	6,000.00	23,544.37	6,500.00
Bond	500.00	0.00	19,100.04	6,500.00	Logan	2,500.00	6,000.00	15,750.06	6,500.00
Boone	8,000.00	15,000.00	23,594.76	6,500.00	Macon	9,750.00	0.00	23,058.00	6,500.00
Brown	2,500.00	0.00	12,836.28	6,500.00	Macoupin	1,500.00	0.00	17,767.86	6,500.00
Bureau	4,500.00	3,000.00	18,325.02	6,500.00	Madison	23,500.00	0.00	23,537.52	6,500.00
Calhoun	500.00	3,000.00	11,942.76	6,500.00	Marion	2,500.00	0.00	19,412.52	6,500.00
Carroll	3,500.00	0.00	16,750.00	6,500.00	Marshall	2,000.00	0.00	15,048.15	6,500.00
Cass	2,000.00	0.00	16,270.77	6,500.00	Mason	1,500.00	0.00	20,799.96	6,500.00
Champaign	13,250.00	30,000.00	23,499.96	6,500.00	Massac	1,000.00	0.00	14,900.04	6,500.00
Christian	3,000.00	9,000.00	20,200.68	6,500.00	McDonough	5,000.00	6,000.00	15,316.08	6,500.00
Clark	1,500.00	0.00	14,293.80	6,500.00	McHenry	13,500.00	33,000.00	35,687.70	6,500.00
Clay	1,000.00	0.00	18,945.00	6,500.00	McLean	13,000.00	3,000.00	23,574.72	6,500.00
Clinton	5,000.00	18,000.00	19,641.67	6,500.00	Menard	500.00	0.00	17,669.55	6,500.00
Coles	3,000.00	0.00	21,050.04	6,500.00	Mercer	2,500.00	0.00	16,249.92	6,500.00
Cook	49,000.00	0.00	0.00	6,500.00	Monroe	1,000.00	3,000.00	22,890.24	6,500.00
Crawford	2,500.00	0.00	17,000.04	6,500.00	Montgomery	5,000.00	0.00	17,605.98	6,500.00
Cumberland	1,500.00	3,000.00	14,499.96	6,500.00	Morgan	3,000.00	3,000.00	18,437.46	6,500.00
DeKalb	8,000.00	30,000.00	30,807.42	6,500.00	Moultrie	3,000.00	18,000.00	17,812.56	6,500.00
DeWitt	1,500.00	12,000.00	17,797.98	6,500.00	Ogle	6,500.00	21,000.00	23,525.64	6,500.00
Douglas	5,500.00	6,000.00	19,375.02	6,500.00	Peoria	13,000.00	0.00	33,610.39	6,500.00
DuPage	28,500.00	30,000.00	46,765.51	6,500.00	Perry	1,000.00	0.00	16,632.48	6,500.00
Edgar	4,000.00	0.00	18,870.57	6,500.00	Piatt	3,000.00	6,000.00	17,524.98	6,500.00
Edwards	500.00	0.00	13,770.90	6,500.00	Pike	3,000.00	0.00	14,535.00	6,500.00
Effingham	4,000.00	3,000.00	20,875.02	6,500.00	Pope	0.00	0.00	17,100.00	6,500.00
Fayette	2,500.00	0.00	19,837.56	6,500.00	Pulaski	500.00	0.00	13,179.96	6,500.00
Ford	2,500.00	15,000.00	19,500.00	6,500.00	Putnam	1,000.00	0.00	13,632.00	6,500.00
Franklin	2,500.00	0.00	16,522.56	6,500.00	Randolph	1,000.00	0.00	19,805.04	6,500.00
Fulton	5,500.00	0.00	16,875.00	6,500.00	Richland	1,000.00	0.00	15,582.00	6,500.00
Gallatin	1,000.00	0.00	14,855.04	6,500.00	Rock Island	12,000.00	0.00	20,712.60	6,500.00
Greene	2,000.00	0.00	14,505.00	6,500.00	Saline	3,000.00	15,000.00	23,083.98	6,500.00
Grundy	1,500.00	3,000.00	26,644.32	6,500.00	Sangamon	12,000.00	0.00	25,164.96	6,500.00
Hamilton	1,000.00	0.00	12,999.96	6,500.00	Schuyler	1,000.00	0.00	16,039.98	6,500.00
Hancock	3,500.00	0.00	17,406.78	6,500.00	Scott	1,000.00	0.00	13,914.30	6,500.00
Hardin	500.00	0.00	10,406.52	6,500.00	Shelby	3,000.00	0.00	0.00	6,500.00
Henderson	500.00	0.00	13,862.28	6,500.00	St. Clair	7,500.00	0.00	0.00	6,500.00
Henry	5,000.00	0.00	25,601.28	6,500.00	Stark	1,000.00	9,000.00	13,675.02	6,500.00
Iroquois	8,500.00	6,000.00	19,750.02	6,500.00	Stephenson	4,500.00	12,000.00	21,203.76	6,500.00
Jackson	3,000.00	0.00	23,250.00	6,500.00	Tazewell	6,000.00	0.00	22,500.66	6,500.00
Jasper	2,000.00	0.00	17,500.08	6,500.00	Union	1,000.00	0.00	20,994.67	6,500.00
Jefferson	3,000.00	3,000.00	21,729.72	6,500.00	Vermillion	7,250.00	0.00	19,925.04	6,500.00
Jersey	1,500.00	6,000.00	17,717.52	6,500.00	Wabash	500.00	0.00	15,419.64	6,500.00
Jo Daviess	3,500.00	0.00	19,545.00	6,500.00	Warren	1,500.00	0.00	14,750.04	6,500.00
Johnson	1,000.00	0.00	19,112.52	6,500.00	Washington	3,500.00	0.00	17,000.04	6,500.00
Kane	19,000.00	33,000.00	32,250.00	6,500.00	Wayne	1,500.00	0.00	14,657.52	6,500.00
Kankakee	8,000.00	0.00	25,313.28	6,500.00	White	1,000.00	0.00	19,617.36	6,500.00
Kendall	3,000.00	15,000.00	28,602.54	6,500.00	Whiteside	5,500.00	0.00	24,826.80	6,500.00
Knox	5,500.00	0.00	20,049.00	6,500.00	Will	21,500.00	39,000.00	40,830.24	6,500.00
Lake	28,750.00	27,000.00	57,833.92	6,500.00	Williamson	1,000.00	0.00	20,636.04	6,500.00
LaSalle	5,500.00	3,000.00	26,952.46	6,500.00	Winnebago	18,500.00	21,000.00	28,282.20	6,500.00
Lawrence	1,500.00	0.00	4,933.32	6,500.00	Woodford	3,000.00	0.00	13,325.72	6,500.00
					Total	\$ 526,750.00	\$ 480,000.00	\$ 1,986,621.49	\$ 662,930.11

Real Estate Transfer Tax

Statutory Reference

35 ILCS 200/31-1 to 31-70

Definition

The tax is imposed on the privilege of transferring title to real estate or a beneficial interest in a land trust in Illinois. If the property transferred remains subject to an existing mortgage, only the owner's equity (not the amount of the mortgage outstanding) is included in the base for computing the tax.

The recorder of deeds or registrar of titles in each county collects the tax through the sale of revenue stamps which counties purchase from the Department of Revenue. The same stamp may also provide evidence of the payment of a county real estate transfer tax.

The state rate is 50 cents for each \$500 of value. Counties may impose a tax of 25 cents per \$500 of value on real estate transactions. Home rule units of government may also impose an additional real estate transfer tax.

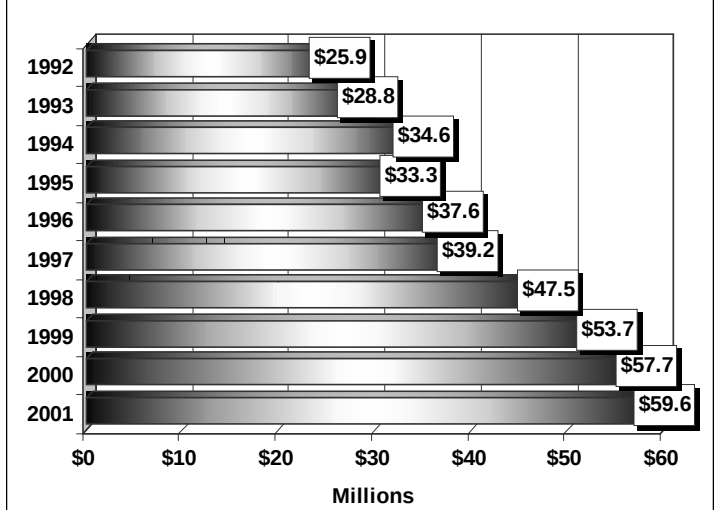
Distribution

Collections are deposited as follows: 50 percent into the Illinois Affordable Housing Trust Fund; 35 percent into the Open Space Lands Acquisition and Development Fund; and 15 percent into the Natural Areas Acquisition Fund.

Table 43: Real Estate Transfer Tax Rate History

Effective date	Rate
January 1, 1968	50 cents per \$500 of value *
May 17, 1979	25 cents per \$500 of value * (state)
May 17, 1979	25 cents per \$500 of value * (counties)
September 15, 1989	50 cents per \$500 of value * (state)
* or fraction thereof	

Graph 37: Real Estate Transfer Tax Collections



Real Estate

Taxes and Programs

Table 44: Real Estate Stamp Sales by County

County	FY 1998	FY 1999	FY 2000	FY 2001	County	FY 1998	FY 1999	FY 2000	FY 2001
Adams	\$ 129,000	\$ 144,000	\$ 154,000	\$ 99,000	Lee	\$ 163,425	\$ 98,825	\$ 76,975	\$ 145,300
Alexander	5,655	8,485	4,530	7,830	Livingston	63,000	72,000	80,001	105,138
Bond	27,020	25,525	26,095	28,580	Logan	62,875	52,138	35,000	70,000
Boone	111,789	219,011	135,548	180,196	Macon	225,000	270,000	265,000	275,000
Brown	11,915	8,010	6,434	6,430	Macoupin	61,500	109,000	78,950	70,725
Bureau	80,000	80,000	88,000	72,000	Madison	560,028	744,787	806,707	700,002
Calhoun	10,335	9,300	6,060	9,025	Marion	55,000	55,813	49,000	52,000
Carroll	46,650	49,047	53,938	51,727	Marshall	29,360	29,306	32,680	43,122
Cass	20,487	15,245	20,909	24,190	Mason	29,025	16,550	38,200	36,250
Champaign	430,500	420,000	450,000	520,000	Massac	21,750	20,045	16,586	12,580
Christian	110,580	60,000	60,000	60,000	McDonough	57,000	55,905	55,000	55,000
Clark	28,740	37,985	27,620	24,236	McHenry	1,255,000	1,680,000	1,920,000	1,760,000
Clay	20,475	20,785	18,350	20,164	McLean	504,500	667,500	568,000	565,001
Clinton	49,480	50,650	61,105	65,235	Menard	19,190	29,948	26,641	29,640
Coles	110,000	110,000	120,000	60,000	Mercer	35,000	35,000	31,915	35,000
Cook	21,654,487	24,225,284	25,760,893	27,381,085	Monroe	80,004	90,004	90,005	105,000
Crawford	31,167	28,558	32,931	26,093	Montgomery	40,002	49,939	150,737	39,979
Cumberland	20,958	13,521	18,220	17,150	Morgan	85,000	68,000	95,000	80,000
DeKalb	280,000	280,000	315,000	360,000	Moultrie	33,827	23,132	37,288	28,889
DeWitt	35,135	37,800	51,800	40,000	Ogle	139,550	164,950	157,964	305,725
Douglas	50,065	37,750	42,105	38,270	Peoria	435,060	467,501	473,850	463,350
DuPage	6,389,732	6,389,350	6,860,000	6,800,000	Perry	24,955	31,800	23,090	26,373
Edgar	34,273	46,223	43,721	38,873	Piatt	40,155	39,407	50,091	53,210
Edwards	8,810	6,562	7,663	7,508	Pike	42,138	27,993	40,605	51,073
Effingham	59,765	80,948	67,218	66,178	Pope	8,425	2,995	8,876	4,190
Fayette	41,655	26,850	33,270	31,340	Pulaski	6,260	7,060	7,626	4,003
Ford	36,145	26,431	34,380	33,045	Putnam	17,115	15,300	24,460	17,525
Franklin	39,878	35,000	50,001	40,001	Randolph	35,895	37,243	139,189	83,301
Fulton	60,000	50,000	80,001	80,000	Richland	26,044	24,003	22,784	21,892
Gallatin	17,120	7,800	8,124	18,973	Rock Island	365,000	330,000	263,761	329,824
Greene	12,000	20,000	22,000	22,535	St. Clair	503,988	545,285	607,136	555,752
Grundy	141,162	139,221	213,756	154,099	Saline	32,845	34,263	34,875	27,258
Hamilton	20,330	15,955	9,465	8,483	Sangamon	576,710	644,527	534,177	510,732
Hancock	34,207	31,460	38,730	31,453	Schuyler	7,885	15,108	16,038	19,058
Hardin	4,804	5,451	7,636	4,341	Scott	9,914	13,134	8,194	8,233
Henderson	14,981	10,125	9,275	14,525	Shelby	53,527	36,271	40,526	43,223
Henry	102,045	108,940	104,190	103,465	Stark	13,434	12,855	15,797	16,197
Iroquois	75,000	75,000	75,000	85,000	Stephenson	108,450	100,017	117,796	104,791
Jackson	72,000	80,000	98,542	73,710	Tazewell	265,000	300,000	390,000	345,000
Jasper	18,945	11,010	218,298	17,055	Union	20,703	20,783	18,176	21,071
Jefferson	60,003	60,003	60,002	40,000	Vermilion	121,400	136,200	157,805	130,000
Jersey	35,000	40,000	36,000	46,000	Wabash	22,940	17,590	17,215	17,454
Jo Daviess	245,425	84,700	255,613	109,300	Warren	39,084	32,106	38,522	35,300
Johnson	18,424	18,532	13,104	18,365	Washington	27,563	41,486	27,275	25,825
Kane	1,945,749	2,644,013	2,741,424	3,023,722	Wayne	26,181	22,722	23,823	18,249
Kankakee	240,000	240,000	280,000	260,000	White	19,162	22,063	19,065	21,694
Kendall	259,694	340,403	447,478	528,387	Whiteside	90,000	120,000	130,000	80,000
Knox	100,000	110,000	90,000	90,000	Will	2,767,649	3,390,228	3,999,072	4,264,741
Lake	4,089,197	5,038,410	4,848,122	5,440,000	Williamson	89,187	98,461	106,280	108,540
LaSalle	240,000	285,000	376,000	349,961	Winnebago	700,000	700,000	800,000	800,000
Lawrence	15,755	22,355	20,273	19,108	Woodford	58,720	87,616	82,665	106,333
					Total	\$ 47,141,957	\$ 53,637,548	\$ 57,453,233	\$ 59,475,171

Disbursements to Local Governments

Table 45: Taxes Disbursed to Local Governments

Section 1: Taxes Collected for Local Governments ⁽¹⁾	FY 1999	FY 2000	FY 2001
Automobile Renting Taxes			
1 County Automobile Renting Tax	87,839	82,814	78,203
2 MPEA Automobile Renting Tax	24,865,908	26,043,707	26,945,368
3 Municipal Automobile Renting Tax	5,257,699	5,556,834	5,715,746
A. Total Automobile Renting Taxes	\$ 30,211,446	\$ 31,683,355	\$ 32,739,317
B. Chicago Soft Drink Tax	\$ 7,043,114	\$ 7,487,522	\$ 7,953,705
C. County Motor Fuel Tax	\$ 25,770,627	\$ 27,132,259	\$ 26,983,326
D. County Water Commission Tax ⁽²⁾	\$ 31,900,065	\$ 33,847,785	\$ 33,615,413
Home Rule and Non-home Rule Taxes ⁽³⁾			
1 Chicago Home Rule Vehicle Use Tax	22,351,026	24,992,740	24,786,163
2 County Home Rule	253,889,914	268,646,063	279,511,401
3 Municipal Home Rule	330,846,919	364,013,835	379,927,819
4 Municipal Non-home Rule	2,558,675	2,699,861	2,638,254
E. Total Home Rule and Non-home Rule Taxes	\$ 609,646,534	\$ 660,352,499	\$ 686,863,637
Hotel Taxes			
1 Illinois Sport Facilities Tax ⁽⁴⁾	14,537,787	25,708,565	27,222,223
2 MPEA Hotel Tax	27,452,548	29,971,464	31,736,059
3 Municipal Hotel Tax	11,383,882	12,985,447	13,750,046
F. Total Hotel Taxes	\$ 53,374,217	\$ 68,665,476	\$ 72,708,328
Mass Transit District Sales and Use Taxes			
1 RTA	472,731,068	506,053,815	519,184,837
2 MED	20,642,627	22,421,618	22,737,679
3 RTA Motor Fuel Sales/Use Tax ⁽⁵⁾	0	12,528	0
G. Total Mass Transit District Sales and Use Taxes	\$ 493,373,695	\$ 528,487,961	\$ 541,922,516
H. MPEA Food and Beverage Tax	\$ 19,268,700	\$ 21,062,415	\$ 23,106,600
Replacement Vehicle Taxes			
1 County Replacement Vehicle	326	226	258
2 Municipal Replacement Vehicle	38,599	46,950	45,458
I. Total Replacement Vehicle Taxes	\$ 38,925	\$ 47,176	\$ 45,716
J. Tennessee Valley Authority (TVA)	\$ 137,010	\$ 154,687	\$ 159,760
K. Special County ROT for Public Safety	\$ 6,111,963	\$ 15,242,091	\$ 18,275,098
Total Section 1: Taxes Collected for Local Governments (A+B+C+D+E+F+G+H+I+J+K)	\$ 1,276,876,296	\$ 1,394,163,226	\$1,444,373,416

Disbursements to Local Governments

Table 45: Taxes Disbursed to Local Governments (continued)

Section 2: Revenue-sharing with Local Governments	FY 1999	FY 2000	FY 2001
Gaming Taxes			
1 Charitable Games	58,450	49,550	49,160
2 Pull Tabs and Jar Games	1,339,898	1,350,203	1,320,204
A. Total Gaming Taxes	\$ 1,398,348	\$ 1,399,753	\$ 1,369,364
Fund Transfers to Local Governments			
1 Income Tax (LGDF)	834,885,821	892,526,660	903,539,363
2 Photoprocessing (LGDF)	23,835,167	25,597,857	25,267,839
3 Local Share of Use Tax (State and Local Sales Tax Reform Fund)			
<i>Build Illinois</i>	37,800,000	37,800,000	37,800,000
<i>City of Chicago (Chicago Use Tax)</i>	38,832,054	42,102,980	41,935,443
<i>Metro-East Public Transportation Fund</i>	1,164,962	1,263,139	1,258,063
<i>Local Use Tax (subsequently deposited into the LGDF)</i>	96,947,226	108,303,074	107,715,967
<i>RTA Occupation and Use Tax Replacement Fund</i>	19,469,430	21,249,529	21,089,120
Total Local Share of Use Tax	194,213,672	210,718,722	209,798,593
4 Sales Tax Transfers for Local Transportation			
<i>Public Transportation Fund</i>	149,862,170	160,164,660	164,329,470
<i>Downstate Public Transportation Fund</i>	32,457,773	35,065,917	37,798,346
<i>Metro-East Public Transportation Fund</i>	14,247,691	15,509,521	14,954,917
Total Sales Tax Transfers for Local Transportation	196,567,634	210,740,098	217,082,733
B. Total Fund Transfers to Local Governments	\$ 1,249,502,294	\$ 1,339,583,337	\$ 1,355,688,528
Local Share of Sales and Use Taxes			
1 Cook County Share of State Taxes ⁽²⁾	102,456,696	109,187,314	112,233,903
2 County Share of State Taxes ⁽²⁾	48,558,494	50,713,891	51,112,504
3 Countywide Share of State Taxes ⁽²⁾	155,126,789	167,570,136	168,836,788
4 Municipal Share of State Taxes ⁽²⁾	1,166,732,063	1,257,167,935	1,276,961,158
C. Total Local Share of Sales and Use Taxes	\$ 1,472,874,042	\$ 1,584,639,276	\$ 1,609,144,353
Motor Fuel Taxes (Collected by IDOR and Distributed by IDOT)			
1 Counties	174,572,006	200,400,000	212,317,355
2 Municipalities	244,829,634	281,100,000	297,726,491
3 Townships	79,233,053	91,000,000	96,320,159
D. Total Motor Fuel Taxes	\$ 498,634,693	\$ 572,500,000	\$ 606,364,005
E. Replacement Taxes	\$ 957,643,485	\$ 1,041,563,463	\$ 1,006,863,634
F. Tax Increment Financing Districts	\$ 15,761,401	\$ 16,945,826	\$ 16,781,564
Total Section 2: Revenue-sharing with Local Governments (A+B+C+D+E+F)	\$ 4,195,814,263	\$ 4,556,631,655	\$ 4,596,211,448
Disbursements Grand Total (Section 1 + Section 2)	\$ 5,472,690,559	\$ 5,950,794,881	\$ 6,040,584,864

- (1) The amount disbursed may not agree with collection figures reported in Table 1 because these amounts may include interest or advance payments or are net of any statutory administrative fees.
(2) Excludes hardship refunds.
(3) Amounts include any interest or advance payments
(4) Payments exclude \$8 million dollar advance to the authority from the General Revenue Fund.
(5) The tax was discontinued October 31, 1979.

Taxes

Collected for Local Governments

Automobile Renting Occupation and Use Taxes

Statutory References

County Automobile Renting Occupation Tax 55 ILCS 5/5-1032; County Automobile Renting Use Tax, 55 ILCS 5/5-1033; Metro-East Mass Transit District (MED) Automobile Renting Occupation Tax, 70 ILCS 3610/5.02; Metro-East Mass Transit District (MED) Automobile Renting Use Tax, 70 ILCS 3610/5.02; Metropolitan Pier and Exposition Authority (MPEA) Automobile Renting Occupation Tax, 70 ILCS 210/13(d); Metropolitan Pier and Exposition Authority (MPEA) Automobile Renting Use Tax, 70 ILCS 210/13(e); Municipal Automobile Renting Occupation Tax, 65 ILCS 5/8-11-7; Municipal Automobile Renting Use Tax, 65 ILCS 5/8-11-8; Regional Transportation Authority (RTA) Automobile Renting Occupation Tax, 70 ILCS 3615/4.03.1; Regional Transportation Authority (RTA) Automobile Renting Use Tax, 70 ILCS 3615/4.03.1

Definition

Local governments may impose automobile renting taxes on the same base as that used for the state automobile renting occupation and use taxes.

County and municipal governments and the Metro-East Mass Transit District (MED) may impose taxes of up to 1 percent.

The Regional Transportation Authority (RTA) may levy such taxes at a rate not to exceed 1 percent in Cook County or 0.25 percent in DuPage, Kane, Lake, McHenry, and Will counties.

The Metropolitan Pier and Exposition Authority (MPEA) imposes a 6 percent tax on automobiles rented within Cook County.

Local occupation and use taxes on automobile rentals were authorized in 1982. At the end of FY 99, 261 municipal and 4 county governments had imposed the taxes. The MPEA automobile renting tax became effective October 1, 1992.

Distribution

Collections, minus an administrative fee of 1.6 percent for municipalities and 2 percent for counties, are distributed monthly to municipalities and counties. Collections are certified to the state treasurer for distribution to the MPEA; no administrative fee is retained.

Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax

Statutory Reference

65 ILCS 5/8-11-6b

Definition

The Chicago Home Rule Municipal Soft Drink Occupation Tax is imposed on persons who sell canned or bottled soft drinks at retail in Chicago. "Soft drinks" include (but are not limited to)

- soda water,
- carbonated water,
- colas, and
- drinks containing less than 50 percent natural fruit or vegetable juice.

Effective April 1, 1994, the rate is 3 percent of gross receipts from soft drinks sold at retail.

Distribution

Collections, minus a 2 percent administrative fee, are distributed monthly to Chicago based on sales of soft drinks occurring in the municipality.

County Motor Fuel Tax

Statutory Reference

55 ILCS 5/5-1035.1

Definition

DuPage, Kane, and McHenry counties may impose a tax on the retail sale of motor fuel at a rate not exceeding 4 cents per gallon. DuPage and McHenry counties levy the tax at the maximum rate, while Kane County imposes the tax at 2 cents per gallon.

The County Motor Fuel Tax Law was enacted in 1989. DuPage County approved its ordinance in January 1990, Kane County in June 1991, and McHenry County in August 1991.

Distribution

Collections and earned interest, minus an administrative fee not to exceed 2 percent of the previous year's receipts, are distributed monthly to the three counties imposing the tax.

County Water Commission Taxes

Statutory Reference

70 ILCS 3720/4

Definition

The County Water Commission Tax of 0.25 percent is imposed on sales of general merchandise within the boundaries serviced by the County Water Commission (most of DuPage County and certain municipalities in Cook and Will Counties). A "use" tax is also imposed at the same rate.

Legislation creating water commission districts became effective in 1985. DuPage County imposed its water commission tax on July 1, 1986.

Distribution

Collections are distributed monthly to the County Water Commission.

Home Rule and Non-home Rule Sales and Use Taxes

Statutory References

Home Rule County Retailers' Occupation Tax, 55 ILCS 5/5-1006; Home Rule County Service Occupation Tax, 55 ILCS 5/5-1007; Home Rule Municipal Retailers' Occupation Tax, 65 ILCS 5/8-11-1 and 65 ILCS 5/8-11-1.6 (non-home rule provisions); Home Rule Municipal Service Occupation Tax, 65 ILCS 5/8-11-5

Definition

Home rule units of local government are authorized to impose a **home rule sales tax** (in 0.25 percent increments) to be collected by the department. The tax is imposed on the same general merchandise base as the state sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs and medical appliances.

Certain non-home rule units of local government are authorized to impose a **non-home rule sales tax** (in 0.25 percent increments) to be collected by the department. The tax is imposed on the same general merchandise base as the state sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes), and qualifying food, drugs and medical appliances.

The department administers the 1 percent **Chicago Home Rule Use Tax** on automobiles and other titled or registered items sold by dealers located in the counties of Cook, Kane, Lake, McHenry, DuPage, and Will selling items that will be registered to an address within the corporate limits of Chicago.

Before Illinois Sales Tax Reform, most municipalities imposing a home rule sales tax did so at a 1 percent rate. However, some home rule units imposed only partial taxes by "capping" the amount taxed. The department did not collect these sales taxes.

New home rule provisions became effective with the enactment of Sales Tax Reform. The department began collecting home rule sales taxes on September 1, 1990. Effective September 1, 1991, home rule units could no longer impose a sales tax on qualifying food, drugs, and medical appliances. However, home rule units could continue to impose and collect their own excise taxes on utilities, hotels and motels, real estate transfers, restaurants, alcohol and cigarettes, and use tax on titled or registered tangible personal property such as vehicles, watercraft, aircraft, trailers, and mobile homes.

In FY 92, the department began administering the 1 percent Chicago Home Rule Use Tax on automobiles and other titled items. The department began administering East Peoria's non-home rule sales tax on January 1, 1994.

Distribution

Collections are distributed monthly to the units of local government imposing the tax based on sales occurring within the local government's boundaries. (Chicago Home Rule Use Tax collections, minus a 2% administrative fee, are distributed to Chicago.)

Hotel Taxes Illinois Sports Facilities Tax

Statutory Reference

70 ILCS 3205/19

Definition

The Illinois Sports Facilities Authority imposes a 2 percent of 98 percent tax on gross receipts from hotel operators within the City of Chicago. Receipts from permanent guests (occupants of 30 days or longer) are not taxed. Proceeds are used for the corporate purposes of the authority, including construction costs for the Comiskey Baseball Park.

The Illinois Sports Facilities Tax was enacted in 1988.

Distribution

Collections, minus a 4 percent administrative fee, are distributed monthly to the authority.

Municipal Hotel Tax (Chicago)

Statutory Reference

65 ILCS 5/8-3-13

Definition

Chicago imposes a 1 percent of 99 percent tax on gross hotel receipts in the city. Receipts from permanent guests (occupants of 30 days or longer) are not taxed. Proceeds are used to promote tourism. This tax was enacted in 1967.

Distribution

Collections, minus a 4 percent administrative fee, are distributed monthly to Chicago.

Metropolitan Pier and Exposition Authority (MPEA) Hotel Tax

Statutory Reference

70 ILCS 210/13(c)

Definition

Effective October 1, 1992, the Metropolitan Pier and Exposition Authority (MPEA) imposes a 2.5 percent tax on the gross receipts from hotel operators within the city of Chicago.

Distribution

Collections are certified to the state treasurer for distribution to the MPEA to pay for the expansion of McCormick Place in Chicago.

Table 46: Fiscal Year 2001 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements

Municipality	Tax	Interest	Advanced Payment	Total	Municipality	Tax	Interest	Advanced Payment	Total
Addison	\$ 2,486,496.32	\$ 6,912.53	\$ 5,208.07	\$ 2,498,616.92	Niles	\$ 6,427,296.68	\$ 17,519.65	\$ 54,364.41	\$ 6,499,180.74
Alsip	562,548.03	1,598.42	47,955.36	612,101.81	Normal	3,786,175.68	10,320.63	30,585.00	3,827,081.31
Alton	1,598,920.58	4,431.55	3,461.19	1,606,813.32	Norridge	3,210,939.93	8,632.17	26,324.96	3,245,897.06
Arlington Heights	3,697,326.39	10,144.51	6,488.91	3,713,959.81	Northlake	1,676,165.01	4,572.77	10,656.63	1,691,394.41
Aurora	11,824,039.95	31,759.82	70,542.69	11,926,342.46	Oak Lawn	1,020,820.17	2,797.11	80,463.16	1,104,080.44
Belleville	810,396.71	2,237.55	3,053.64	815,687.90	Oak Park	2,038,596.41	5,518.84	149,449.79	2,193,565.04
Berkeley	46,965.78	61.49	0.00	47,027.27	Palatine	2,062,818.17	5,689.10	12,791.07	2,081,298.34
Berwyn	1,832,884.36	5,107.22	9,712.47	1,847,704.05	Park Ridge	912,078.81	2,554.12	80,670.16	995,303.09
Bloomington	1,967,757.96	5,216.67	0.00	1,972,974.63	Pekin	2,612,467.02	7,175.22	9,696.15	2,629,338.39
Bloomington	9,306,828.98	24,021.30	111,976.78	9,442,827.06	Peoria	13,318,752.45	36,339.37	22,799.87	13,377,891.69
Bolingbrook	4,595,139.43	12,424.69	31,830.27	4,639,394.39	Peoria Heights	334,937.46	927.00	0.00	335,864.46
Buffalo Grove	1,742,856.56	4,416.82	0.00	1,747,273.38	Quincy	3,262,393.80	8,924.66	7,100.63	3,278,419.09
Burbank	1,884,962.02	5,163.38	5,099.56	1,895,224.96	Rock Island	901,287.53	2,461.29	1,613.82	905,362.64
Burnham	46,137.59	125.63	0.00	46,263.22	Rolling Meadows	1,296,711.37	3,860.04	0.00	1,300,571.41
Cahokia	234,610.00	646.91	0.00	235,256.91	Rosemont	2,340,160.34	6,488.20	4,842.75	2,351,491.29
Calumet City	2,759,881.36	7,572.77	13,290.63	2,780,744.76	Sauget	45,068.75	126.47	0.00	45,195.22
Carbondale	3,344,415.04	8,982.06	48,867.99	3,402,265.09	Schaumburg	9,934,370.47	27,330.70	4,367.70	9,966,068.87
Carpentersville	1,378,669.41	3,587.61	3,778.08	1,386,035.10	Sesser	70,907.93	196.68	0.00	71,104.61
Champaign	9,484,916.89	25,834.37	47,893.65	9,558,644.91	Skokie	7,050,865.50	19,249.43	28,437.90	7,098,552.83
Channahon	1,441,494.88	3,688.03	0.00	1,445,182.91	South Barrington	173,289.91	461.29	0.00	173,751.20
Chicago	140,240,099.60	384,657.38	0.00	140,624,756.98	Springfield	13,788,189.92	37,488.94	46,160.86	13,871,839.72
Chicago Ridge	2,415,037.12	6,319.79	6,992.21	2,428,349.12	St. Charles	2,430,288.78	6,559.11	9,194.35	2,446,042.24
Cicero	3,256,448.45	8,894.70	31,412.87	3,296,756.02	Stone Park	162,006.48	451.63	0.00	162,458.11
Danville	3,379,329.16	9,244.58	9,821.64	3,398,395.38	Streamwood	979,771.56	2,674.03	4,334.23	986,779.82
DeKalb	2,082,250.85	5,652.76	10,821.16	2,098,724.77	Sycamore	796,352.44	1,931.76	0.00	798,284.20
Decatur	7,757,098.06	21,242.20	20,162.84	7,798,503.10	Urbana	1,838,207.34	4,996.09	5,245.20	1,848,448.63
Des Plaines	3,846,916.32	10,547.31	84,459.08	3,941,922.71	Washington	838,211.43	2,298.84	64,004.44	904,514.71
Dolton	423,075.30	1,136.97	0.00	424,212.27	Watseka	668,049.71	1,693.78	0.00	669,743.49
East Hazel Crest	33,354.75	99.97	0.00	33,454.72	West Dundee	3,085,886.18	8,239.40	3,177.32	3,097,302.90
East St. Louis	548,913.28	1,546.06	0.00	550,459.34	Wheeling	1,670,180.62	4,526.55	1,646.35	1,676,353.52
Elgin	4,450,588.06	12,395.22	35,251.06	4,498,234.34	Total	\$ 376,997,984.30	\$ 1,025,991.33	\$ 1,903,843.75	\$ 379,927,819.38
Elk Grove Village	3,516,000.28	9,755.65	23,699.81	3,549,455.74	County Home Rule				
Elmhurst	1,502,329.82	4,104.12	1,415.46	1,507,849.40	Cook	\$ 277,504,781.67	\$ 945,881.00	\$ 1,060,738.73	\$ 279,511,401.40
Elmwood Park	809,560.48	2,260.41	5,288.59	817,109.48	Municipal Non-home Rule				
Elwood	8,896.30	11.97	0.00	8,908.27	East Peoria	\$ 2,602,849.32	\$ 35,405.00	\$ 0.00	\$ 2,638,254.32
Evanston	4,038,177.37	11,003.74	192,915.39	4,242,096.50	Chicago Home Rule Vehicle Use Tax				
Evergreen Park	1,237,701.29	3,456.23	1,466.72	1,242,624.24	Chicago	\$ 24,713,818.42	\$ 72,344.67	\$ 0.00	\$ 24,786,163.09
Fairview Heights	1,733,407.34	4,684.28	9,808.68	1,747,900.30	County Public Safety				
Galesburg	2,257,691.05	6,217.13	0.00	2,263,908.18	Boone	902,456.18	0.00	70,337.24	972,793.42
Glendale Heights	1,138,739.66	2,973.45	12,566.70	1,154,279.81	Brown	42,451.23	0.00	0.00	42,451.23
Granite City	1,821,704.87	5,069.01	6,414.52	1,833,188.40	Carroll	203,015.69	0.00	0.00	203,015.69
Gurnee	1,527,158.02	2,127.53	0.00	1,529,285.55	Champaign	3,428,144.09	0.00	151,188.70	3,579,332.79
Hanover Park	878,693.42	2,446.71	8,733.51	889,873.64	Knox	884,870.90	0.00	69,513.14	954,384.04
Harwood Heights	779,045.38	2,118.77	22.98	781,187.13	LaSalle	2,440,578.97	0.00	29,839.05	2,470,418.02
Highland Park	2,023,531.86	5,503.57	15,983.59	2,045,019.02	Marion	468,343.71	0.00	0.00	468,343.71
Hoffman Estates	1,803,688.83	4,682.47	6,439.13	1,814,810.43	McDonough	851,655.91	0.00	0.00	851,655.91
Joliet	12,938,545.21	35,054.74	86,270.07	13,059,870.02	Peoria	4,001,434.23	0.00	9,063.03	4,010,497.26
Lincolnwood	1,355,650.59	3,784.67	112,253.19	1,471,688.45	Pike	175,020.29	0.00	0.00	175,020.29
Marion	2,315,220.57	6,374.43	8,640.65	2,330,235.65	Richland	500,346.98	0.00	0.00	500,346.98
Moline	4,629,963.99	12,689.31	99,449.28	4,742,102.58	Stephenson	1,381,601.78	0.00	6,768.58	1,388,370.36
Monee	317,521.64	877.03	0.00	318,398.67	Vermilion	1,205,815.28	0.00	6,291.77	1,212,107.05
Monmouth	534,215.41	1,429.27	0.00	535,644.68	Woodford	1,336,250.99	0.00	110,109.83	1,446,360.82
Morton Grove	2,923,882.53	7,897.80	18,818.65	2,950,598.98	Total	\$ 17,821,986.23	\$ 0.00	\$ 453,111.34	\$ 18,275,097.57
Mount Prospect	3,130,101.97	8,628.08	10,015.19	3,148,745.24					
Mount Vernon	3,014,884.27	8,165.20	17,634.74	3,040,684.21					
Mundelein	2,236,357.97	6,145.54	0.00	2,242,503.51					
Murphysboro	311,707.14	855.08	0.00	312,562.22					

Mass Transit District Taxes (Metro-East Mass Transit (MED) Taxes and Regional Transportation Authority (RTA) Taxes)

Statutory References

Metro-East Mass Transit District (MED) Retailers' Occupation Tax, 70 ILCS 3610/5.01(b); Metro-East Mass Transit District (MED) Service Occupation Tax, 70 ILCS 3610/5.01(c); Metro-East Mass Transit District (MED) Use Tax, 70 ILCS 3610/5.01(d); Regional Transportation Authority (RTA) Retailers' Occupation Tax, 70 ILCS 3615/4.03; Regional Transportation Authority (RTA) Service Occupation Tax, 70 ILCS 3615/4.03; Regional Transportation Authority (RTA) Use Tax, 70 ILCS 3615/4.03

Definition

The **Regional Transportation Authority (RTA)** is authorized to impose a sales tax in Cook, DuPage, Kane, Lake, McHenry, and Will counties. The **Metro-East Mass Transit District (MED)** imposes a sales tax in parts of Madison and St. Clair counties.

The **RTA** imposes taxes at the following rates:

- 0.75 percent sales tax on general merchandise in Cook County
- 1.00 percent sales tax on qualifying food, drugs, and medical appliances in Cook County
- 0.25 percent sales tax on general merchandise and qualifying food, drugs, and medical appliances in DuPage, Kane, Lake, McHenry, and Will counties

The RTA also receives Cook County's share of 0.25 percent of sales tax revenues disbursed to counties.

The **MED** imposes taxes at the following rates:

- 0.25 percent sales tax on general merchandise and sales of qualifying food, drugs, and medical appliances in Madison County
- 0.75 percent sales tax on general merchandise (excluding items that are titled or registered) and sales of qualifying food, drugs, and medical appliances in St. Clair County
- 0.25 percent sales tax on sales of titled or registered general merchandise in St. Clair County and Madison County

The RTA sales tax on general merchandise became effective November 1, 1979. It replaced the former 5 percent tax on the sale and use of motor fuel, which expired October 31, 1979, when the new sales tax took effect.

The MED ordinances became effective on February 1, 1981. Monroe County rescinded its ordinance effective July 1, 1981.

Distribution

Collections are distributed monthly to each mass transit district based on the sales occurring within the district boundaries.

Table 47: FY 2001 Regional Transportation Authority Payments

RTA Sales Tax		
County	Payment	Percent of total
Cook	\$ 422,883,353.58	66.97%
DuPage	41,200,315.20	6.53%
Kane	11,191,787.39	1.77%
Lake	23,194,263.05	3.67%
McHenry	6,717,274.21	1.06%
Will	11,402,890.24	1.81%
Total	\$ 516,589,883.67	81.81%
Cook County Share of State Taxes (revenue-sharing)		
	\$ 112,233,902.79	17.78%
Advanced Payment		
	\$ 2,594,953.72	0.41%
Total	\$ 631,418,740.18	100.0%
Note: Cook County's total from both its RTA sales tax and its 0.25 percent of the state 6.25 percent rate (County and Mass Transit Fund) is \$535,117,256.37.		

Table 48: FY 2001 Metro-East Mass Transit District Payments

County	Payment	Percent of total
Madison	\$ 6,196,019.32	27.3%
St. Clair	16,541,659.52	72.7%
Total	\$ 22,737,678.84	100.0%

Metropolitan Pier and Exposition Authority Food and Beverage Tax

Statutory Reference

70 ILCS 210/13(b)

Definition

A retailers' occupation tax on the gross receipts from food prepared for immediate consumption, alcoholic beverages, and soft drinks is imposed on sales within Chicago's Metropolitan Pier and Exposition Authority (MPEA) boundaries.

Effective October 1, 1992, the tax rate is 1 percent.

Distribution

Collections, minus a 2 percent administrative fee, are certified to the state treasurer for distribution to the MPEA to pay for the expansion of Chicago's McCormick Place.

Taxes

Collected for Local Governments

Replacement Vehicle Taxes *(County Replacement Vehicle Tax, Municipal Replacement Vehicle Tax)*

Definition

The Counties Code allows Illinois counties to impose a \$50 replacement vehicle tax on any vehicle purchased within the county (but outside any incorporated municipality imposing a replacement vehicle tax) by an insurance company as settlement for a total loss.

The Illinois Municipal Code authorizes Illinois municipalities to impose a replacement vehicle tax of \$50 on any vehicle purchased within the municipality by an insurance company as settlement for a total loss.

Distribution

Collections, minus an administrative fee of 1.6 percent for municipalities and 2 percent for counties are distributed monthly to the municipality or county from which the tax was collected.

Special County Retailers' Occupation Tax for Public Safety

Statutory Reference

55 ILCS 5/5-1006.5

Definition

County governments are authorized to impose, with voter approval, a countywide tax (in 0.25 percent increments) to be collected by the department. The tax is imposed on the same general merchandise base as the state sales tax, excluding titled or registered tangible personal property (such as vehicles, watercraft, aircraft, trailers, and mobile homes) and qualifying food, drugs and medical appliances.

This tax was enacted in July 1995 and was originally limited to counties with a population greater than 180,000 residents. The law was amended in March 1997 to remove the population requirement. Revenues generated must be used exclusively for public safety purposes in the county that imposes the tax.

Distribution

Collections are distributed monthly to the counties imposing the tax and are based on sales occurring in each county.

Revenue-sharing with Local Governments

Gaming Taxes

(Charitable Games Tax and license fees, Pull Tabs and Jar Games Tax and license fees)

Charitable Games Tax — Revenues received from the operator license fees and the 3 percent tax on gross proceeds of charitable games are deposited into the Illinois Gaming Law Enforcement (IGLE) Fund. Two-thirds of the amount deposited into the IGLE Fund is appropriated to the Department of Revenue, the Department of the State Police, and the Office of the Attorney General. The remaining one-third is distributed for law enforcement purposes to municipalities and counties annually in proportion to the number of licenses issued in each municipality or county.

Pull Tab and Jar Games Tax — Revenues received from the operator license fees and the 5 percent tax on gross proceeds of pull tabs and jar games are divided equally between the Common School Fund and the Illinois Gaming Law Enforcement (IGLE) Fund. Two-thirds of the amount deposited into the IGLE Fund is appropriated to the Department of Revenue, the Department of the State Police, and the Office of the Attorney General. The remaining one-third is distributed for law enforcement purposes to municipalities and counties annually in proportion to the number of licenses issued in each municipality or county.

Table 49: Charitable Games Distributions to Municipalities and Counties

Treasurer County	Number of licenses	Allocation	Treasurer Municipality	Number of licenses	Allocation
Cook County Treasurer	1	\$ 242.17	Granite City Treasurer	2	\$ 484.34
DuPage County Treasurer	1	242.17	Harvard City Treasurer	1	242.17
Kankakee County Treasurer	1	242.17	Highland City Treasurer	1	242.17
Lake County Treasurer	2	484.34	Hoffman Estates Village Treasurer	1	242.17
Municipality			Homewood Village Treasurer	1	242.17
Addison Village Treasurer	2	484.34	Itasca Village Treasurer	2	484.34
Albers Village Treasurer	1	242.17	Kankakee City Treasurer	1	242.17
Antioch Village Treasurer	2	484.34	Kaskaskia Village Treasurer	1	242.17
Arlington Heights Treasurer	3	726.51	Kenilworth Village Treasurer	1	242.17
Aurora City Treasurer	2	484.34	Lake Forest City Treasurer	1	242.17
Aviston Village Treasurer	1	242.17	Lake in the Hills Village Treasurer	1	242.17
Belleville City Treasurer	3	726.51	Lake Villa Village Treasurer	2	484.34
Bolingbrook Village Treasurer	1	242.17	LaSalle City Treasurer	1	242.17
Bourbonnais Village Treasurer	1	242.17	Lemont Village Treasurer	1	242.17
Bradley Village Treasurer	1	242.17	Lexington City Treasurer	1	242.17
Breese City Treasurer	1	242.17	Lincoln City Treasurer	1	242.17
Brookfield Village Treasurer	1	242.17	Lincolnshire Village Treasurer	3	726.51
Burbank City Treasurer	2	484.34	Lisle Village Treasurer	2	484.34
Cahokia Village Treasurer	2	484.34	Lockport City Treasurer	2	484.34
Carol Stream Village Treasurer	1	242.17	Lombard Village Treasurer	1	242.17
Cherry Valley Village Treasurer	1	242.17	Long Grove Village Treasurer	1	242.17
City of Chicago	44	10,655.48	McHenry City Treasurer	1	242.17
Cicero Town Treasurer	1	242.17	Macomb City Treasurer	1	242.17
Clarendon Hills Village Treasurer	1	242.17	Madison City Treasurer	1	242.17
Collinsville City Treasurer	1	242.17	Manhattan Village Treasurer	1	242.17
Columbia City Treasurer	1	242.17	Marseilles City Treasurer	1	242.17
Crainville Village Treasurer	1	242.17	Maryville Village Treasurer	1	242.17
Danville City Treasurer	1	242.17	Mokena Village Treasurer	1	242.17
Decatur City Treasurer	1	242.17	Mount Prospect Village Treasurer	1	242.17
Deerfield Village Treasurer	3	726.51	Mount Zion Village Treasurer	1	242.17
Des Plaines City Treasurer	3	726.51	Mundelein Village Treasurer	2	484.34
Edwardsville City Treasurer	1	242.17	Murphysboro City Treasurer	1	242.17
Effingham City Treasurer	2	484.34	Naperville City Treasurer	2	484.34
Elk Grove Village Treasurer	1	242.17	New Berlin Village Treasurer	1	242.17
Evanston Finance Director	2	484.34	New Lenox Village Treasurer	1	242.17
Evergreen Park Village Treasurer	2	484.34	North Aurora Village Treasurer	1	242.17
Flossmoor Village Treasurer	1	242.17	Northbrook Village Treasurer	1	242.17
Fox Lake Village Treasurer	1	242.17	Northfield Village Treasurer	2	484.34
Geneva City Treasurer	2	484.34	North Riverside Village Treasurer	1	242.17
Glenview Village Treasurer	1	242.17	Oakbrook Terrace City Treasurer	2	484.34

Revenue-sharing

with Local Governments

Table 49: Charitable Games Distributions to Municipalities and Counties (continued)

Treasurer Municipality	Number of licenses	Allocation	Treasurer Municipality	Number of licenses	Allocation
Oak Brook Village Treasurer	4	\$ 968.68	Sheldon Village Treasurer	1	\$ 242.17
Oregon City Treasurer	1	242.17	Shiloh Village Treasurer	2	484.34
Ottawa City Treasurer	1	242.17	Skokie Village Treasurer	1	242.17
Palatine Village Treasurer	1	242.17	South Beloit City Treasurer	1	242.17
Palos Heights City Treasurer	1	242.17	Summit Village Treasurer	2	484.34
Park Ridge City Treasurer	1	242.17	Tinley Park Village Treasurer	1	242.17
Pawnee Village Treasurer	1	242.17	Vernon Hills Village Treasurer	1	242.17
Peoria City Treasurer	1	242.17	Waterloo City Treasurer	1	242.17
River Forest Village Treasurer	1	242.17	Wayne City Village Treasurer	1	242.17
Rockford City Comptroller	7	1,695.19	Wheaton City Treasurer	1	242.17
Rolling Meadows City Treasurer	1	242.17	Wheeling Village Treasurer	1	242.17
Roscoe Village Treasurer	1	242.17	Willowbrook Village Treasurer	1	242.17
Rosemont Village Treasurer	6	1,453.02	Willow Springs Village Treasurer	1	242.17
St. Charles City Treasurer	2	484.34	Winnetka Village Treasurer	1	242.17
St. Jacob Village Treasurer	1	242.17	Winthrop Harbor Village Treasurer	1	242.17
Salem City Treasurer	1	242.17	Woodridge Village Treasurer	1	242.17
Schaumburg Village Treasurer	2	484.34	Woodstock City Treasurer	1	242.17
			Total	203	\$ 49,160.51

Table 50: Pull Tabs and Jar Games Distributions to Municipalities and Counties

Treasurer County	Number of licenses	Allocation	Treasurer Municipality	Number of licenses	Allocation
Adams County Treasurer	2	\$ 2,469.98	Aledo City Treasurer	2	\$ 2,469.98
Bond County Treasurer	1	1,234.99	Algonquin Village Treasurer	2	2,469.98
Cass County Treasurer	1	1,234.99	Alsip Village Treasurer	1	1,234.99
Champaign County Treasurer	1	1,234.99	Altamont City Treasurer	1	1,234.99
Clinton County Treasurer	1	1,234.99	Alton City Treasurer	4	4,939.96
Cook County Treasurer	19	23,464.81	Antioch Village Treasurer	2	2,469.98
Cumberland County Treasurer	1	1,234.99	Arlington Heights Treasurer	6	7,409.94
DuPage County Treasurer	7	8,644.93	Aurora City Treasurer	11	13,584.89
Franklin County Treasurer	1	1,234.99	Bartlett Village Treasurer	1	1,234.99
Grundy County Treasurer	1	1,234.99	Bartonville Village Treasurer	1	1,234.99
Henderson County Treasurer	1	1,234.99	Batavia City Treasurer	2	2,469.98
Jackson County Treasurer	2	2,469.98	Beckemeyer Village Treasurer	2	2,469.98
Jefferson County Treasurer	1	1,234.99	Beecher Village Treasurer	1	1,234.99
Kane County Treasurer	11	13,584.89	Belleville City Treasurer	6	7,409.94
Kendall County Treasurer	1	1,234.99	Bellwood Village Treasurer	2	2,469.98
Lake County Treasurer	4	4,939.96	Belvidere City Treasurer	4	4,939.96
LaSalle County Treasurer	5	6,174.95	Bensenville Village Treasurer	2	2,469.98
Lawrence County Treasurer	1	1,234.99	Benton City Treasurer	4	4,939.96
Lee County Treasurer	2	2,469.98	Berwyn City Treasurer	7	8,644.93
Livingston County Treasurer	2	2,469.98	Bethalto Village Treasurer	2	2,469.98
McHenry County Treasurer	2	2,469.98	Bloomington City Treasurer	1	1,234.99
McLean County Treasurer	1	1,234.99	Bloomington City Treasurer	5	6,174.95
Macoupin County Treasurer	3	3,704.97	Blue Island City Treasurer	2	2,469.98
Madison County Treasurer	3	3,704.97	Bolingbrook Village Treasurer	6	7,409.94
Mason County Treasurer	1	1,234.99	Bradley Village Treasurer	3	3,704.97
Monroe County Treasurer	1	1,234.99	Braidwood City Treasurer	1	1,234.99
Peoria County Treasurer	2	2,469.98	Breese City Treasurer	1	1,234.99
Perry County Treasurer	1	1,234.99	Bridgeview Village Treasurer	5	6,174.95
Randolph County Treasurer	1	1,234.99	Brocton Village Treasurer	1	1,234.99
St. Clair County Treasurer	6	7,409.94	Brookfield Village Treasurer	3	3,704.97
Sangamon County Treasurer	2	2,469.98	Burbank City Treasurer	3	3,704.97
Tazewell County Treasurer	3	3,704.97	Bushnell City Treasurer	1	1,234.99
Union County Treasurer	1	1,234.99	Cahokia Village Treasurer	4	4,939.96
Vermilion County Treasurer	2	2,469.98	Cairo City Treasurer	2	2,469.98
Washington County Treasurer	1	1,234.99	Calumet City Treasurer	1	1,234.99
Will County Treasurer	6	7,409.94	Canton City Treasurer	3	3,704.97
Williamson County Treasurer	1	1,234.99	Carbondale City Treasurer	3	3,704.97
Winnebago County Treasurer	3	3,704.97	Carlinville City Treasurer	4	4,939.96
Woodford County Treasurer	3	3,704.97	Carlyle City Treasurer	2	2,469.98
Municipality			Carmi City Treasurer	2	2,469.98
Abingdon City Treasurer	1	1,234.99	Carpentersville Village Treasurer	1	1,234.99
Albion City Treasurer	2	2,469.98	Carrier Mills Village Treasurer	1	1,234.99

Table 50: Pull Tabs and Jar Games Distributions to Municipalities and Counties (continued)

Treasurer Municipality	Number of licenses	Allocation	Treasurer Municipality	Number of licenses	Allocation
Carthage City Treasurer	1	\$ 1,234.99	Granite City Treasurer	14	\$ 17,289.86
Casey City Treasurer	2	2,469.98	Grayslake Village Treasurer	1	1,234.99
Caseyville Village Treasurer	1	1,234.99	Grayville City Treasurer	1	1,234.99
Cedar Point Village Treasurer	1	1,234.99	Greenup Village Treasurer	2	2,469.98
Centralia City Treasurer	4	4,939.96	Gurnee Village Treasurer	1	1,234.99
Champaign City Treasurer	2	2,469.98	Hamilton City Treasurer	1	1,234.99
Channahon Village Treasurer	3	3,704.97	Hanna City Village Treasurer	1	1,234.99
Charleston City Treasurer	4	4,939.96	Harrisburg City Treasurer	5	6,174.95
Chenoa City Treasurer	1	1,234.99	Harvard City Treasurer	2	2,469.98
Cherry Valley Village Treasurer	2	2,469.98	Harvey City Treasurer	2	2,469.98
Chester City Treasurer	5	6,174.95	Harwood Heights Village Treasurer	1	1,234.99
Chicago Heights City Treasurer	6	7,409.94	Havana City Treasurer	1	1,234.99
Chicago Ridge Village Treasurer	3	3,704.97	Hecker Village Treasurer	1	1,234.99
Chillicothe City Treasurer	2	2,469.98	Herrin City Treasurer	4	4,939.96
Christopher City Treasurer	1	1,234.99	Hickory Hills Village Treasurer	2	2,469.98
Cicero Town Treasurer	8	9,879.92	Highland City Treasurer	1	1,234.99
City of Chicago	112	138,318.88	Hillsboro City Treasurer	2	2,469.98
Clinton City Treasurer	2	2,469.98	Hillside Village Treasurer	1	1,234.99
Coal City Village Treasurer	1	1,234.99	Hinsdale Village Treasurer	1	1,234.99
Collinsville City Treasurer	5	6,174.95	Hometown City Treasurer	1	1,234.99
Columbia City Treasurer	2	2,469.98	Hoopeston City Treasurer	1	1,234.99
Crestwood Village Treasurer	1	1,234.99	Huntley Village Treasurer	2	2,469.98
Creve Coeur Village Treasurer	8	9,879.92	Itasca Village Treasurer	1	1,234.99
Cuba City Treasurer	1	1,234.99	Jacksonville City Treasurer	5	6,174.95
Cullom Village Treasurer	1	1,234.99	Jerseyville City Treasurer	3	3,704.97
Danville City Treasurer	1	1,234.99	Joliet City Treasurer	14	17,289.86
Darien City Treasurer	1	1,234.99	Justice Village Treasurer	1	1,234.99
Decatur City Treasurer	11	13,584.89	Kankakee City Treasurer	2	2,469.98
DeKalb City Treasurer	4	4,939.96	Kewanee City Treasurer	3	3,704.97
Des Plaines City Treasurer	5	6,174.95	Kincaid Village Treasurer	3	3,704.97
Dixon City Treasurer	1	1,234.99	Lacon City Treasurer	1	1,234.99
Dolton Village Treasurer	11	13,584.89	LaGrange Park Village Treasurer	1	1,234.99
Downers Grove Village Treasurer	3	3,704.97	LaGrange Village Treasurer	1	1,234.99
DuBois Village Treasurer	2	2,469.98	Lake in the Hills Village Treasurer	1	1,234.99
Dupo Village Treasurer	1	1,234.99	Lake Zurich Village Treasurer	1	1,234.99
DuQuoin City Treasurer	6	7,409.94	LaSalle City Treasurer	5	6,174.95
Dwight Village Treasurer	1	1,234.99	Lawrenceville City Treasurer	3	3,704.97
East Alton Village Treasurer	1	1,234.99	Lemont Village Treasurer	3	3,704.97
East Moline City Treasurer	3	3,704.97	Lexington City Treasurer	1	1,234.99
East Peoria City Treasurer	1	1,234.99	Libertyville Village Treasurer	2	2,469.98
Edgewood Village Treasurer	1	1,234.99	Lincoln City Treasurer	4	4,939.96
Edwardsville City Treasurer	3	3,704.97	Lindenhurst Village Treasurer	1	1,234.99
Effingham City Treasurer	7	8,644.93	Litchfield City Treasurer	3	3,704.97
Elgin City Treasurer	7	8,644.93	Lockport City Treasurer	4	4,939.96
Elk Grove Village Treasurer	1	1,234.99	Lombard Village Treasurer	4	4,939.96
Elmhurst City Treasurer	3	3,704.97	Loves Park City Treasurer	8	9,879.92
Elmwood Park Village Treasurer	1	1,234.99	Lyons Village Treasurer	1	1,234.99
Eureka City Treasurer	2	2,469.98	Machesney Park Village Treasurer	1	1,234.99
Evergreen Park Village Treasurer	2	2,469.98	Macomb City Treasurer	3	3,704.97
Fairbury City Treasurer	1	1,234.99	Macon City Treasurer	1	1,234.99
Fairfield City Treasurer	3	3,704.97	Madison City Treasurer	1	1,234.99
Fairmont City Village Treasurer	1	1,234.99	Manteno Village Treasurer	2	2,469.98
Fairview Heights City Treasurer	2	2,469.98	Marion City Treasurer	3	3,704.97
Farina Village Treasurer	1	1,234.99	Marseilles City Treasurer	2	2,469.98
Farmer City Treasurer	1	1,234.99	Marshall City Treasurer	2	2,469.98
Farmington City Treasurer	1	1,234.99	Maryville Village Treasurer	1	1,234.99
Fayetteville Village Treasurer	1	1,234.99	Mascoutah City Treasurer	2	2,469.98
Flora City Treasurer	5	6,174.95	Matteson Village Treasurer	1	1,234.99
Forest Park Village Treasurer	1	1,234.99	Mattoon City Treasurer	4	4,939.96
Fox Lake Village Treasurer	2	2,469.98	Mazon Village Treasurer	1	1,234.99
Franklin Park Village Treasurer	1	1,234.99	McHenry City Treasurer	1	1,234.99
Freeburg Village Treasurer	1	1,234.99	Melrose Park Village Comptroller	2	2,469.98
Freeport City Treasurer	3	3,704.97	Mendota City Treasurer	2	2,469.98
Galena City Treasurer	1	1,234.99	Metropolis City Treasurer	2	2,469.98
Galesburg City Treasurer	5	6,174.95	Midlothian Village Treasurer	5	6,174.95
Gardner Village Treasurer	1	1,234.99	Milan Village Treasurer	2	2,469.98
Geneseo City Treasurer	1	1,234.99	Millstadt Village Treasurer	4	4,939.96
Genoa City Treasurer	1	1,234.99	Mokena Village Treasurer	1	1,234.99
Germantown Village Treasurer	3	3,704.97	Moline City Treasurer	6	7,409.94
Glendale Heights Village Treasurer	2	2,469.98	Monee Village Treasurer	1	1,234.99
Glenview Village Treasurer	1	1,234.99	Monmouth City Treasurer	3	3,704.97
Godfrey Village Treasurer	1	1,234.99	Montgomery Village Treasurer	1	1,234.99

Revenue-sharing

with Local Governments

Table 50: Pull Tabs and Jar Games Distributions to Municipalities and Counties (continued)

Treasurer Municipality	Number of licenses	Allocation	Treasurer Municipality	Number of licenses	Allocation
Morris City Treasurer	3	\$ 3,704.97	Salem City Treasurer	4	\$ 4,939.96
Morrisonville Village Treasurer	1	1,234.99	Sandwich City Treasurer	1	1,234.99
Morton Grove Village Treasurer	1	1,234.99	Sauk Village Treasurer	1	1,234.99
Morton Village Treasurer	1	1,234.99	Savanna City Treasurer	2	2,469.98
Mount Carmel City Treasurer	6	7,409.94	Savoy Village Treasurer	1	1,234.99
Mount Morris Village Treasurer	1	1,234.99	Schaumburg Village Treasurer	1	1,234.99
Mount Olive City Treasurer	1	1,234.99	Schiller Park Village Treasurer	1	1,234.99
Mount Prospect Village Treasurer	1	1,234.99	Shelbyville City Treasurer	2	2,469.98
Mount Vernon City Treasurer	4	4,939.96	Shiloh Village Treasurer	2	2,469.98
Mount Zion Village Treasurer	9	11,114.91	Sims Village Treasurer	1	1,234.99
Murphysboro City Treasurer	5	6,174.95	Skokie Village Treasurer	1	1,234.99
Naperville City Treasurer	2	2,469.98	Smithton Village Treasurer	1	1,234.99
Neoga City Treasurer	1	1,234.99	South Chicago Hts Village Treasurer	1	1,234.99
New Athens Village Treasurer	1	1,234.99	South Elgin Village Treasurer	2	2,469.98
New Baden Village Treasurer	2	2,469.98	South Roxana Village Treasurer	1	1,234.99
New Lenox Village Treasurer	2	2,469.98	Sparta City Treasurer	4	4,939.96
Newark Village Treasurer	1	1,234.99	Springfield City Treasurer	15	18,524.85
Niles Village Treasurer	2	2,469.98	St. Charles City Treasurer	3	3,704.97
Norridge Village Treasurer	1	1,234.99	St. Jacob Village Treasurer	1	1,234.99
North Aurora Village Treasurer	1	1,234.99	Staunton City Treasurer	2	2,469.98
North Pekin Village Treasurer	1	1,234.99	Steeleville Village Treasurer	1	1,234.99
North Riverside Village Treasurer	2	2,469.98	Steger Village Treasurer	2	2,469.98
Northbrook Village Treasurer	1	1,234.99	Sterling City Treasurer	6	7,409.94
Northlake City Treasurer	4	4,939.96	Stickney Village Treasurer	1	1,234.99
Oak Forest Village Treasurer	2	2,469.98	Streamwood Village Treasurer	4	4,939.96
Oak Lawn Village Treasurer	6	7,409.94	Streator City Treasurer	6	7,409.94
O'Fallon City Treasurer	3	3,704.97	Sugar Grove Village Treasurer	1	1,234.99
Oglesby City Treasurer	1	1,234.99	Sullivan City Treasurer	1	1,234.99
Okawville Village Treasurer	1	1,234.99	Summit Village Treasurer	3	3,704.97
Olney City Treasurer	4	4,939.96	Swansea Village Treasurer	3	3,704.97
Oregon City Treasurer	1	1,234.99	Sycamore City Treasurer	3	3,704.97
Orient Village Treasurer	1	1,234.99	Taylor Springs Village Treasurer	2	2,469.98
Orion Village Treasurer	1	1,234.99	Taylorville City Treasurer	4	4,939.96
Orland Park Village Treasurer	3	3,704.97	Teutopolis Village Treasurer	1	1,234.99
Oswego Village Treasurer	1	1,234.99	Tilton Village Treasurer	1	1,234.99
Ottawa City Treasurer	5	6,174.95	Tinley Park Village Treasurer	4	4,939.96
Palestine City Treasurer	1	1,234.99	Toledo Village Treasurer	1	1,234.99
Palos Hills City Treasurer	1	1,234.99	Trenton City Treasurer	1	1,234.99
Pana City Treasurer	5	6,174.95	Troy City Treasurer	1	1,234.99
Paris City Treasurer	2	2,469.98	Tuscola City Treasurer	1	1,234.99
Pekin City Treasurer	6	7,409.94	Union Village Treasurer	1	1,234.99
Peoria City Treasurer	11	13,584.89	Urbana City Treasurer	2	2,469.98
Peoria Heights Village Treasurer	2	2,469.98	Vandalia City Treasurer	4	4,939.96
Peotone Village Treasurer	1	1,234.99	Villa Grove City Treasurer	1	1,234.99
Peru City Treasurer	7	8,644.93	Villa Park Village Treasurer	7	8,644.93
Pinckneyville City Treasurer	1	1,234.99	Virden City Treasurer	1	1,234.99
Pittsfield City Treasurer	1	1,234.99	Warrenville City Treasurer	1	1,234.99
Plano City Treasurer	2	2,469.98	Washington City Treasurer	1	1,234.99
Pleasant Hill Village Treasurer	1	1,234.99	Waterloo City Treasurer	2	2,469.98
Polo City Treasurer	1	1,234.99	Wauconda Village Treasurer	2	2,469.98
Pontiac City Treasurer	1	1,234.99	Waukegan City Treasurer	5	6,174.95
Pontoon Beach Village Treasurer	1	1,234.99	West Chicago City Treasurer	1	1,234.99
Princeton City Treasurer	2	2,469.98	West Dundee Village Treasurer	1	1,234.99
Quincy City Treasurer	3	3,704.97	West Frankfort City Treasurer	4	4,939.96
Rantoul Village Treasurer	4	4,939.96	Westchester Village Treasurer	4	4,939.96
Red Bud City Treasurer	1	1,234.99	Westville Village Treasurer	2	2,469.98
Reynolds Village Treasurer	1	1,234.99	Wheeling Village Treasurer	1	1,234.99
Ridgway Village Treasurer	1	1,234.99	White Hall City Treasurer	1	1,234.99
River Grove Village Treasurer	3	3,704.97	Wilmette Village Treasurer	1	1,234.99
Riverdale Village Treasurer	1	1,234.99	Wilmington City Treasurer	1	1,234.99
Robinson City Treasurer	3	3,704.97	Winnebago Village Treasurer	1	1,234.99
Rochelle City Treasurer	2	2,469.98	Winthrop Harbor Village Treasurer	1	1,234.99
Rock Falls City Treasurer	4	4,939.96	Wood Dale Village Treasurer	3	3,704.97
Rock Island City Treasurer	10	12,349.90	Wood River City Treasurer	4	4,939.96
Rockdale Village Treasurer	3	3,704.97	Woodridge Village Treasurer	1	1,234.99
Rockford City Comptroller	32	39,519.68	Woodstock City Treasurer	4	4,939.96
Rockton Village Treasurer	1	1,234.99	Worth Village Treasurer	2	2,469.98
Rolling Meadows City Treasurer	2	2,469.98	Wyanet Village Treasurer	1	1,234.99
Roscoe Village Treasurer	1	1,234.99	Yorkville City Treasurer	1	1,234.99
Roselle Village Treasurer	1	1,234.99	Zeigler City Treasurer	3	3,704.97
Round Lake Park Village Treasurer	1	1,234.99	Zion City Treasurer	1	1,234.99
Round Lake Village Treasurer	2	2,469.98	Total	1,069	\$ 1,320,204.31

Fund Transfers to Local Governments

Population-based disbursements (Local Government Distributive Fund and State and Local Sales Tax Reform Fund)

Income Taxes

One-tenth of the net collections (gross collections minus refunds) is distributed to municipal and county governments in proportion to their population as compared to the total state population.

Table 51: Income Tax Revenue-sharing History

Date	Amount
August 1, 1969 - June 30, 1994	1/12 (8.3 percent) and a portion of collections from the 1989 surcharge
July 1, 1994 - June 30, 1995	1/11 (9.1 percent)
July 1, 1995	1/10 (10 percent)

State Sales Tax (Photoprocessing)

The sales tax on photo processing became effective September 1, 1988. A 0.4 percent allocation of state sales tax collections is deposited in the LGDF. As of October 1991, Chicago shares in the distribution to municipalities and counties on the basis of population.

Local Use Tax

The State and Local Sales Tax Reform Fund was established to receive collections generated when the state use tax on general merchandise was increased from 5 percent to 6.25 percent and a 1 percent use tax was imposed on qualifying food, drugs, and medical appliances as part of Sales Tax Reform in 1990.

The "local" share of use tax, 1.25 percent on general merchandise (excluding titled or registered tangible personal property such as vehicles, watercraft, aircraft, trailers, and mobile homes) and 1

percent on qualifying food, drugs, and medical appliances is deposited in the State and Local Sales Tax Reform Fund.

Distribution

Distributions from this fund are made as follows:

- 20 percent to Chicago
- 10 percent to the RTA Occupation and Use Tax Replacement Fund
- 0.6 percent to the Metro-East Public Transportation Fund
- \$37,800,000 annually to the Build Illinois Fund
- the remaining balance is deposited into the LGDF and paid to counties and municipalities with fewer than 1 million residents based on relative share of population.

Table 52: Summary of Income Tax/Sales Tax Distributions to Local Governments

Distribution	FY 2001	Percent of total
Income Tax		
Counties	\$ 121,963,253.26	11.77%
Municipalities	781,576,110.16	75.40%
Subtotal	903,539,363.42	87.17%
Photo Processing		
Counties	3,424,635.28	0.33%
Municipalities	21,843,203.74	2.11%
Subtotal	25,267,839.02	2.44%
Local Use Tax		
Counties	19,090,264.43	1.84%
Municipalities	88,625,702.70	8.55%
Subtotal	107,715,967.13	10.39%
Total	\$ 1,036,523,169.57	100.00%
The total amount distributed is \$90.17 per capita		

Sales Tax Transfers for Local Transportation

(Public Transportation Fund, Downstate Public Transportation Fund, Metro-East Public Transportation Fund)

Qualified municipalities, mass transit districts, and unincorporated areas organized in accordance with the Local Mass Transit District Act are eligible to receive state sales and use taxes collected by the department and transferred to various funds for distribution by the Department of Transportation.

The **Public Transportation Fund**, which receives a transfer of state sales taxes equal to 25 percent of the collections from local RTA taxes, became effective in 1974. The **Downstate Public Transportation Fund**, also established in 1974, includes participants not served by RTA or MED and receives 2/32 of state sales taxes generated within each participant's boundaries (up to an appropriated balance). The **Metro-East Public Transportation Fund**, which replaced the Bi-State Public Transportation Fund in 1989, receives 2/32 of all state sales taxes and transfers from the State and Local Tax Reform Fund.

Distribution

State sales and use tax collections are transferred to the proper fund on the basis of where the taxes were collected. Within MED, 73.3 percent of the amount paid into the fund is distributed to St. Clair County; 26.7 percent goes to Madison County.

Table 53: FY 2001 Sales Tax Transfers for Local Transportation

Fund	Payment	Percent of total
Public Transportation Fund	\$ 164,329,470.18	75.7%
Downstate Public Transportation Fund	37,798,346.47	17.4%
Metro-East Public Transportation Fund	14,954,916.97	6.9%
Total	\$ 217,082,733.62	100.0%

Revenue-sharing

with Local Governments

Table 54: FY 2001 Population-based Distributions of Tax Revenues Shared With Local Governments

County	Unincorporated				Incorporated				Total for county
	Income Tax	Photo-processing	Local Use Tax	Total	Income Tax	Photo-processing	Local Use Tax	Total	
Adams	1,489,481.56	41,732.83	232,800.85	1,764,015.24	3,723,737.03	103,437.20	578,649.01	4,405,823.24	6,169,838.48
Alexander	303,031.34	8,502.55	47,408.33	358,942.22	502,898.97	13,762.77	77,372.96	594,034.70	952,976.92
Bond	418,898.14	12,005.49	66,480.35	497,383.98	745,197.90	20,847.53	116,354.62	882,400.05	1,379,784.03
Boone	1,237,046.28	34,804.69	193,888.91	1,465,739.88	1,528,217.19	43,219.06	240,360.03	1,811,796.28	3,277,536.16
Brown	249,478.57	7,096.56	39,392.62	295,967.75	204,268.73	5,723.08	31,926.55	241,918.36	537,886.11
Bureau	797,615.71	22,013.30	123,409.53	943,038.54	1,930,902.99	53,922.96	301,130.37	2,285,956.32	3,228,994.86
Calhoun	256,298.85	7,133.56	39,880.63	303,313.04	149,203.79	4,116.42	23,080.56	176,400.77	479,713.81
Carroll	521,404.44	14,510.76	81,125.71	617,040.91	763,128.71	21,231.37	118,712.01	903,072.09	1,520,113.00
Cass	305,624.61	8,458.21	47,374.74	361,457.56	723,862.57	20,248.06	113,012.91	857,123.54	1,218,581.10
Champaign	2,670,884.73	74,758.59	417,167.95	3,162,811.27	10,808,573.38	301,171.96	1,683,094.40	12,792,839.74	15,955,651.01
Christian	753,156.16	21,094.89	117,688.48	891,939.53	1,885,744.46	52,537.37	293,619.52	2,231,901.35	3,123,840.88
Clark	588,028.40	16,501.53	92,004.23	696,534.16	636,932.85	17,786.08	99,327.07	754,046.00	1,450,580.16
Clay	508,252.60	14,129.19	79,021.00	601,402.79	601,164.86	16,769.49	93,682.87	711,617.22	1,313,020.01
Clinton	984,938.79	27,521.68	153,662.48	1,166,122.95	1,637,916.55	45,732.08	255,404.55	1,939,053.18	3,105,176.13
Coles	789,831.59	22,161.58	123,567.36	935,560.53	3,170,619.67	88,366.56	493,798.41	3,752,784.64	4,688,345.17
Cook	7,660,976.34	215,929.46	1,202,191.28	9,079,097.08	387,450,939.63	10,824,598.44	27,115,602.29	425,391,140.36	434,470,237.44
Crawford	709,646.63	19,814.01	110,656.14	840,116.78	851,213.18	23,652.13	132,301.81	1,007,167.12	1,847,283.90
Cumberland	460,411.29	12,900.97	71,964.59	545,276.85	359,577.11	10,026.77	56,021.50	425,625.38	970,902.23
DeKalb	1,180,373.42	33,064.01	184,458.01	1,397,895.44	4,992,396.00	140,315.24	781,934.02	5,914,645.26	7,312,540.70
DeWitt	371,156.09	10,388.92	57,972.09	439,517.10	893,999.35	24,882.83	139,109.13	1,057,991.31	1,497,508.41
Douglas	466,161.35	13,001.28	72,635.27	551,797.90	1,025,646.15	28,610.33	159,831.78	1,214,088.26	1,765,886.16
DuPage	6,758,444.86	191,051.89	1,062,666.51	8,012,163.26	58,549,694.81	1,636,510.14	9,136,273.59	69,322,478.54	77,334,641.80
Edgar	544,339.64	15,154.87	84,716.00	644,210.51	955,183.03	26,613.22	148,732.67	1,130,528.92	1,774,739.43
Edwards	221,412.13	6,165.94	34,464.82	262,042.89	344,568.72	9,513.44	53,327.61	407,409.77	669,452.66
Effingham	1,009,994.92	28,418.22	158,308.34	1,196,721.48	1,443,871.60	40,302.75	225,103.23	1,709,277.58	2,905,999.06
Fayette	812,893.22	22,618.48	126,461.90	961,973.60	824,111.56	23,032.53	128,590.65	975,734.74	1,937,708.34
Ford	296,646.82	8,215.28	46,003.86	350,865.96	795,009.50	22,172.81	123,875.96	941,058.27	1,291,924.23
Franklin	951,909.03	26,482.18	148,072.10	1,126,463.31	2,124,229.08	58,944.34	329,862.63	2,513,036.05	3,639,499.36
Fulton	802,455.71	22,191.25	124,324.90	948,971.86	2,111,928.70	58,978.13	329,360.69	2,500,267.52	3,449,239.38
Gallatin	168,048.12	4,684.66	26,176.37	198,909.15	357,349.91	9,865.48	55,302.94	422,518.33	621,427.48
Greene	408,353.73	11,303.06	63,305.40	482,962.19	759,556.67	21,120.73	118,114.50	898,791.90	1,381,754.09
Grundy	859,730.94	24,090.00	134,379.68	1,018,200.62	1,674,022.31	47,263.01	262,995.67	1,984,280.99	3,002,481.61
Hamilton	381,197.65	10,591.48	59,246.00	451,035.13	269,688.34	7,550.82	42,132.03	319,371.19	770,406.32
Hancock	576,418.36	15,893.65	89,129.49	681,441.50	1,058,429.00	29,393.96	164,450.65	1,252,273.61	1,933,715.11
Hardin	228,970.13	6,356.60	35,566.99	270,893.72	165,362.31	4,557.20	25,561.00	195,480.51	466,374.23
Henderson	310,426.06	8,630.24	48,265.88	367,322.18	309,601.53	8,651.81	48,306.02	366,559.36	733,881.54
Henry	1,225,646.54	33,961.71	190,143.02	1,449,751.27	2,686,538.84	74,938.83	418,648.00	3,180,125.67	4,629,876.94
Iroquois	923,854.28	25,653.00	143,525.49	1,093,032.77	1,434,625.97	40,103.10	223,882.87	1,698,611.94	2,791,644.71
Jackson	1,464,784.51	40,894.17	228,390.51	1,734,069.19	3,196,563.33	88,644.90	496,171.32	3,781,379.55	5,515,448.74
Jasper	491,238.25	13,621.64	76,246.08	581,105.97	316,984.38	8,798.38	49,233.49	375,016.25	956,122.22
Jefferson	1,252,657.27	35,165.83	196,042.81	1,483,865.91	1,737,317.54	48,256.79	269,962.60	2,055,536.93	3,539,402.84
Jersey	815,587.06	22,895.60	127,639.31	966,121.97	762,877.92	21,241.32	118,736.42	902,855.66	1,868,977.63
Jo Daviess	775,494.19	21,705.31	121,121.75	918,321.25	896,664.06	24,929.37	139,420.69	1,061,014.12	1,979,335.37
Johnson	630,990.97	17,856.08	99,284.99	748,132.04	247,041.47	6,846.34	38,330.18	292,217.99	1,040,350.03
Kane	2,838,839.47	84,204.77	461,201.82	3,384,246.06	23,299,462.30	654,958.14	3,649,677.36	27,604,097.80	30,988,343.86
Kankakee	2,098,979.91	59,023.55	328,864.62	2,486,868.08	5,406,259.85	150,986.20	843,150.93	6,400,396.98	8,887,265.06
Kendall	1,834,773.51	51,250.15	286,179.14	2,172,202.80	1,739,173.24	49,689.61	275,432.83	2,064,295.68	4,236,498.48
Knox	788,554.65	21,828.00	122,250.57	932,633.22	3,521,213.87	98,072.30	548,156.52	4,167,442.69	5,100,075.91
Lake	4,439,600.98	127,994.34	707,414.40	5,275,009.72	39,654,160.70	1,111,764.91	6,200,518.24	46,966,443.85	52,241,453.57
LaSalle	2,250,474.24	63,029.38	351,646.83	2,665,150.45	5,995,781.14	167,242.93	934,314.30	7,097,338.37	9,762,488.82
Lawrence	513,833.55	14,282.56	79,882.07	607,998.18	704,415.16	19,549.02	109,394.97	833,359.15	1,441,357.33
Lee	945,508.21	26,395.70	147,420.11	1,119,324.02	1,695,433.79	47,415.07	264,661.81	2,007,510.67	3,126,834.69

Revenue-sharing with Local Governments

Table 54: FY 2001 Population-based Distributions of Tax Revenues Shared With Local Governments

County	Unincorporated				Incorporated				Total for county
	Income Tax	Photo-processing	Local Use Tax	Total	Income Tax	Photo-processing	Local Use Tax	Total	
Livingston	1,015,823.96	28,142.67	157,573.00	1,201,539.63	1,992,761.90	55,685.83	310,909.05	2,359,356.78	3,560,896.41
Logan	712,166.93	19,886.02	111,055.28	843,108.23	1,646,085.45	45,837.29	256,216.30	1,948,139.04	2,791,247.27
Macon	1,173,943.92	32,626.99	182,489.39	1,389,060.30	7,791,504.07	216,533.05	1,211,139.06	9,219,176.18	10,608,236.48
Macoupin	1,185,992.74	33,200.06	185,255.95	1,404,448.75	2,469,777.97	68,808.27	384,556.15	2,923,142.39	4,327,591.14
Madison	3,931,689.54	110,068.95	614,169.82	4,655,928.31	15,654,188.76	435,776.03	2,436,088.44	18,526,053.23	23,181,981.54
Marion	1,086,005.44	30,223.78	168,972.55	1,285,201.77	2,093,814.54	58,331.01	326,004.66	2,478,150.21	3,763,351.98
Marshall	358,766.71	9,989.73	55,840.32	424,596.76	626,017.14	17,484.41	97,637.36	741,138.91	1,165,735.67
Mason	500,831.33	13,893.41	77,756.70	592,481.44	742,043.12	20,671.96	115,534.44	878,249.52	1,470,730.96
Massac	498,064.03	13,996.37	78,001.23	590,061.63	633,003.74	17,563.56	98,291.02	748,858.32	1,338,919.95
McDonough	565,916.78	15,682.11	87,798.43	669,397.32	2,114,468.29	58,555.40	327,902.82	2,500,926.51	3,170,323.83
McHenry	3,515,108.10	101,359.05	560,171.50	4,176,638.65	13,055,600.63	367,395.51	2,046,548.85	15,469,544.99	19,646,183.64
McLean	1,384,406.30	38,947.39	216,973.04	1,640,326.73	9,154,590.11	256,800.82	1,431,975.47	10,843,366.40	12,483,693.13
Menard	447,935.75	12,617.40	70,262.25	530,815.40	414,719.01	11,622.01	64,828.46	491,169.48	1,021,984.88
Mercer	594,502.02	16,531.74	92,448.98	703,482.74	725,793.94	20,171.93	112,827.57	858,793.44	1,562,276.18
Monroe	635,410.89	18,157.14	100,640.61	754,208.64	1,183,764.77	33,195.63	185,126.20	1,402,086.60	2,156,295.24
Montgomery	750,991.32	20,605.49	115,741.66	887,338.47	1,598,861.62	44,806.12	249,932.65	1,893,600.39	2,780,938.86
Morgan	655,020.54	18,339.29	102,327.66	775,687.49	2,130,397.90	59,249.60	331,322.44	2,520,969.94	3,296,657.43
Moultrie	410,859.42	11,498.39	64,166.44	486,524.25	656,990.60	18,292.48	102,253.91	777,536.99	1,264,061.24
Ogle	1,617,574.62	45,511.88	253,534.53	1,916,621.03	1,950,927.77	54,645.53	304,864.39	2,310,437.69	4,227,058.72
Peoria	2,704,523.34	75,516.36	421,732.50	3,201,772.20	11,708,154.55	324,851.76	1,817,973.32	13,850,979.63	17,052,751.83
Perry	702,362.53	19,519.61	109,178.87	831,061.01	981,961.22	27,572.35	153,701.23	1,163,234.80	1,994,295.81
Piatt	375,200.01	10,489.62	58,556.86	444,246.49	850,196.60	23,690.96	132,396.04	1,006,283.60	1,450,530.09
Pike	493,648.74	13,726.59	76,763.20	584,138.53	849,523.82	23,637.12	132,161.38	1,005,322.32	1,589,460.85
Pope	260,877.90	7,286.03	40,686.88	308,850.81	73,872.85	2,040.74	11,437.56	87,351.15	396,201.96
Pulaski	257,956.26	7,175.20	40,121.63	305,253.09	316,314.78	8,784.12	49,145.65	374,244.55	679,497.64
Putnam	187,322.42	5,248.44	29,277.93	221,848.79	253,310.69	7,079.03	39,523.98	299,913.70	521,762.49
Randolph	839,076.16	23,179.37	129,906.27	992,161.80	1,801,587.36	50,226.70	280,643.45	2,132,457.51	3,124,619.31
Richland	489,392.07	13,571.90	75,965.01	578,928.98	788,109.77	21,895.17	122,480.70	932,485.64	1,511,414.62
Rock Island	1,549,762.36	43,027.41	240,743.10	1,833,532.87	9,854,470.25	274,544.48	1,534,363.30	11,663,378.03	13,496,910.90
St. Clair	4,426,178.54	123,299.27	689,114.14	5,238,591.95	16,087,474.38	445,630.34	2,495,235.48	19,028,340.20	24,266,932.15
Saline	701,211.82	19,475.85	108,955.80	829,643.47	1,332,877.68	37,183.36	207,718.66	1,577,779.70	2,407,423.17
Sangamon	2,553,390.87	71,820.65	400,132.17	3,025,343.69	11,389,345.89	317,599.61	1,774,450.30	13,481,395.80	16,506,739.49
Schuyler	287,629.41	7,970.24	44,623.04	340,222.69	283,844.55	7,888.96	44,124.87	335,858.38	676,081.07
Scott	164,480.61	4,582.16	25,609.21	194,671.98	266,516.55	7,399.45	41,402.05	315,318.05	509,990.03
Shelby	786,114.67	21,923.15	122,482.60	930,520.42	920,781.83	25,706.10	143,569.40	1,090,057.33	2,020,577.75
Stark	214,594.31	5,917.67	33,184.47	253,696.45	283,850.88	7,926.12	44,264.68	336,041.68	589,738.13
Stephenson	1,166,227.88	32,414.33	181,296.66	1,379,938.87	2,515,346.55	70,244.24	392,272.83	2,977,863.62	4,357,802.49
Tazewell	1,764,555.92	49,532.81	276,105.14	2,090,193.87	7,772,281.42	216,691.96	1,210,789.42	9,199,762.80	11,289,956.67
Union	669,061.06	18,659.57	104,247.83	791,968.46	683,050.89	19,098.99	106,613.30	808,763.18	1,600,731.64
Vermilion	2,052,264.57	56,486.22	316,954.68	2,425,705.47	4,669,779.81	129,944.30	726,515.66	5,526,239.77	7,951,945.24
Wabash	293,899.06	8,189.34	45,765.92	347,854.32	707,799.66	19,670.96	110,025.50	837,496.12	1,185,350.44
Warren	515,228.64	14,255.94	79,853.60	609,338.18	948,962.26	26,435.72	147,747.66	1,123,145.64	1,732,483.82
Washington	527,678.22	14,691.28	82,124.12	624,493.62	618,188.41	17,242.21	96,328.86	731,759.48	1,356,253.10
Wayne	693,059.57	19,276.83	107,791.93	820,128.33	625,303.09	17,413.41	97,334.57	740,051.07	1,560,179.40
White	478,697.71	13,247.36	74,200.08	566,145.15	788,773.60	21,821.60	122,239.51	932,834.71	1,498,979.86
Whiteside	1,633,892.19	45,470.41	254,214.27	1,933,576.87	2,978,702.72	83,018.78	463,913.73	3,525,635.23	5,459,212.10
Will	6,694,114.87	190,199.28	1,056,175.03	7,940,489.18	24,892,661.70	705,618.84	3,921,280.42	29,519,560.96	37,460,050.14
Williamson	1,383,338.26	38,669.52	215,875.92	1,637,883.70	3,055,157.56	85,506.97	477,162.38	3,617,826.91	5,255,710.61
Winnebago	4,642,927.50	129,480.95	723,399.10	5,495,807.55	15,561,617.79	435,677.42	2,430,977.00	18,428,272.21	23,924,079.76
Woodford	1,068,819.65	29,920.41	166,954.82	1,265,694.88	1,457,718.02	40,870.22	227,941.83	1,726,530.07	2,992,224.95
Total:	121,963,253.26	3,424,635.28	19,090,264.43	144,478,152.97	781,576,110.16	21,843,203.74	88,625,702.70	892,045,016.60	1,036,523,169.57

Revenue-sharing

with Local Governments

Local Share of State Sales and Use Taxes

The local governments' 20 percent share of general merchandise and 100 percent of the amount from sales of qualifying food, drugs, and medical appliances from Sales Tax and the 20 percent share of titled or registered items of tangible personal property from Use Tax, is disbursed as shown below.

- **Municipal share of state sales tax** — Municipalities receive the equivalent of 16 percent of the total general merchandise collections and 100 percent of the tax collected on qualifying food, drugs, and medical appliances sold within their incorporated boundaries.

Municipalities also receive the equivalent of 16 percent of the total use tax on out-of-state purchases of titled or registered general merchandise for which the title or registration address of record is within their boundaries.

Distribution — Collections are distributed monthly based on sales occurring in each municipality. Prior to Illinois Sales Tax Reform, municipalities could impose local sales taxes of up to 1 percent. The department collected these taxes and deducted a 1.6 percent administrative fee. After Sales Tax Reform in 1990, a uniform state tax rate and base were imposed, and the department's administrative fee was eliminated.

- **County share of state taxes** — Counties receive the equivalent of 16 percent of the total general merchandise collections and 100 percent of the tax collected on qualifying food, drugs, and medical appliances sold within their unincorporated areas.

Counties also receive the equivalent of 16 percent of the total use tax on out-of-state purchases of titled or registered

general merchandise for which the title or registration address of record is within their unincorporated areas.

Distribution — Collections are distributed monthly based on sales occurring in the unincorporated areas of each county. Prior to Illinois Sales Tax Reform, counties could impose a local sales tax of up to 1 percent. The department collected these taxes and deducted a 2 percent administrative fee. After Sales Tax Reform in 1990, a uniform state tax rate and base were imposed, and the department's administrative fee was eliminated.

- **Countywide share of state sales tax** — All counties but Cook County receive the equivalent of 4 percent of the total general merchandise collections on general merchandise sold anywhere in the county. Cook county's share is disbursed to the Regional Transportation Authority (RTA).

All counties but Cook County also receive the equivalent of 4 percent on out-of-state purchases of titled or registered general merchandise for which the title or registration address of record is within their boundaries.

Note: Cook county's share is disbursed to the Regional Transportation Authority (RTA).

Distribution — Collections are distributed monthly. On July 1, 1986, counties (except Cook County) were allowed to impose a county supplementary sales tax. Ninety-six counties imposed this tax. With Sales Tax Reform in 1990, the tax was incorporated into the 6.25 percent state sales tax rate.

Motor Fuel Taxes ***(collected by the Department of Revenue and distributed by the Department of Transportation)***

Collections from motor fuel taxes (excluding the Underground Storage Tank Tax and the Environmental Impact Fee) are divided among state and local governments according to a formula set by law. The 2.5 cents additional tax on diesel fuel goes directly into the State Construction Account Fund. The Grade Crossing Protection Fund receives \$2.25 million per month, and \$420,000 per month is transferred to the Boating Act Fund. The Vehicle Inspection Fund receives a transfer of \$25 million annually. Department of Transportation and Department of Revenue administrative costs, along with the cost of refunds, are deducted. The remainder is distributed as follows:

- 45.6 percent is distributed to the Illinois Department of Transportation. Of this amount, 63 percent is allocated to the Road Fund (includes \$1.25 million reserved for use in accordance with provisions of the Illinois Highway Code) and 37 percent to the state Construction Fund.
- 54.4 percent is shared by local governments and is distributed as follows: 49.1 percent to municipalities, 16.74 percent to counties with more than 1,000,000 residents (Cook County), 18.27 percent to all other counties, and 15.89 percent to road districts.

Revenue-sharing

with Local Governments

Table 55: Fiscal Year 2001 Municipal and County Share of State Sales and Use Taxes

County	Unincorporated	Incorporated	Total	County	Unincorporated	Incorporated	Total
Adams	\$ 489,599.62	\$ 6,820,908.66	\$ 7,310,508.28	Lee	\$ 467,504.22	\$ 1,948,781.34	\$ 2,416,285.56
Alexander	85,446.53	239,154.40	324,600.93	Livingston	382,540.64	3,361,597.03	3,744,137.67
Bond	116,950.03	887,233.52	1,004,183.55	Logan	160,742.32	2,319,086.96	2,479,829.28
Boone	594,623.01	2,474,316.83	3,068,939.84	Macon	325,934.69	12,626,952.90	12,952,887.59
Brown	51,723.59	218,356.69	270,080.28	Macoupin	1,133,446.56	2,728,587.72	3,862,034.28
Bureau	153,925.58	2,301,019.77	2,454,945.35	Madison	797,688.69	24,370,855.62	25,168,544.31
Calhoun	67,003.66	183,918.45	250,922.11	Marion	195,778.23	2,523,099.65	2,718,877.88
Carroll	268,421.53	892,689.87	1,161,111.40	Marshall	62,112.81	581,659.57	643,772.38
Cass	33,186.71	913,106.77	946,293.48	Mason	98,979.71	788,934.87	887,914.58
Champaign	870,284.12	18,561,773.30	19,432,057.42	Massac	78,489.60	703,007.66	781,497.26
Christian	268,143.90	2,734,909.79	3,003,053.69	McDonough	112,880.03	2,589,400.10	2,702,280.13
Clark	190,823.03	921,686.21	1,112,509.24	McHenry	2,844,697.62	23,960,222.26	26,804,919.88
Clay	87,937.18	741,161.94	829,099.12	McLean	592,568.43	18,470,320.71	19,062,889.14
Clinton	261,962.30	3,011,392.00	3,273,354.30	Menard	75,470.76	405,474.43	480,945.19
Coles	223,544.98	5,583,281.56	5,806,826.54	Mercer	122,866.87	693,044.06	815,910.93
Cook	4,497,820.81	528,676,477.08	533,174,297.89	Monroe	156,377.31	2,465,471.09	2,621,848.40
Crawford	193,817.89	1,196,435.99	1,390,253.88	Montgomery	158,222.21	2,670,540.67	2,828,762.88
Cumberland	46,409.31	304,838.99	351,248.30	Morgan	113,655.92	3,244,896.99	3,358,552.91
DeKalb	306,031.59	7,769,252.12	8,075,283.71	Moultrie	202,632.85	695,270.59	897,903.44
DeWitt	96,982.68	1,218,899.23	1,315,881.91	Ogle	282,742.67	3,133,985.70	3,416,728.37
Douglas	241,977.69	1,817,337.67	2,059,315.36	Peoria	1,225,024.64	21,285,236.45	22,510,261.09
DuPage	4,713,996.27	159,924,311.60	164,638,307.87	Perry	99,699.53	1,293,220.93	1,392,920.46
Edgar	228,476.67	1,145,806.17	1,374,282.84	Piatt	74,831.04	808,834.57	883,665.61
Edwards	49,099.94	366,018.22	415,118.16	Pike	84,599.18	997,824.64	1,082,423.82
Effingham	277,188.52	5,170,486.70	5,447,675.22	Pope	35,840.79	65,067.08	100,907.87
Fayette	105,068.91	1,420,003.08	1,525,071.99	Pulaski	40,006.88	180,961.35	220,968.23
Ford	33,878.02	1,116,855.35	1,150,733.37	Putnam	52,115.59	214,755.26	266,870.85
Franklin	287,047.34	2,573,154.65	2,860,201.99	Randolph	977,430.65	2,593,221.57	3,570,652.22
Fulton	108,927.97	2,331,034.15	2,439,962.12	Richland	148,743.07	1,421,103.18	1,569,846.25
Gallatin	33,726.33	183,045.93	216,772.26	Rock Island	399,191.87	15,186,035.29	15,585,227.16
Greene	49,087.08	588,396.24	637,483.32	St. Clair	1,053,250.03	24,737,580.09	25,790,830.12
Grundy	295,696.80	5,591,006.66	5,886,703.46	Saline	231,833.37	1,985,863.17	2,217,696.54
Hamilton	46,880.51	289,217.15	336,097.66	Sangamon	2,036,727.38	22,155,613.45	24,192,340.83
Hancock	128,296.88	854,366.12	982,663.00	Schuyler	38,970.18	335,101.85	374,072.03
Hardin	59,218.76	86,460.81	145,679.57	Scott	35,956.77	198,286.85	234,243.62
Henderson	68,390.71	235,683.98	304,074.69	Shelby	138,792.81	977,109.74	1,115,902.55
Henry	161,281.74	4,033,662.97	4,194,944.71	Stark	51,364.99	198,599.79	249,964.78
Iroquois	134,788.07	2,199,302.68	2,334,090.75	Stephenson	392,045.37	3,943,316.44	4,335,361.81
Jackson	470,671.79	5,614,187.41	6,084,859.20	Tazewell	377,487.57	13,829,637.13	14,207,124.70
Jasper	85,964.26	491,233.78	577,198.04	Union	89,492.95	1,287,260.89	1,376,753.84
Jefferson	683,846.93	4,448,287.15	5,132,134.08	Vermilion	472,697.17	6,694,498.44	7,167,195.61
Jersey	110,581.13	1,774,300.17	1,884,881.30	Wabash	38,322.24	792,587.29	830,909.53
Jo Daviess	328,785.82	1,617,013.81	1,945,799.63	Warren	104,970.90	982,067.81	1,087,038.71
Johnson	86,911.85	404,602.80	491,514.65	Washington	128,026.33	1,185,535.37	1,313,561.70
Kane	2,115,255.41	42,571,771.61	44,687,027.02	Wayne	169,285.53	916,330.40	1,085,615.93
Kankakee	660,900.29	10,378,430.09	11,039,330.38	White	119,853.20	950,059.52	1,069,912.72
Kendall	754,936.37	5,205,406.90	5,960,343.27	Whiteside	371,934.66	5,208,499.36	5,580,434.02
Knox	235,776.37	4,914,110.33	5,149,886.70	Will	5,128,099.22	40,396,206.66	45,524,305.88
Lake	4,281,827.73	88,308,069.88	92,589,897.61	Williamson	570,498.53	6,389,863.71	6,960,362.24
LaSalle	667,129.59	13,266,563.93	13,933,693.52	Winnebago	1,081,123.23	32,011,894.06	33,093,017.29
Lawrence	219,325.51	676,795.47	896,120.98	Woodford	349,377.03	2,210,059.37	2,559,436.40
				Total:	\$ 51,112,504.15	\$1,276,961,158.26	\$1,328,073,662.41

Revenue-sharing

with Local Governments

Table 56: Fiscal Year 2001 Countywide Share of State Sales Taxes

County	Amount	County	Amount	County	Amount
Adams	\$ 1,532,125.69	Hardin	\$ 29,628.25	Morgan	\$ 685,613.31
Alexander	69,457.05	Henderson	67,558.79	Moultrie	187,004.46
Bond	211,196.44	Henry	872,598.79	Ogle	712,271.96
Boone	643,425.24	Iroquois	503,526.98	Peoria	4,735,227.05
Brown	52,389.41	Jackson	1,284,185.09	Perry	277,282.37
Bureau	518,658.16	Jasper	122,212.89	Piatt	188,756.18
Calhoun	56,371.17	Jefferson	1,107,536.19	Pike	217,608.50
Carroll	252,856.93	Jersey	384,113.05	Pope	21,568.90
Cass	181,181.94	Jo Daviess	429,791.78	Pulaski	47,200.61
Champaign	4,074,816.62	Johnson	107,708.25	Putnam	59,907.77
Christian	608,748.95	Kane	9,502,787.90	Randolph	762,419.70
Clark	235,262.05	Kankakee	2,296,616.35	Richland	321,780.31
Clay	165,730.69	Kendall	1,220,685.43	Rock Island	3,244,034.13
Clinton	668,769.87	Knox	1,067,133.19	St. Clair	5,581,755.99
Coles	1,216,174.81	Lake	19,634,499.09	Saline	438,196.00
Cook*	0.00	La Salle	2,980,578.69	Sangamon	5,147,587.56
Crawford	285,673.67	Lawrence	186,862.87	Schuyler	80,425.37
Cumberland	75,022.36	Lee	499,249.77	Scott	53,515.32
DeKalb	1,688,511.75	Livingston	806,831.68	Shelby	239,052.52
DeWitt	271,279.04	Logan	492,134.18	Stark	56,993.06
Douglas	451,727.64	Macon	2,679,955.61	Stephenson	877,419.75
DuPage	36,224,141.90	Macoupin	855,007.01	Tazewell	2,903,549.98
Edgar	278,099.70	Madison	5,215,090.48	Union	259,019.12
Edwards	83,118.22	Marion	581,591.15	Vermilion	1,468,942.05
Effingham	1,176,101.60	Marshall	128,890.76	Wabash	171,496.04
Fayette	314,632.52	Mason	183,458.59	Warren	226,584.55
Ford	241,093.51	Massac	160,228.56	Washington	295,960.58
Franklin	581,051.64	McDonough	553,722.03	Wayne	216,125.37
Fulton	479,265.96	McHenry	5,526,900.23	White	219,539.97
Gallatin	49,388.08	McLean	4,088,429.15	Whiteside	1,145,943.45
Greene	124,845.59	Menard	100,562.06	Will	9,596,521.02
Grundy	1,284,974.17	Mercer	174,903.67	Williamson	1,474,048.64
Hamilton	70,246.23	Monroe	534,930.74	Winnebago	7,020,813.04
Hancock	215,002.13	Montgomery	579,321.74	Woodford	562,051.41
				Total:	\$ 168,836,787.76

* Cook County's portion, \$112,233,902.79, goes to the RTA. See Table 47.

Replacement Taxes

Statutory References

- **Personal Property Tax Replacement Income Tax** — 35 ILCS 5/201
- **Electricity Distribution Tax and Invested Capital Taxes** (*Electricity Invested Capital Tax, Gas Revenue Invested Capital Tax, Water Company Invested Capital Tax*) — 35 ILCS 620/2a.1 (electricity); 35 ILCS 615/2a.1 (gas); 35 ILCS 625/3 (water)
- **Telecommunications Infrastructure Maintenance Fees** — 35 ILCS 635/1 to 635/905

Definition

The 1970 Illinois Constitution directed the legislature to abolish personal property taxes and replace the revenue lost by local governments and school districts.

The General Assembly enacted, effective July 1, 1979, the **Personal Property Tax Replacement Income Tax**. This tax was imposed on the income of corporations (other than S corporations) at the rate of 2.85 percent until December 31, 1980, after which the rate became 2.5 percent. The income of partnerships, trusts, and S corporations is taxed at the rate of 1.5 percent.

Payment of personal property replacement taxes mirrors the procedures and requirements established for calculating and remitting business income taxes. (See "Income Tax" in this section.) Credits applicable to the replacement tax differ from those for the income tax.

In addition to the income tax component, the General Assembly enacted a tax on regulated utilities (*i.e.*, gas, electric, messages, and water) equal to 0.8 percent of invested capital. Effective January 1, 1998, the invested capital tax on electric suppliers was replaced with the electric distribution tax and the invested capital tax on telecommunications was replaced by the telecommunications infrastructure maintenance fee.

Electricity Distribution Tax is imposed on electric utilities or alternative retail electric suppliers who

- distribute electricity for use or consumption (not for resale); and
- are not electric cooperatives, school districts, or units of local government.

The tax rate is based on the kilowatt-hours (kwhs) distributed at the following monthly rates:

- \$0.00031 for the first 500 million kwhs
- \$0.0005 for the next 1 billion kwhs
- \$0.0007 for the next 2.5 billion kwhs
- \$0.0014 for the next 4 billion kwhs
- \$0.0018 for the next 7 billion kwhs
- \$0.00142 for the next 3 billion kwhs
- \$0.00131 for all kwhs distributed in excess of 18 billion kwhs

Invested Capital Taxes are imposed on

- electric cooperatives that are required to file reports with the Rural Utilities Service;
- persons engaged in the business of distributing, supplying, furnishing, or selling natural gas who are subject to the Gas Revenue Tax; and
- water companies subject to taxes imposed by the Illinois Income Tax Act.

The tax rate is 0.8 percent of invested capital.

Two **telecommunications infrastructure maintenance fees** (TIMFs) are imposed on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services in Illinois for compensation (*i.e.*, telecommunications retailers). The State Telecommunications Infrastructure Maintenance Fee is mandatory. The other fee is optional and is known as the Optional Telecommunications Infrastructure Maintenance Fee.

The State TIMF rate is 0.5 percent of gross charges. The Optional TIMF rate is 25 percent of the maximum amount of the municipal TIMF that a particular municipality could impose — an amount that is based on the municipality's population.

Distribution

Net collections from these taxes are deposited into the Personal Property Tax Replacement Fund and are distributed eight times annually to local taxing districts. Distributions are made in January, March, April, May, July, August, October, and December.

The formula for distributing collections is as follows:

- 51.65 percent is distributed to Cook County taxing districts, which is then distributed to the taxing districts in the county on the basis of each district's share of personal property tax collection for the 1976 tax year
- 48.35 percent is distributed to taxing bodies in downstate counties, which is distributed based on each district's share of personal property tax collection for the 1977 tax year.

Collections and Payments

In FY 2001, the department collected \$1,162,996,512 of which \$942,653,146 came from income taxes, \$183,470,954 from the Invested Capital Tax and the Electricity Distribution Tax, and \$36,872,412 from the Telecommunications Infrastructure Maintenance Fees.

The Refund Fund percentage for replacement tax collections was 19.0 percent for FY 2001. Distributions to local governments (reflecting collections from May 2000 through April 2001) totalled \$890,808,866. Another \$176,778,590 was allocated to refunds.

Revenue-sharing

with Local Governments

Table 57: Replacement Tax Payments by Type of District

District type	Statewide		Cook County		Collar counties		Rest of state	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent
County	\$ 86,989,251.20	8.64	\$ 38,724,102.83	7.45	\$ 9,817,132.83	7.90	\$ 38,448,015.54	10.60
Municipality	204,156,288.42	20.28	137,331,788.84	26.41	14,979,071.17	12.06	51,845,428.41	14.30
Township	18,163,048.73	1.80	4,442,945.74	0.85	3,171,500.59	2.55	10,548,602.40	2.91
Park	53,742,413.80	5.34	39,663,706.25	7.63	5,396,996.04	4.34	8,681,711.51	2.39
Sanitary	38,023,912.26	3.78	29,996,691.90	5.77	2,737,085.07	2.20	5,290,135.29	1.46
Fire Protection	7,197,647.85	0.72	1,225,480.95	0.24	2,622,691.95	2.11	3,349,474.95	0.92
Public Health	435,317.29	0.04	224,716.15	0.04	0.00	0.00	210,601.14	0.06
Hospital	1,141,345.32	0.11	0.00	0.00	45,327.06	0.04	1,096,018.26	0.30
T.B. Sanitarium	486,818.16	0.05	482,818.69	0.09	0.00	0.00	3,999.47	0.00
Mosquito Abatement	446,755.32	0.04	372,757.90	0.07	31,195.20	0.03	42,802.22	0.01
Airport Authority	2,292,651.20	0.23	0.00	0.00	43,424.61	0.03	2,249,226.59	0.62
Public Library	2,464,523.17	0.24	1,099,401.24	0.21	777,524.97	0.63	587,596.96	0.16
Water Authority	13,080.14	0.00	0.00	0.00	0.00	0.00	13,080.14	0.00
Cemetery	20,075.01	0.00	0.00	0.00	417.69	0.00	19,657.32	0.01
Forest Preserve	9,267,555.82	0.92	5,954,659.03	1.15	2,500,543.42	2.01	812,353.37	0.22
Street Lighting	3,889.66	0.00	673.47	0.00	813.48	0.00	2,402.71	0.00
Mass Transit	588,136.61	0.06	0.00	0.00	0.00	0.00	588,136.61	0.16
River Conservation	183,486.11	0.02	20,236.51	0.00	0.00	0.00	163,249.60	0.05
Soil and Water Conservation	1,144.23	0.00	0.00	0.00	0.00	0.00	1,144.23	0.00
Conservation	523,153.41	0.05	0.00	0.00	139,945.26	0.11	383,208.15	0.11
Junior College	36,499,469.88	3.63	16,013,417.54	3.08	4,129,804.37	3.32	16,356,247.97	4.51
School (K-12)	526,353,097.15	52.28	242,775,626.81	46.68	74,782,426.17	60.20	208,795,044.17	57.58
Road District	17,870,573.26	1.77	1,716,044.23	0.33	3,039,157.93	2.45	13,115,371.10	3.62
Total	\$ 1,006,863,634.00		\$ 520,045,068.08		\$ 124,215,057.81		\$ 362,603,508.11	
Percent of state total	100.00		51.65		12.34		36.01	

Note: Percentages for each category may not add to 100 due to rounding.

Table 58: Replacement Tax Payments by County

County	Amount	County	Amount	County	Amount
Statewide	\$ 1,006,863,634.00	Hamilton	\$ 410,423.82	Morgan	\$ 3,192,538.51
Cook County	520,045,068.08	Hancock	575,736.51	Moultrie	498,521.80
Collar counties	124,215,057.81	Hardin	376,709.08	Ogle	3,575,444.84
Rest of State	362,603,508.11	Henderson	301,267.28	Peoria	28,795,040.62
Adams	8,328,353.68	Henry	2,691,903.28	Perry	2,366,107.52
Alexander	691,930.85	Iroquois	1,490,336.79	Piatt	9,277,200.95
Bond	700,136.86	Jackson	3,002,967.95	Pike	702,552.57
Boone	3,274,029.79	Jasper	1,162,996.85	Pope	79,983.10
Brown	189,699.71	Jefferson	2,396,092.70	Pulaski	264,990.44
Bureau	1,990,093.71	Jersey	700,555.88	Putnam	2,799,440.57
Calhoun	97,398.13	JoDavie	1,154,865.01	Randolph	3,594,246.82
Carroll	954,738.52	Johnson	810,815.49	Richland	811,642.12
Cass	726,910.58	Kane	17,400,352.08	Rock Island	23,373,349.50
Champaign	8,322,166.13	Kankakee	7,008,702.53	St. Clair	15,376,416.90
Christian	3,700,567.14	Kendall	4,056,922.23	Saline	882,684.55
Clark	699,901.82	Knox	3,499,396.75	Sangamon	10,927,985.36
Clay	830,750.31	Lake	29,983,530.93	Schuyler	173,835.98
Clinton	1,102,754.56	LaSalle	12,411,577.90	Scott	260,136.04
Coles	2,907,976.78	Lawrence	447,315.60	Shelby	841,636.17
Cook	520,045,068.08	Lee	3,515,516.82	Stark	327,821.36
Crawford	1,823,578.22	Livingston	3,127,146.84	Stephenson	2,885,308.90
Cumberland	376,157.72	Logan	2,174,508.75	Tazewell	16,073,272.56
DeKalb	3,893,094.10	McDonough	1,131,811.87	Union	693,799.01
DeWitt	1,608,232.53	McHenry	8,105,187.13	Vermilion	8,255,239.62
Douglas	2,458,533.07	McLean	9,958,619.17	Wabash	988,781.91
DuPage	34,079,130.69	Macon	6,598,057.01	Warren	1,052,790.05
Edgar	945,339.36	Macoupin	1,403,065.01	Washington	947,865.22
Edwards	318,215.66	Madison	29,376,855.64	Wayne	755,285.42
Effingham	1,380,865.75	Marion	3,735,961.56	White	659,590.65
Fayette	1,209,090.25	Marshall	901,996.93	Whiteside	5,045,688.25
Ford	1,153,394.68	Mason	2,170,357.81	Will	34,646,856.98
Franklin	1,676,676.47	Massac	1,742,127.49	Williamson	2,000,674.66
Fulton	6,727,218.64	Menard	408,733.35	Winnebago	37,729,549.32
Gallatin	475,043.67	Mercer	1,323,955.26	Woodford	1,415,646.29
Greene	463,154.99	Monroe	1,009,465.71		
Grundy	3,570,952.02	Montgomery	2,304,719.96		

Tax Increment Financing

Illinois Tax Increment Fund

The department distributes state sales tax collections to municipalities that have tax increment financing (TIF) districts for either state sales tax, state utility tax, or both that produced an incremental growth in retail sales, or gas and electricity consumption. Funds are prorated to each municipality based on its share of the overall TIF net state increment.

Overall TIF funding is 0.27 percent of net state sales tax revenues.

Distribution

Funds are allocated quarterly to all eligible TIF municipalities. Each TIF district is subject to a reduced allocation in order to determine the net state sales tax increment (the maximum amount available to each municipality for each TIF district):

- 80 percent of the increment up to and including \$100,000
- 60 percent of the increment exceeding \$100,000 but not exceeding \$500,000
- 40 percent of all amounts exceeding \$500,000

For each quarterly distribution, each eligible municipality receives a prorated share of the available distribution amount.

Table 59: Tax Increment Financing Allocations

Sales Tax TIF district	Amount	Sales Tax TIF district	Amount
Aledo TIF District	\$ 71,690.84	Manteno TIF District	\$ 109,835.34
Antioch TIF District	28,746.82	Mendota TIF District	179,730.56
Arlington Heights TIF Dist #1	69,542.80	Moline TIF District	196,528.90
Arlington Heights TIF Dist #2	19,080.64	Morris TIF District	434,525.04
Aurora TIF District	113,359.47	Mount Zion TIF District	8,474.69
Bartlett TIF District	49,186.76	Niles Lawrencewood TIF District	672,000.95
Belleville TIF District #1	5,252.63	North Pekin TIF District	377,652.32
Belleville TIF District #3	343,753.56	Oak Forest TIF District	1,157.93
Bellevue TIF District	33,445.66	Oak Park TIF District	254,693.79
Belvidere TIF District	34,620.38	Oglesby TIF District	142,257.32
Bloomington Market Sq TIF Dist	267,162.50	Palos Heights TIF District	100.69
Bourbonnais TIF District	589,167.16	Pekin TIF District #1	176,558.84
Breese TIF District	151,084.42	Peoria Campustown TIF District	155,665.79
Buffalo Grove TIF District	180,267.56	Peoria Southtown TIF District	82,632.42
Carbon Cliff TIF District	6,007.80	Pontiac TIF District #1	8,558.60
Champaign TIF District #2	33,730.94	Quincy TIF District	5,705.72
Charleston TIF District	30,626.36	River Forest TIF District	271,257.20
Chicago Chatham Ridge TIF Dist	729,259.65	Rock Island TIF District	92,701.36
Chicago Ryan Garfield TIF Dist	180,301.13	Rosemont TIF District #1	188,373.06
Chicago Ridge TIF District #2	2,617.93	Rosemont TIF District #2	149,053.86
Cicero TIF District	1,421,834.80	Rosemont TIF District #3	351,590.55
Collinsville TIF District	552,214.16	Round Lake Beach TIF District	533,838.33
Creve Coeur TIF District	110,875.78	Salem TIF District	270,971.92
East Peoria TIF District #1	5,873.54	Sherman TIF District	58,769.04
East Peoria TIF District #2	260,701.60	Silvis TIF District	158,451.54
East St. Louis TIF District	9,565.48	Sparta TIF District	38,731.86
Effingham TIF District	1,080,967.68	Springfield TIF District	163,670.60
Elgin TIF District #1	157,125.78	Sterling TIF District	37,859.20
Elgin TIF District #2	9,548.72	Sullivan TIF District	142,643.29
Elmhurst TIF District	172,598.38	Summit TIF District	101,276.74
Elmwood Park TIF District	189,833.05	Tuscola TIF District	229,622.14
Galesburg TIF District #1	83,437.93	University Park TIF District	12,972.16
Galesburg TIF District #2	53,801.69	Urbana TIF District #2	254,425.30
Galva TIF District	788.74	Warrenville TIF District	175,686.20
Gardner TIF District	168,033.80	Watseka TIF District	446,540.64
Granite City TIF District	75,315.66	Wood River TIF District	501,416.36
Harvey TIF District	5,168.72	Total Sales Tax TIFs	\$ 16,767,601.95
Havana TIF District	52,509.51		
Heyworth TIF District	8,290.09	Utility Tax TIF District	Total
Hodgkins TIF District	2,025,618.76	Canton Utility TIF District 4a	3,171.71
Justice TIF District	1,896.31	Canton Utility TIF District 4b	805.51
LaGrange TIF District	93,657.91	Colona Utility TIF District	67.12
LeRoy TIF District	89,345.04	East St. Louis Utility TIF Dist	755.17
Libertyville TIF District	169,460.24	University Park Utility TIF	9,162.73
Macomb TIF District #2	44,303.32	Total Utility Tax TIFs	\$ 13,962.24
		Total for all TIF Districts	\$ 16,781,564.19

Report on Areas of Recurrent Non-compliance

The Illinois Department of Revenue is the major tax collector for the State of Illinois. As of June 30, 2001, the department's records indicated that 1,881,500 accounts totaling \$1,353,549 were due and payable to the State of Illinois. The enforcement programs used to collect these debts are identified in Table 60.

Generally, the department has three years from the date the return is filed, or the date the tax liability is final, to file a lien against a delinquent taxpayer's property. Whether or not a lien is filed, the department generally has 20 years to take collection actions. For sales and withholding taxes, the department can assess, up to three years from the filing date of the return, the officers or those responsible for filing tax returns and making payments. This time period can be extended under certain circumstances. If use tax is owed and a return is not filed, the statute of limitations is six years. Otherwise, no statute of limitations exists in cases of fraud or failure to file returns.

Audit Bureau

Audit activity helps to ensure that taxpayers pay their correct tax liabilities and that they pay them on time. In addition, audit contacts are responsible for a large portion of unreported tax that would not otherwise have been paid.

Taxpayers must self-assess the taxes administered by the department. An audit program

- promotes voluntary compliance and deters tax evasion at minimum cost through systematic selection of accounts and efficient compliance techniques;
- provides taxpayer education to ensure returns are completed properly and on time; and
- allows fair and equitable administration of overpayments and refunds, as well as deficiencies and delinquencies.

Bureau of Criminal Investigations

The Bureau of Criminal Investigation consists of sworn peace officers charged with the enforcement of Illinois' criminal tax laws through the prosecution of tax cheats. These professional law enforcement officers develop and evaluate forensic evidence of financial tax crimes and evasion where fraud is employed to circumvent Illinois' tax laws. The publicized criminal prosecution of tax cheats assists the Department of Revenue in encouraging our system of voluntary tax compliance. Criminal prosecution is usually the last enforcement tool the Department employs after all other reasonable tax collection efforts have been exhausted.

Collection Services Bureau

The Collection Bureau's primary functions are collecting delinquent state taxes and improving voluntary compliance.

Table 60: FY 2001 Major Enforcement Program Totals

Program Area	Number of cases	Amount collected
Audits*	43,805	\$ 183,291,073
Attorney General Referrals	9	1,008,310
Bulk Sales	4,580	2,927,729
Bureau of Criminal Investigations**	739	10,069,047
Certificate of Registration Non-renewal	2,446	12,049,311
Certificate of Registration Revocation	17,042	28,782,133
Chicago City License Revocation	22,320	7,279,468
Comptroller Offsets	13,895	11,066,106
Corporate Charter Renewal	537	304,389
Corporate Officer 100 Percent Penalty	3,055	4,676,342
Criminal Restitution	61	611,696
Delinquent Child Support	32,814	34,113,306
Levies (Asset and Wage)	131,858	38,551,279
Liens	16,390	4,405,471
Liquor License Programs	14,297	17,227,139
Outside Collection Agencies	246,081	16,210,466
Payment Agreements	12,389	14,611,578
Professional License Referrals	4,837	1,929,112
Publication of Delinquent Taxpayer Names	1,583	20,319,126
Seizure	240	1,533,754
Service and Call Unit	242,443	47,274,016
Total	81,421	\$ 458,240,851

* Represents amount collected when audits were closed. Total audit amount established was \$484,312,144.

** Prosecution referrals totalled 91; conviction rate was 99 percent. Criminal restitution orders equal \$2,901,237.88.

Legislation

Recap for Calendar Year 2001

Tax Administration

Senate Bill 60 – Public Act 92-197

Effective August 1, 2001

Senate Bill 60 amends the Department of Revenue Law of the Civil Administrative Code of Illinois by providing that the Department may disclose a list of taxpayers who are delinquent in the payment of taxes in an amount greater than \$1,000 (now \$10,000).

Senate Bill 164 – Public Act 92-221

Effective August 2, 2001

See explanation under Sales & Use Tax.

Senate Bill 1176 – Public Act 92-492

Effective January 1, 2002

Senate Bill 1176 amends the Department of Revenue Law of the Civil Administrative Code of Illinois to provide that, beginning October 1, 2002, a taxpayer who has an annual tax liability of \$200,000 or more shall make all payments of that tax to the Department by electronic funds transfer. (This provision will apply to taxes paid under the Hotel Operators' Occupation Tax Act, the Telecommunications Tax Act, the Cigarette Tax Act and the Cigarette Use Tax Act for the first time effective January 1, 2002. The Motor Fuel Tax is exempt from this requirement.)

Senate Bill 1176 authorizes the Department of Revenue to enter into written agreements with State's Attorneys for pursuit of civil liability against persons who have issued to the Department checks or other orders in violation of the deceptive practice provisions of the Criminal Code of 1961. The Counties Code is also amended by Senate Bill 1176 to give similar statutory authority to State's Attorneys to enter into such agreements with the Illinois Department of Revenue.

Senate Bill 1176 amends the Illinois Income Tax Act, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, the Retailers' Occupation Tax Act, and the Electricity Excise Tax Law to reference the new provisions for required electronic funds transfers under the Department of Revenue Law of the Civil Administrative Code of Illinois. (Law currently requires EFT payments under the named Acts. This simply codifies current requirements for these tax Acts with the substantive changes made by Senate Bill 1176.)

Senate Bill 1176 further amends the Counties Code to establish that the maximum fee that may be charged to the Department of Revenue for filing or indexing a lien, certificate of lien release or subordination, or any other type of notice or other documentation affecting a lien is \$5. Senate Bill 1176 further stipulates the maximum fee that may be collected from the Department of Revenue for indexing each additional name in excess of one for the same instrument(s) concerning a lien is \$1.

Senate Bill 1176 amends the Department of Revenue Law of the Civil Administrative Code of Illinois to allow the Department to charge taxpayers a fee for offsetting their state tax liability against a federal tax refund. Senate Bill 1176 also allows the Department to charge the IRS a fee for offsetting federal tax liability against a State tax refund. The Illinois Income Tax Act is further amended to provide similar authority for an offset program between Illinois and any other state for individual income taxpayers.

Circuit Breaker / Pharmaceutical Assistance

House Bill 2438 - Public Act 92-131

Effective July 23, 2001

House Bill 2438 amends the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act to provide, beginning January 1, 2002, that the \$2,000 benefit cap for the Pharmaceutical Assistance program is on a fiscal year basis. In other words, a Pharmaceutical Assistance card shall be (eventually) valid from July 1 through June 30 of the following year.

House Bill 2438 also requires all medical benefit plan providers (insurance companies, health maintenance organizations, etc.) to identify to the State persons who are recipients of medical assistance for purposes of third party reimbursement under the State's Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act.

House Bill 2438 further amends the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act (320 ILCS 25/5) to provide that Pharmaceutical Assistance cards shall be valid for a period longer or shorter than one year. This provision is necessary to comply with all cards eventually being issued on a fiscal year basis.

House Bill 2438 provides that Workers' Compensation benefits are to be considered as income for purposes of "household income" for the Circuit Breaker/Pharmaceutical Assistance program.

Income Tax

Senate Bill 52 – Public Act 92-244

Effective Immediately

Senate Bill 52 amends the Illinois Income Tax Act to grant a deduction, for tax years ending on or after December 31, 2001, for any compensation received as a member of the Armed Forces, including the Illinois National Guard. (Currently, only active duty compensation and annual training pay are exempt from Illinois income tax). Senate Bill 52 excludes this deduction from the Act's automatic sunset requirement.

Senate Bill 208 – Public Act 92-198

Effective August 1, 2001

Senate Bill 208 amends the Illinois Income Tax Act and the State Finance Act to create the Korean War Veterans National Museum and Library Checkoff and Fund. This new income tax checkoff is for taxable years ending on or after December 31, 2001. The amount of the contribution (not less than \$1) will be indicated on their Illinois tax returns and the amount indicated will correspondingly decrease any refund or increase the amount of any payment to be made on the return. Senate Bill 208 also creates the Korean War Veterans National Museum and Library Fund as a special fund in the State treasury and authorizes the Department of Veterans Affairs to make grants from the Fund to private organizations for the benefit of the Korean War Veterans National Museum and Library.

Senate Bill 902 – Public Act 92-439

Effective Immediately

Senate Bill 902 amends the Illinois Income Tax Act to allow an individual income tax deduction for moneys contributed during the tax year to a College Savings Pool account. This new deduction is for tax years beginning on or after January 1, 2002.

Legislation

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Senate Bill 1135 – Public Act 92-491 Effective Immediately

Senate Bill 1135 amends the Illinois Income Tax Act and the Illinois Housing Development Act to create an income tax credit for taxpayers making donations to certain affordable housing projects. The Illinois Housing Development Authority and an agency of the City of Chicago may administer and adopt rules for an affordable housing donation tax credit for donations to sponsors of affordable housing projects. Beginning with tax years ending on or after December 31, 2001, and until the tax year ending on December 31, 2006, a taxpayer making a donation, pursuant to the program is entitled to an income tax credit equal to 50% of the donation.

Senate Bill 1176 – Public Act 92-492 Effective January 1, 2002

See listing under Tax Administration

Senate Bill 1285 – Public Act 92-207 Effective Immediately

Senate Bill 1285 creates the Corporate Headquarters Relocation Act to encourage multinational corporations from outside Illinois to relocate corporate headquarters to Illinois through the use of incentives not otherwise available through existing programs.

Senate Bill 1285 authorizes the Department of Commerce and Community Affairs to enter into agreements to reimburse up to 50% of relocation costs subject to certain terms and conditions. An eligible business must file its application by July 1, 2004.

Senate Bill 1285 also amends the State Finance Act to create the Corporate Headquarters Relocation Assistance Fund, and provides for the transfer to the Fund from the general revenue fund of 50% of income tax receipts attributable to employees employed at the corporate headquarters. The Act further provides that moneys in the Fund may be used by DCCA to issue grants for relocation costs.

Senate Bill 1285 further amends the Economic Development for a Growing Economy (EDGE) Tax Credit Act to authorize an eligible business relocating its corporate headquarters to Illinois, subject to certain conditions, to earn tax credits for 15 years (now 10 years). These credits, for businesses qualifying under the Corporate Headquarters Relocation Act, are limited to 60% of those otherwise available.

Senate Bill 1285 amends the Property Tax Code to authorize taxing districts, other than school districts, to abate taxes on property of an eligible business or to enter into an agreement with an eligible business to make payments to that business for up to 20 years. The Act allows school districts to abate taxes or enter into an agreement to make payments if the municipality agrees to provide equal funding to school district.

Local Government / Property Tax Senate Bill 15 – Public Act 92-388 Effective January 1, 2002

Senate Bill 15 amends the Property Tax Code to provide that, beginning with the 2002 assessment year, the assessed value of real property owned and used by a fraternal organization that is an exempt entity under Section 501(c)(8) of the Internal Revenue Code, and was chartered in Illinois in July of 1896 (Knights of Columbus), or its subordinate organization or entity; will be frozen at 15% of that property's 2001 assessed value, or for properties first qualifying after the 2002 assessment year, at 15% of the assessed value in the year in which the property first qualifies. The same reduced assessment is also provided for property owned and used by a fraternal organizations that on December 31, 1926 had its national headquarters in Illinois (Moose Lodges). Senate Bill 15 requires annual notarized application on a form developed

by the Department of Revenue, and requires proof of liability for the taxes and a legal or equitable interest in the property by the applicant organization. Senate Bill 15 also requires a copy of the organization's charter from the State of Illinois.

Senate Bill 38 – Public Act 92-196 Effective January 1, 2002

Senate Bill 38 changes the wording of the current statute regarding applicability of the Senior Homestead Exemption to life care facilities. The proposed change has the law no longer state that a life care facility is to be considered a cooperative for purposes of the Senior Homestead Exemption, by changing the wording to "*cooperatives or life care facilities*" [emphasis added]. Life care facilities will qualify for the exemption as life care facilities, rather than as a cooperative.

The proposed change also details the calculation of the exemption for a life care facility. The maximum reduction is multiplied by the number of apartments or units occupied by those 65 years of age or older. The proposed language further states that this is irrespective of any legal, equitable or leasehold interest in the facility so long as the residents are liable, under contract with the owner, for paying property taxes on the property.

Senate Bill 298 – Public Act 92-278 Effective January 1, 2002

Senate Bill 298 amends the Property Tax Code to create a favorable assessment methodology for qualifying water treatment facilities. Senate Bill 298 provides that in determining the fair cash value of a qualifying water treatment facility the Department of Revenue shall take into consideration the probable net value that could be realized by the owner if the facility were removed and sold at fair, voluntary sale, giving due account to the expense of removal, site restoration, and transportation. Senate Bill 298 further provides that the net value for assessment purposes shall be 33 1/3% of the fair cash value.

The provisions of Senate Bill 298 specifically exclude their applicability to for-profit water treatment facilities. In addition, the Department of Natural Resources is required to certify qualifying water treatment facilities as such, pursuant to approval guidelines provided for in the bill, and provides for due process if an applicant wishing to be certified as a water treatment facility for the purposes of receiving a favorable assessment is denied. Finally, Senate Bill 298 charges the Department of Revenue with assessing certified water treatment facilities in accordance with rules adopted by the Department of Revenue.

Senate Bill 496 – Public Act 92-223 Effective January 1, 2002

Senate Bill 496 amends the Property Tax Code pertaining to language governing the issuance of tax deeds. Specifically, Senate Bill 496 deletes the requirement that predicated the merger of delinquent taxes on the court determining that the county clerk made an incomplete estimate of delinquent taxes or that a sale in error was granted for a prior tax year.

Further, Senate Bill 496 authorizes the court to merge delinquent taxes for any prior year, so long as the court determines that no certificate of purchase for any of the years sought to be merged was held by the tax deed grantee, by any prior holder of the certificate of purchase, or by any person or entity under the common ownership or control of such grantee of certificate holder. The court is required to include in its order (i) a declaration of the specific taxes which have been or will be merged into the tax deed title and (ii) direction for the county treasurer and county clerk to reflect that declaration in the warrant and judgment records.

Senate Bill 496 also adds a new Subsection to clarify that the court retains jurisdiction to enter orders regarding merger of taxes and possession of the property, and that this measure is to be construed as being declarative of existing law and not as a new enactment.

Senate Bill 497 – Public Act 92-201 Effective January 1, 2002

Senate Bill 497 amends Section 20-180 of the Property Tax Code, which governs uncollectible delinquent real estate taxes and special assessments. Specifically, this Section is amended to provide real estate taxes shall be presumed to be uncollectible if taxes levied on real property have been delinquent for a period of 20 years (now 30 years). Senate Bill 497 also amends Section 20-190 of the Property Tax Code, which governs the statute of limitation for the collection of delinquent real estate taxes and special assessments. Specifically, this Section is amended to provide that (i) actions for the collection of any delinquent general tax or the enforcement or foreclosure of such tax liens shall be commenced within 20 years (now 30 years) and that (ii) tax liens shall be discharged and released after 20 years (now 30 years).

Senate Bill 508 – Public Act 92-224 Effective January 1, 2002

Senate Bill 508 amends the Property Tax Code to provide that the court shall declare a sale to be a "sale in error" if the lien of the taxes sold becomes null and void pursuant to Section 21-95; if the property is owned by the State, a municipality, or a taxing district; or if the purchaser made a bona fide attempt to comply with statutory requirements but failed to do so.

Senate Bill 508 authorizes the court to award a refund of all costs paid by the owner of the certificate of purchase or his or her assignor which were posted and all taxes regardless of posting to the tax judgement, sale, redemption and forfeiture record if a "sale in error" is ordered under Sections 21-310, 22-35, or 22-50 of the Property Tax Code. The courts are also authorized to award interest on the refund for a "sale in error" based on grounds set forth in Section 21-310 of Property Tax Code at the rate of 1% per month from the date of sale to the date of payment or in an amount equivalent to the penalty interest which would be recovered on a redemption at the time of payment pursuant to the order for sale in error, whichever is less.

Senate Bill 508 prohibits the award of interest when a "sale in error" is made pursuant to paragraphs (2) or (4) of subsection (b) of Section 21-310, Section 22-35, Section 22-50, and any ground not enumerated in Section 21-310, or in any other case where the court determines that the tax purchaser had actual knowledge prior to the sale of the grounds on which the sale is declared to be erroneous. Senate Bill 508 eliminates provisions prohibiting interest on refunds for a sale in error based on the destruction of improvements and the discovery of hazardous waste or an underground storage tank on the property.

Senate Bill 508 indicates that tax deeds issued under Section 22-40 of the Property Tax Code (formerly Section 22-35) are incontestable, except by appeal from the order directing the county clerk to issue the deed. Senate Bill 508 further states that all changes except those made in subsection (a) of Section 21-315 of the Property Tax Code are declarative of the existing law.

Senate Bill 538 – Public Act 92-247 Effective Immediately

Senate Bills 538 amends the Property Tax Code to allow taxing districts to abate taxes on property of certain historical societies for assessment years 1998 through 2003 (now 1998 through 2000).

Senate Bill 573 – Public Act 92-226 Effective January 1, 2002

Senate Bill 573 amends the Property Tax Code by requiring corporate authorities of a municipality or county to refund excess revenues in a special service area fund based upon each parcel's proportionate share of the total equalized assessed valuation of all parcels within the special service area. Senate Bill 573 also authorizes the refund for excess revenues existing at the end of the life of the special service area, and provides that the county or municipality may deduct up to 5% of the amount refunded to cover the administrative costs in making the refund.

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Senate Bill 598 – Public Act 92-368 Effective Immediately

Senate Bill 598 amends the Public Library District Act by requiring the county clerk to extend taxes on territory in a public library district that is disconnected by operation of law as a result of its annexation to a municipality (when the library is maintained by a municipality) in order to pay the principal of and interest on any general obligation bonds issued to refund bonds of the public library district that are outstanding and unpaid at the time of the disconnection.

Senate Bill 800 – Public Act 92-395 Effective Immediately

Senate Bill 800 amends the Illinois Highway Code by extending for 18 years the period during which a road district or consolidated road district may accumulate up to 50% of the taxes collected from a subdivision under the provision for improvements of non-dedicated roads within the subdivision from which and for which the taxes were collected.

Senate Bill 961 - Public Act 92-78 Effective July 12, 2001

Senate bill 961 amends the Local Government Debt Reform Act to authorize the use of escrow accounts established at a trust company or bank having trust powers by qualified governmental units (now governmental units may use escrow accounts established by the governmental units).

Senate Bill 961 further defines "qualified governmental unit" and amends the Local government Debt Reform Act to provide in the definition of "qualified governmental unit" that the governmental unit must have received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association or the equivalent award from the Association of School Business Officials International [instead of the Illinois Association of School Business Officials (IASBO)].

Senate Bill 1116 – Public Act 92-235 Effective August 2, 2001

Senate Bill 1116 amends the Property Tax Code to provide that in counties where a county assessor is required to be elected to file nomination papers, participate as a candidate in any primary or general election, or to enter upon the duties of the office, a person must possess one of the following qualifications as certified by the individual to the county clerk: (i) a Certified Illinois Assessing Officer certificate from the Illinois Property Assessment Institute; or (ii) a Certified Assessment Evaluator designation from the International Association of Assessing Officers.

Senate Bill 1117 – Public Act 92-406 Effective January 1, 2002

Senate Bill 1117 amends the Illinois Municipal Code to extend the maturity date for tax increment financing obligations from 23 years to 35 years for municipalities subject to the Financially Distressed City Law (East St. Louis).

Senate Bill 1285 – Public Act 92-207 Effective Immediately

See listing under "Income Tax."

House Bill 183 – Public Act 92-377 Effective January 1, 2002

House Bill 183 adds a new section to the Property Tax Code pertaining to apportionment, tax objections, court decisions, and adjustments of levies and refunds to tax objectors. House Bill 183 provides that if a final judgement of a court finds an over extension or under extension has occurred based upon apportionment in overlapping taxing districts, as provided for under Section 18-155 of the Property Tax Code, the county clerk in the under extended county shall proportionately increase the levy of the taxing district by an amount specified in the order of the court in the subsequent year or years following final judgement.

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House Bill 183 further provides that the levy, when extended, shall be set forth as a separate item on the tax bills of affected taxpayers, and that the increased levy is not subject to any limitations imposed by the School Code or the Property Tax Code.

House Bill 183 requires the county collector in each county in which an over extension has occurred, resulting from the apportionment of taxes as provided for under Section 18-155 of the Property Tax Code, to distribute funds collected pursuant to a levy increase authorized by Section 18-157 to the tax objectors in accordance with the court order. However, House Bill 183 provides that a person may not receive any payment pursuant to Section 18-157 if the taxpayer has already received payment under another provision of the Property Tax Code in satisfaction of a tax objection, which is based in whole or in part on apportionment as provided for under Section 18-155.

House Bill 183 also amends the School Code adding similar language as that being added to the Property Tax Code.

House Bill 280 – Public Act 92-333 Effective Immediately

House Bill 280 amends the Property Tax Code to provide that in Cook County, the board of review shall transmit to the county assessor's office, within 14 days of receipt of an application for property tax exemption, a copy of any application that requests exempt status under the religious purposes, orphanages, or school and religious purposes provision. House Bill 280 excuses all owners of property exempt under the religious purposes, orphanages, and school and religious purposes exemption (statewide) from filing an annual affidavit (certificate of status) stating whether there has been a change in ownership or use of the property.

House Bill 280 further provides that, in Cook County, whenever any interest in a property exempt under the religious purposes, orphanages, and school and religious purpose exemption is transferred, notice of that transfer must be filed with the county recorder. The chief county assessment officer is to prepare and make available a form notice for this purpose. Whenever a notice is filed, the county recorder shall transmit a copy of that recorded notice to the chief county assessment officer within 14 days of its receipt.

House Bill 509 - Public Act 92-133 Effective July 24, 2001

House Bill 509 amends the Property Tax Code to provide that in Cook County, the Board of Review may destroy or otherwise dispose of complaints and records pertaining thereto after the lapse of 5 (currently 10) years from the date of filing.

House Bill 760 – Public Act 92-263 Effective Immediately

House Bill 760 amends the Illinois Municipal Code to require developers entering into economic incentive agreements for redevelopment to meet certain criteria concerning creditworthiness. Currently the developer must meet high standards of creditworthiness, but there are no provisions defining the standards. House Bill 760 sets forth those standards.

Further, House Bill 760 amends the definition of "Net State Sales Tax Increment" to state: that if a "municipality that issued bonds in connection with a redevelopment project in a redevelopment project area within the State Sales Tax Boundary prior to July 29, 1991 retires the bonds prior to June 30, 2007 or a municipality that entered into contracts in connection with a redevelopment project in a redevelopment project area before June 1, 1988 completes the contracts prior to June 30, 2007, then so long as the redevelopment project is not completed or is not terminated, the Net State Sales Tax Increment shall be calculated, beginning on the date on which the bonds are retired or the contracts are completed, as follows: By multiplying the Net State Sales Tax Increment by 60% in the State Fiscal Year 2002; 50% in the State

Fiscal Year 2003; 40% in the State Fiscal Year 2004; 30% in the State Fiscal Year 2005; 20% in the State Fiscal Year 2006; and 10% in the State Fiscal Year 2007. No payment shall be paid for State Fiscal Year 2008 and thereafter." Currently, these municipalities are to continue receiving their proportional share of the Illinois Tax Increment Fund distribution until the date on which the redevelopment project is completed or terminated or the date on which the bonds are retired or the contracts are completed, whichever date occurs first.

House Bill 760 further amends the Tax Increment Allocation Development Act in the Illinois Municipal Code to provide that the maturity date for tax increment financing obligations may not exceed 35 years if the municipality is subject to the Financially Distressed City Law, if the ordinance was adopted in September 1988 or October 1993 by Sauk Village, if the ordinance was adopted on December 29, 1986 by the City of Galva, or if the ordinance was adopted in March 1991 by the City of Centreville. Currently these TIFs are to end after 23 years.

House Bill 760 also provides that the municipality shall "hear all protests and objections at the hearing", whereas now this provision in statute reads "hear and determine all protests and objections at the hearing." Subsequently, provisions defining the term "determine" are removed. House Bill 760 also adds a provision to the definition of "redevelopment plan"; expands the persons who must receive notice of the availability of the redevelopment plan and eligibility report; and requires a hearing on changes to the redevelopment plan if the changes meet certain criteria. Finally, this measure changes the requirement for the plan not to displace residents from 1 resident to 10 or more residents.

House Bill 915 - Public Act 92-103 Effective July 20, 2001

House Bill 915 amends the Downstate Forest Preserve District Act to allow forest preserve districts located in any county, except Cook County, to increase its tax levy by submitting the question to the voters of the district via front door referendum. House Bill 915 also specifically states what information must be included on the ballot.

House Bill 915 amends the Downstate Forest Preserve District Act by deleting a provision that would allow rate increases to be in any amount that the board determines. House Bill 915 also deletes a provision excepting the ballot from certain statutory requirements.

House Bill 922 – Public Act 92-475 Effective Immediately

House Bill 922 amends the Cook County Truth in Taxation Law in the Property Tax Code. House Bill 922 provides that taxing districts in Cook County that intend to increase a tax levy shall hold a hearing on the proposed increase at the first regularly scheduled meeting of the taxing district in the month of December, as an alternative to the current law which requires a fixed schedule depending on the type of taxing district.

House Bill 922 also authorizes the first installment of taxes on estimated tax bills in Cook County to be computed at 50% of the total taxes for the preceding year as corrected by a certificate of error if prior to the preparation of the estimated tax bills a certificate of error has been either approved by a court or certified pursuant to Section 14-15 on or before November 30 of the preceding year.

House Bill 1094 – Public Act 92-267 Effective January 1, 2002

House Bill 1094 amends Section 21-165 of the Property Tax Code relating to the payment of delinquent taxes before the sale of the property in question. Specifically, House Bill 1094 adds any lienholder of record to those allowed to pay the taxes and costs due before the sale occurs. "Any lienholder of record" is in addition to any person owning or claiming properties upon, and for which, application for judgement is applied.

House Bill 1094 also amends Section 22-10 of the Property Tax Code which requires a purchaser or assignee to notify owners, occupants, and parties interested in the property of the sale and the date of expiration of the period of redemption. Specifically, this bill clarifies that parties interested in the property includes any mortgagee of record, and consequently, is to be notified of sale and of the redemption period.

House Bill 1270 – Public Act 92-381 Effective Immediately

House Bill 1270 amends the Property Tax Code to create the School District Validation (2001) Act. House Bill 1270 provides that all taxes levied before the effective date of this amendatory Act by any school district for the purpose of providing funds for the payment of the principal of and interest on bonds issued by that school district for the purpose of implementing equitable remedies ordered by a federal court in litigation involving school desegregation and refunding bonds issued before the effective date of this amendatory Act to refund those bonds are hereby validated, ratified, and confirmed as lawful, valid taxes lawfully levied and fully authorized to be extended for collection against all taxable property in the school district without limitation as to rate or amount, notwithstanding that this levy and extension of unlimited ad valorem taxes was not authorized in accordance with law.

House Bill 1270 makes similar provision for bonds and refunding bonds issued by the school district for the purpose of funding the costs of the court-ordered equitable remedies and for actions taken by the school district and its board of education to authorize and issue the bonds and refunding bonds and to levy and extend the taxes for the payment of the principal of and interest on the bonds and refunding bonds.

House Bill 1277 – Public Act 92-382 Effective Immediately

House Bill 1277 amends the Illinois Property Tax Code to clarify when a not-for-profit organization is eligible for a property tax exemption. Specifically, House Bill 1277 provides that if a not-for-profit organization leases property that is otherwise exempt to an organization that conducts an activity on the leased premises that would entitle the lessee to an exemption from real estates taxes if the lessee were the owner of the property, then the leased property is exempt.

House Bill 1277 also amends the Truth in Taxation Act under the Property Tax Code as it relates to time and form of notices. Currently, the law dictates in what form a notice shall be published and of what the notice shall consist for purposes of notification of a public hearing. House Bill 1277 inserts the word “substantially”, thus providing some flexibility in the content allowed. Further, House Bill 1277 is exempted from the State Mandates Act.

House Bill 1712 – Public Act 92-269 Effective Immediately

House Bill 1712 amends the School Code requiring the State Board of Education to calculate the Extension Limitation Equalized Assessed Valuation of all school districts subject to property tax extension limitations as imposed under Property Tax Extension Limitation Law, for purposes of State Aid formula.

House Bill 1712 also provides that the Extension Limitation Equalized Assessed Valuation shall be equal to the product of the Equalized Assessed Valuation last used in the calculation of General State Aid and the district's Extension Limitation Ratio.

House Bill 3292 – Public Act 92-301 Effective January 1, 2002

House Bill 3292 amends the Property Tax Code to delete stipulation that 10 or more professional appraisers shall staff Office of Appraisals within the Department of Revenue. House Bill 3292 also clarifies the Department's authority to withhold non-farm multipliers for any county other than Cook County.

House Bill 3576 - Public Act 92-115 Effective January 1, 2002

House Bill 3576 amends the Local Government Acceptance of Credit Cards Act by removing the cap on fees allowed to be imposed on credit card transactions if (i) the fee imposed by the local governmental entity is no greater than a fee charged by the financial institution or service provider accepting and processing credit card payments on behalf of the local governmental entity; (ii) the financial institution or service provider accepting and processing the credit card payments was selected by competitive bid and, when applicable, in accordance with the provisions of the Illinois Procurement Code; and (iii) the local governmental entity fully discloses the amount of the fee to the cardholder.

Further, House Bill 3576 amends the Clerks of Courts Act to provide that the Clerk of the Circuit Court in all counties with a population of 180,000 inhabitants or less may impose a fee of \$25 for each check delivered to the clerk that is not honored on 2 occasions by the financial institution upon which it is drawn because of insufficient funds in the account, because the account is closed, because there is no account, or because a stop payment has been placed on the check. This \$25 fee is in addition to the amount already owed.

House Bill 3576 changes the reimbursement amount that a Clerk of a Circuit Court in a county in which one or more State correctional institutions is located may receive from a flat \$10,000 per year reimbursement for one employee to a minimum reimbursement of \$2,500 per year for administrative assistance to perform services in connection with the State correctional institution. House Bill 3576 further provides that counties whose State correctional institution inmate population exceeds 250 shall receive reimbursement in the amount of \$2,500 per 250 inmates.

Sales and Excise Tax

Senate Bill 164 – Public Act 92-221 Effective August 2, 2001

Senate Bill 164 creates the Simplified Sales and Use Tax Administration Act (NCSL version). Senate Bill 164 establishes legislative findings that Illinois should participate in multi-state discussions to review and/or amend the terms of the Streamlined Sales and Use Tax Agreement as amended and adopted on January 27, 2001. Senate Bill 164 further requires the state to enter into such multi-state discussions, with the state being represented by 4 delegates, appointed by the four legislative leaders, each appointing one of the delegates.

Senate Bill 164 authorizes the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement and act jointly with other member states to establish standards for certification of a certified service provider and certified automated system and establish performance standards for multi-state sellers. Senate Bill 164 authorizes the department to take other actions reasonably required for implementation of the Act, including adoption of rules and regulations and the joint procurement, with other member states, of goods and services in furtherance of the cooperative agreement. Senate Bill 164 authorizes the Director of Revenue, or his designee, to represent Illinois before other states that are signatories to the Agreement. (This provision appears to be inconsistent and conflicts with the requirement that the 4 delegates represent the state appointed by the four legislative leaders.)

Senate Bill 164 defines “sales tax” to include the state's Retailers' Occupation Tax, Service Occupation Tax and municipal retailers' occupation taxes and service occupation taxes. Senate Bill 164 defines “use tax” to include the state's Use Tax and Service Use Tax, and any local use tax (Chicago's use tax), if the state and the City of Chicago have entered into an agreement for the administration of the tax by the state.

Senate Bill 164 further provides certain requirements that must be contained in the Agreement before the Department of Revenue can enter into the Agreement. These requirements include, but are not limited to: restrictions on state rates; uniform standards for destination sourcing of transactions, exemption administration, returns and remittances, central registration, no nexus attribution, restrictions on local sales and use taxes, monetary allowances, certification of state compliance, and consumer privacy provisions; and the establishment of an advisory counsel of private sector representatives and non-member state representatives.

Senate Bill 417 – Public Act 92-393 Effective, January 1, 2003

House Bill 417 amends the Liquor Control Act of 1934 to provide, beginning January 1, 2003, the tax imposed on manufacturers and importing distributors may be paid electronically. House Bill 417, as amended, further provides a discount of 1.75%, not to exceed \$1,250 per return, to reimburse the manufacturer or importing distributor for the expenses incurred in preparing and filing the electronic returns, and remitting the tax via electronic funds transfer (EFT).

Senate Bill 539 - Public Act 92-30 Effective July 1, 2001

Senate Bill 539 amends the Motor Fuel Tax Law to provide an evaporation or shrinkage allowance for fuel, motor fuel, and special fuel. Specifically, on and after July 1, 2001, for each 6-month period January through June, and again July through December, Senate Bill 539 provides that net losses of fuel, motor fuel, and special fuel, as the result of evaporation or shrinkage due to temperature variations, may not exceed 1% of the total gallons in storage at the beginning of each January and July, respectively, plus the receipt of gallons each January through June or July through December, minus the gallons remaining in storage at the end of each June and December, respectively. Any net loss reported in excess of these amounts is subject to motor fuel tax.

Senate Bill 539 further provides that claims for refund of taxes paid on or after January 1, 2001, must be filed not later than 2 years after the date on which the tax was paid by the claimant. (Now, full reimbursement is allowed for claims made in the first year, and 80% reimbursement for claims made in the second year). Senate Bill 539 maintains the current law for allowing claims for reimbursement of taxes paid for the use of clear diesel fuel for taxes paid on or before December 31, 2000.

The new grounds for claims for refunds, created within Senate Bill 539, shall apply to the use of clear diesel fuel beginning with taxes paid on or after January 1, 2000. Senate Bill 539 makes provision for refunds for clear diesel fuel that is unintentionally mixed with dyed diesel fuel, used in the manufacturing process for testing purposes and when the diesel fuel becomes a part of product being manufactured. Senate Bill 539 also includes allowance for refunds of clear fuel used by municipal owned airports.

Senate Bill 539 creates a hearing process for grievances under the dyed diesel fuel provisions of the Motor Fuel Tax Law.

Senate Bill 617 – Public Act 92-227 Effective August 2, 2001

Senate Bill 617 amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to provide a tax exemption for computers and communications equipment utilized for any hospital purpose and equipment used in the diagnosis, analysis, or treatment of hospital patients sold to or purchased by a lessor who leases the equipment for one year or longer to a tax exempt hospital. Senate Bill 617 also provides for a tax exemption for personal property sold to or purchased by a lessor who leases the property for one year or longer to a tax exempt governmental body. Both exemptions are exempted from the sunset provisions of those Acts.

Senate Bill 724 – Public Act 92-435 Effective Immediately

Senate Bill 724 provides a qualified solid waste energy facility that is required to file the form described in subsection (i) of Section 8-403.1 of the Public Utilities Act, with the Department of Revenue, will now be required to file that form before the 15th of the month regardless of whether the facility has received any payment in the previous month (currently no filing date is provided). Senate Bill 724 further provides that a qualified solid waste energy facility that fails to file the form or make the required payment on time is subject to penalties and interest as provided under the Uniform Penalty and Interest Act (UPIA). Senate Bill 724 requires qualified solid waste energy facilities to keep books and records of its sales at the retail rate and make them available for inspection by the Department of Revenue, and allows the department to enforce the qualified solid waste energy facility's failure to file and make payment in the same manner as provided under the Retailers' Occupation Tax Act, except that tax liens can only be filed for failure to make a payment (not for failing to file the report). Senates Bill 724 establishes how late payments are to be attributed.

Senate Bill 724 also changes the criteria under which a municipality is eligible for the distribution of the tax collected under these provisions from one that has, within its boundaries, an incinerator that "uses" municipal waste as its primary fuel to generate electricity, to one that has, within its boundaries, an incinerator that "uses or, on the effective date of Public Act 90-813, used" municipal waste as its primary fuel to generate electricity.

Senate Bill 730 – Public Act 92-488 Effective Immediately

Senate Bill 730 amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to exempt from the tax imposed under these Acts, beginning on January 1, 2002, the use or purchase of tangible personal property purchased from an Illinois retailer by a taxpayer engaged in centralized purchasing activities in Illinois who will, upon receipt of the property in Illinois, temporarily store the property in Illinois (i) for the purpose of subsequently transporting it outside this State for use or consumption thereafter solely outside this State or (ii) for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property to be transported outside this State and thereafter used or consumed solely outside this State. Senate Bill 730 provides that the Department of Revenue shall issue a permit to taxpayers eligible for the exemption.

Senate Bill 761 – Public Act 92-310 Effective Immediately

Senate Bill 761 amends the Electricity Excise Tax Law to provide that entities engaged in the practice of resale and redistribution of electricity within a building prior to January 2, 1957, is not a 'delivering supplier' as this term is defined under the Electricity Excise Tax Law.

Senate Bill 853 – Public Act 92-231 Effective August 2, 2001

Senate Bill 853 amends the Tobacco Products Tax Act of 1995 by providing that out-of-state distributors are subject to tax when they sell tobacco products to retailers and consumers in the state of Illinois. Senate Bill 853 also adds protest procedures for applicants who are denied a license under the Tobacco Products Tax Act of 1995.

Senate Bill 854 - Public Act 92-35 Effective July 1, 2001

Senate Bill 854 amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to provide that a not-for-profit arts or cultural organization, otherwise eligible for an exemption under the Acts, shall not make tax-free purchases unless it has an active identification number issued by the Department of Revenue.

Senate Bill 855 – Public Act 92-232 Effective August 2, 2001

Senate Bill 855 amends the Motor Fuel Tax Law and the Environmental Impact Fee Law by providing that no tax or fee shall be imposed upon the importation or receipt of diesel fuel sold to or used by a rail carrier registered pursuant to the Illinois Vehicle Code or recognized by the Illinois Commerce Commission.

Senate Bill 855 also provides that penalties in the Motor Fuel Tax Law for knowingly selling or attempting to sell and for knowingly possessing dyed diesel fuel for highway use apply also to the use by a recreational-type watercraft on the waters of this state.

Senate Bill 856 – Public Act 92-322 Effective January 1, 2002

Senate Bill 856 amends the Cigarette Tax Act and the Cigarette Use Tax Act to modify Section 5 of the Cigarette Tax Act to allow for acceptance of alternative methods of tax stamp indicia. Senate Bill 856 also amends the Cigarette Tax Act to be consistent with the Uniform Penalty and Interest Act (UPIA) by changing the protest period from 20 days to 60 days.

Senate Bill 856 further modifies the Cigarette Use Tax Act to allow private taxpayers (those not licensed as distributors) who acquire cigarettes on which Illinois tax has not been paid to file a return with the department within 30 days of acquiring such cigarettes, rather than the current 3 days, and will allow the department to issue tax stamps on these types of cigarettes only if the cigarettes still exist.

Senate Bill 856 eliminates the requirement that the Department of Revenue must issue a separate tax receipt, and amends Section 13 of the Cigarette Use Tax Act to be consistent with UPIA by changing the protest period from 20 days to 60 days. Senate Bill 856 further amends the Cigarette Tax Act and the Cigarette Use Tax Act to provide for Electronic Funds Transfer. Senate Bill 856 also amends the Cigarette Tax Act and Section 135/3 of the Cigarette Use Tax Act to allow the department to stop selling cigarette tax stamps to non-compliant distributors as approved by the rule-making process and imposes a civil fine for possession with intent to sell unstamped cigarettes or improperly stamped cigarettes when they are found in a *retail establishment* regardless of the quantity possessed.

Current law allows the Department of Revenue to issue a civil penalty in the amount of \$15 for every unstamped or improperly stamped cigarette in excess of 100 packs. The department has found that many unsavory businesses in Illinois know the law very well and will maintain an inventory of less than 100 unstamped or improperly stamped cigarettes to avoid this penalty. In an attempt to close this obvious loophole in the law, the department has proposed to impose a penalty of \$10 per pack for every pack improperly stamped or unstamped, less than 100.

While most agree with the department's efforts to better enforce the cigarette tax laws of Illinois, concern has been expressed on behalf of the distributors and retailers, for the unintentional carton that was inadvertently omitted in stamping or improperly stamped. At the request of the Candy and Tobacco Distributors, Senate Bill 856 provides the new \$10 civil penalty is applicable to possession of not less than 10 (a carton), but not more than 100 packs, of unstamped or improperly stamped cigarettes.

Any retailer who has improperly stamped or unstamped cigarettes in their possession in excess of the 10 pack limit, and has a civil penalty issued for the violation, might avail themselves of the "reasonable cause" abatement provided under the Uniform Penalty and Interest Act. The Uniform Penalty and Interest provides:

The penalties imposed under the provisions of this Act shall not apply if the taxpayer shows that his failure to file a return or pay tax at the required time was due to reasonable cause. Reasonable cause shall be determined in each situation in accordance with rules and regulations promulgated by the Department.

Included in the proposed language of Senate Bill 856, again at the request of the Candy and Tobacco Distributors, is a specific reference to the "reasonable cause" abatement, for the new civil penalty imposed under Senate Bill 856. This direct reference will provide assurance that those who make an isolated unintended mistake are not unduly penalized.

House Bill 263 – Public Act 92-208 Effective August 2, 2001

House Bill 263 amends the State Finance Act, the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act to increase the maximum amounts of occupation and use taxes that may be deposited into the McCormick Place Expansion Fund in fiscal years 2001 until 2013. House Bill 263 further provides for the deposit of additional amounts into the McCormick Place Expansion Fund in fiscal years 2014 to 2042 (now, additional amounts may be deposited until fiscal year 2029).

House Bill 263 also amends the Metropolitan Pier and Exposition Authority Act to provide that the maximum price of certain expansion project contracts may not be in excess of funds that are authorized to be made available for those purposes. (Under current law, the contract price may not be in excess of funds that are authorized for those purposes pursuant to an amendatory Act of 1991).

House Bill 263 provides that the legislative members of the McCormick Place Advisory Board shall be appointed as follows: 2 State Senators appointed by the President of the Senate; 2 State Senators appointed by the Minority Leader of the Senate; 2 State Representatives appointed by the Speaker of the House; and 2 State Representatives appointed by the Minority Leader of the House. (Currently, 7 Senators are appointed by the President of the Senate and 7 State Representatives are appointed by the Speaker of the House.) Under House Bill 263 the Mayor of Chicago and the Governor each appoint 2 members, and the members appointed by the Authority are eliminated.

House Bill 263 also provides bonds issued by the Metropolitan Pier and Exposition Authority may mature at a time not exceeding 40 years (now, 35 years) after their issuance and that the aggregate principal amount of bonds issued by the Authority may not exceed \$2,107,000,000 (now, \$1,307,000,000).

House Bill 263 amends the Cigarette Tax Act to provide that in fiscal year 2002 and each fiscal year thereafter the first \$4.8 million from the tax must be deposited into the Statewide Economic Development Fund. (Currently, the first \$4.8 million from the tax must be deposited in the Metropolitan Fair and Exposition Authority Reconstruction Fund.) House Bill 263 amends the State Finance Act to create the Statewide Economic Development Fund and to provide for the expenditure of moneys in the fund, subject to appropriation, for statewide economic development activities.

House Bill 263 further establishes that the provisions of the bill are inseverable.

House Bill 843 – Public Act 92-474 Effective August 1, 2002

House Bill 843 creates the Mobile Telecommunications Sourcing Conformity Act. This new Act applies to bills issued on or after August 1, 2002 under the Telecommunications Excise Tax Act, Telecommunications Municipal Infrastructure Maintenance Fee Act, Emergency Telephone System Act, and the privilege and occupation tax provisions of the Illinois Municipal Code. The Mobile Telecommunications Sourcing Conformity Act sources mobile telecommunications to the customer's "place of primary use" which is defined as (1) the residential street address or the primary business address of the customer; and (2) within the licensed service area of the home service provider.

House Bill 843 further allows the State, or its designee, to create an electronic database designating the proper taxing jurisdictions

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for each street address. Mobile telecommunications providers are provided a safe harbor from collecting the wrong jurisdiction's tax if the State, or its designee fails, to provide the electronic database.

House Bill 843 established procedures for correcting the incorrect charging of taxes and fees, and allows customers to seek corrections or refunds or both from the taxing jurisdictions if they are dissatisfied with the home service provider's attempts to correct the incorrect charging of taxes and fees. No cause of action based upon a dispute over those taxes and fees shall accrue until a customer has reasonably exercised the rights and procedures provided under the Act.

House Bill 1000 – Public Act 92-380 Effective January 1, 2002

House Bill 1000 makes two changes to the Liquor Control Act ("Act"). The first change amends Section 5/6-16 to provide that the signature acknowledging delivery of alcohol that must be obtained under current law, from an adult at least 21 years of age, must be obtained *at the time of delivery*, and that no liquor can be delivered without first obtaining this signature. House Bill 1000 provides that a signature of a person on file with a delivery company does not constitute acknowledgment of the consignee. Under the tenets of the Act, any person who violates these requirements is guilty of a business offense, and subject to following fines: 1st occurrence, not more than \$1001; second offense, not more than \$5,000; third or subsequent offense, not more than \$10,000. Each shipment of alcoholic liquor delivered in violation of these requirements constitutes a separate offense.

House Bill 1000 also amends Section 5/8-12 of the Liquor Control Act regarding carrier reporting requirements. House Bill 1000 requires carriers that bring shipments of liquor into Illinois for delivery to end consumers (e.g., railroad companies, express companies, or other common carriers) to file monthly reports with the Department of Revenue regarding these shipments. Required in the reports is the name of the carrier, the name and business address of the consignor, the name and address of each consignee, and the date of delivery, as well as other information that the Department may reasonably require. The bill further requires that carriers required to file reports must make records supporting the report available to the Department, within 30 days of a request. The bill also specifies that these records shall be made available upon request to the State Liquor Commission. As for shipments to business consignees, House Bill 1000 deletes the requirement that the report contain the address, in Illinois, at which the records supporting such report are kept and open to inspection. In place of this provision, the bill requires that supporting documentation be made available to the Department within 30 days of request (the same as for carrier reports on shipments to individuals).

House Bill 1599 - Public Act 92-12 Effective July 1, 2001

House Bill 1599 creates the Illinois Resource Development and Energy Security Act to provide various financial incentives for entities to (i) construct new or expand existing electric generating facilities in Illinois, (ii) construct new or upgrade existing electricity transmission lines in Illinois, and (iii) open new coal mines, reopen closed coal mines, or expand production at existing coal mines in Illinois. The Department of Commerce and Community Affairs Law of the Civil Administrative Code of Illinois is amended to authorize DCCA to provide financial assistance to eligible businesses for new electric generating facilities.

House Bill 1599 also amends the Illinois Enterprise Zone Act to designate these businesses as High Impact Businesses eligible for certain tax exemptions. The Renewable Energy, Energy Efficiency, and Coal Resources Development Law of 1997 is amended to create a special Fund in the State treasury to support the development of technologies for wind, biomass, and solar power in Illinois.

Further, House Bill 1599 amends the State Finance Act to create the Energy Infrastructure Fund to be used to pay for bonded indebtedness incurred for bonds issued, if any, for DCCA to provide financial assistance to eligible businesses for new electric generating facilities. The Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act are amended to provide for the distribution for a 25-year period into the Energy Infrastructure Fund of 80% of net revenue realized from the 6.25% general rate on the selling price of Illinois-mined coal sold to an eligible business for use in a new electric generating facility. The Illinois Income Tax Act, the Property Tax Code, and the Public Utilities Act are also amended to provide various financial incentives and to make other changes. House Bill 1599 amends the Environmental Protection Act as it relates to emissions issues, as well as the Illinois Development Finance Authority Act to authorize the issuance of bonds for clean coal and energy projects.

House Bill 1700 – Public Act 92-213 Effective January 1, 2002

House Bill 1700 amends the Use Tax Act and the Retailers' Occupation Tax Act to provide the definition of "*bulk vending machine*", as the term is used under the named Acts, means a vending machine (now, a nonelectrically operated vending machine) containing unsorted confections, nuts, toys, or other items designed primarily to be used or played with by children (now, unsorted confections, nuts, or other merchandise) which, when a coin or coins (now, a coin) of a denomination not greater than 50¢ are (now, one cent) inserted, are dispensed in equal portions, at random, and without selection by the customer.

House Bill 2113 – Public Act 92-337 Effective Immediately

House Bill 2113 amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act. This measure amends the current exemption (created pursuant to PA 91-644) which provides for an exemption for new and used automatic vending machines that prepare and serve hot food and beverages and replacement parts for these machines. House Bill 2113 broadens the current exemption, effective January 1, 2002. It creates an exemption for all machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines.

House Bill 2575 – Public Act 92-291 Effective Immediately

House Bill 2575 amends the Environmental Impact Fee Law to extend the repeal of the Law to January 1, 2013 (now January 1, 2003). The Environmental Impact Fee will continue to be deposited into the Underground Storage Tank Fund.

House Bill 2900 - Public Act 92-22 Effective June 30, 2001

House Bill 2900 authorizes the Attorney General to intervene in, initiate, enforce, and defend all legal proceedings on matters relating to telecommunications when necessary to protect the rights of Illinois citizens. House Bill 2900 amends the Public Utilities Act to provide that the Public Utilities Act is not intended to limit the power of State's Attorney and the Attorney General under the Consumer Fraud and Deceptive Business Practices Act. Further, this measure provides that when there is no vacancy on the Illinois Commerce Commission, 4 members constitute a quorum. House Bill 2900 increases the threshold for filing estimated taxes to \$10,000. This bill also provides for transfers of money from the Public Utility Fund to the General Revenue Fund when the balance in the Public Utility Fund exceeds \$5,000,000 rather than \$2,500,000. The Commerce Commission is authorized to seek a court order to stop violations by telecommunications carriers and to assess civil penalties on telecommunications carriers in an amount of up to 0.00875% of a carrier's gross

intrastate annual telecommunications revenue. In conjunction with this provision, House Bill 2900 establishes a procedure for recovery of civil penalties by the Commission.

House Bill 2900 prohibits telecommunications carriers from unreasonably refusing access to operation support systems to other carriers and from failing to provide unbundled services as required by the Illinois Commerce Commission or the Federal Communications Commission. House Bill 2900 establishes competitive market requirements for carriers that offer both competitive and noncompetitive services. Establishes procedures for the authorization and verification of a subscriber's change in telecommunications carrier. House Bill 2900 further provides for the Commission to establish a program for enhanced enrollment for lifeline services in cooperation with the Departments of Commerce and Community Affairs, Human Services, and Public Aid. Establishes standards for quality of basic local service, and creates a program to foster the elimination of the digital divide to allow customer contributions for that purpose.

House Bill 2900 establishes the Digital Divide Elimination Infrastructure Fund and authorizes the Commission to use moneys in the Fund to make grants to for the purpose of constructing high-speed data transmission facilities in areas of the State where local exchange carriers have not established those facilities. The bill changes the repeal date for the Telecommunications Article of the Public Utilities Act from July 1, 2001 to July 1, 2005, and amends the Eliminate the Digital Divide Law to create the Digital Divide Elimination Fund. Provides that 20% of certain fines under the Public Utilities Act shall be placed in the Fund and used for grants. Creates the Digital Divide Elimination Advisory Committee appointed by the Governor and legislative leaders.

House Bill 2900 authorizes the Committee to advise the Department of Commerce and Community Affairs regarding criteria for grants. Amends the Consumer Fraud and Deceptive Business Practices Act to prohibit a telecommunications carrier from offering products or services to be billed on a telephone bill except in compliance with the Public Utilities Act. Provides that a telecommunications carrier may use an incumbent local exchange carrier's network for the provision of services to the telecommunications carrier's end users or payphone service providers in the LATA. This amendatory Act does not require or prohibit the substitution of switched or special services by or with a combination of network elements nor address the Commerce Commission's jurisdiction or authority in that area.

House Bill 3289 – Public Act 92-484 Effective Immediately

House Bill 3289 amends the Retailers' Occupation Tax Act, the Use Tax Act, the Service Use Tax Act, and the Retailers' Occupation Tax Act to provide that, beginning July 1, 2001, there is established, in Illinois, a Direct Payment Program. House Bill 3289 provides that a person issued a Direct Pay Permit by the Department is relieved of paying tax to a retailer when purchasing tangible personal property and shall pay the tax directly to the Department not later than the 20th day of the month following the month in which the purchase was made.

House Bill 3289 further provides that the current sales tax exemption for manufacturing machinery and equipment, and the repair and replacement parts for the same, shall include computers used primarily in a manufacturer's computer assisted design, computer assisted manufacturing (CAD/CAM) system (now, used *primarily* in operating exempt machinery and equipment in a computer assisted design, computer assisted manufacturing (CAD/CAM) system).

House Bill 3289 further codifies the exemption for certain food for human consumption that is to be consumed off the premises where sold and for certain medicines and medical equipment when purchased for use by a person receiving medical assistance under the Illinois Public Aid Code who resides in a licensed long-term care facility.

House Bill 3289 provides that a motor fuel distributor, supplier, or other reseller must make quarter monthly payments to the Department of Revenue if average monthly prepaid sales taxes collected are in excess of \$20,000 (now, \$25,000).

House Bill 3289 provides that each retailer (now, each retailer in Illinois) who makes a sale of building materials to be incorporated into real estate in an enterprise zone may deduct receipts from such sales when calculating the tax imposed by the Retailers' Occupation Tax Act.

House Bill 3289 amends the four named sales and use tax Acts to provide, for the manufacturing machinery and equipment exemption, "*equipment*" includes chemicals or chemicals acting as catalysts, but only if the chemicals or chemicals acting as catalysts effect a direct and immediate change upon a product being manufactured or assembled for wholesale or retail sale or lease (or, in the case of graphic arts machinery and equipment, upon a graphic arts product).

Miscellaneous

Senate Bill 174 – Public Act 92-305 Effective Immediately

Senate Bill 174 amends the Bingo License and Tax Act by deleting the provision restricting the participation in the management or operation of bingo games to bona fide members of the sponsoring organization or bona fide members of an auxiliary organization.

Senate Bill 1039 – Public Act 92-404 Effective July 1, 2002

Senate Bill 1039 amends the Illinois State Collection Act of 1986 to provide that State agencies may use the Comptroller's Offset System to determine if any State agency is attempting to collect debt from a contractor, bidder, or other proposed contracting party. Amends the Illinois Procurement Code. Senate Bill 1039 further provides that no person shall submit a bid for, or enter into, a contract with a State agency under this Code if that person knows or should know that he/she is delinquent in payment of any debt owed the State. This provision is excepted if the person has entered into a deferred payment plan to pay the debt. Senate Bill 1039 provides that every bid submitted to, and contract executed by, the State shall contain a certification that the contractor is not barred from being awarded a contract under these provisions and that the contractor acknowledges that the contract may be declared void if the certification is false. If, during the term of a contract, the contracting agency determines that the contractor is delinquent in the payment of a debt to the State, the State agency may declare the contract void if it determines that voiding the contract is in the best interests of the State.

Senate Bill 1177 – Public Act 92-493 Effective January 1, 2002

Senate Bill 1177 amends the Department of Revenue Law of the Civil Administrative Code of Illinois to provide that the Department of Revenue has the power to appoint investigators concerning laws administered by the Department, or the Illinois Gaming Board (now, only laws administered by the Department). Senate Bill 1177 further provides that investigators appointed by the Department of Revenue under these provisions who are assigned to the Illinois Gaming Board have and may exercise all the rights and powers of peace officers, provided that these powers shall be limited to offenses or violations occurring or committed on a riverboat or dock.

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Senate Bill 1283 – Public Act 92-456

Effective Immediately

Senate Bill 1283 creates the Certified Audit Program Law in the Civil Administrative Code of Illinois. Senate Bill 1283 authorizes the Department of Revenue to initiate certified audit pilot project to enhance tax compliance reviews performed by certified public accountants that have completed a Department-approved certification program. The Department shall compromise penalties and abate interest due on tax liabilities revealed by a certified audit. The certified audit pilot project sunsets July 1, 2004.

House Bill 250 - Public Act 92-14

Effective June 28, 2001

House Bill 250 amends the State Employee Article of the Illinois Pension Code to increase the alternative (State Police) retirement formula and the regular retirement formula for certain employees of the Department of Corrections and the Department of Human Services. Members receiving either of these formulas will have an increase in the employee contribution by 1% of their salary in 2002, 2003, and 2004. The definition of “*security employee of the Department of Human Services*” also includes certain employees who work at least 50% of their working hours at a security facility, thereby making them eligible for the alternative retirement formula. In the case of DHS security employees who are teachers, House Bill 250 allows current employees to elect (and requires future hires) to participate in the State Employees' Retirement System, rather than the Teachers' Retirement System. House Bill 250 also authorizes the transfer of credits for previous service in that capacity. Employees who are employed on an academic-year basis shall receive a full year of service credit for each academic year of service. Certain provisions are retroactive to January 1, 2001, and it accelerates the initial annual increase for certain persons.

Court Decisions

Toney v. Bower et al., No. 4-00-0401 (4th Dist. 2/8/01). and Griffith v. Bower et al., No. 5-99-0829 (5th Dist. 4/03/01).

Both cases challenged the constitutionality of the Illinois educational expense credit. Section 201(m) of the Tax Code allows for a credit of up to \$500 against income tax liability equal to 25% of qualified educational expenses incurred on behalf of qualifying pupils, beginning with tax years after December 31, 1999. Both Courts rejected the Plaintiffs' claims of unconstitutionality. The Courts determined that the money from the credit did not constitute public money or the expenditure of public funds. Furthermore, the credit did not constitute an unreasonable tax classification or provide support for sectarian schools.

Arangold Corporation v. Zehnder et al., 99 L 51215 (Cook County Circuit Court 3/14/01).

The taxpayer in this case challenged the constitutionality of the Tobacco Products Tax Act of 1995 claiming violation of the Due Process Clauses and Equal Protection Clauses of the United States and Illinois Constitutions. The taxpayer also claimed a violation of the Uniformity Clause and the Special Legislation Clauses of the Illinois Constitution. The Illinois Supreme Court reversed the same court's earlier declaration of unconstitutionality based on a claimed violation of the single subject rule. In finding for the State, the Circuit Court rejected Plaintiff's contention that there was no reasonable relationship between distributors of certain tobacco products and taxation to fund nursing home care for the poor. The Court took judicial notice of the connection between tobacco use and the debilitating diseases that result in nursing home stays and considered the State's justification for the legislation to be adequate to survive the Plaintiff's challenge. The Plaintiff has challenged the Circuit Court's ruling by appealing the decision to the First District.

Subway Restaurants of Bloomington-Normal, Inc. v. Topinka et al., No. 4-00-0729 (4th Dist. 6/7/01).

Taxpayer opened four restaurants in residence halls on the Illinois State University campus. The restaurants were independent of the University, but allowed students to use their university debit cards to pay for food if the students chose that form of payment. Subway did not collect tax on the sales of the food claiming they were acting as an agent of the University. The Court did not agree with the taxpayer. Citing to the fact that the restaurants were not run by the University, but by an independent corporation, which leased space on the campus and the fact that the sales were not to the University the Court agreed with the Department that the sales were sales at retail and therefore, taxable.

Hercules, Inc. v. Department of Revenue et al., No. 1-00-0433 (1st Dist. 6/29/01).

The taxpayer sought to divest itself of its outdated polypropylene business and formed a joint venture with a foreign corporation that developed a state of the art polypropylene production process. Each company contributed its respective business assets to the joint venture, which went public a few years after the formation of the joint venture. Several months after the initial public offering Hercules sold its remaining interest to the foreign company at a substantial gain, which the Department sought to classify as business income. The Department took the position that an operational relationship existed between the taxpayer and the joint venture. The taxpayer contributed its entire business to the joint venture including people, products, intellectual property, accounts receivable and much more. It purchased millions of dollars of polypropylene from the joint venture, a significant percentage of the joint venture's output, at a discount; it also provided a variety of services to the joint venture including accounting, legal, clerical

and more. Furthermore, the taxpayer had numerous other dealings with the joint venture. The Appellate Court did not agree with the Department's position and ruled in the taxpayer's favor. The Illinois Supreme Court elected not to take the case.

Weber-Stephen Products, Inc. v. The Department of Revenue et al., No. 1-99-2578 (1st Dist. 8/24/01).

Taxpayer acquired a larger airplane and divested itself of a smaller one while attempting to defer federal income tax consequences under section 1031 of the Internal Revenue Code. The taxpayer contacted JB&A to assist it in locating the larger plane and to act as an intermediary to facilitate the purchase of the larger plane and the sale of the smaller plane. JB&A located a plane owned by Chase Manhattan Bank who listed the plane with its intermediary. Chase's intermediary took title to the plane and passed title to JB&A. JB&A took title and passed it to the taxpayer. The taxpayer claimed that no tax was due on the transaction claiming it to be an occasional sale from Chase. The Court looked at the passage of title and determined that JB&A, an airplane dealer, took title and sold the plane to the taxpayer resulting in a taxable transaction.

Lena Community Trust Fund, Inc. v. The Department of Revenue et al., 322 Ill. App. 3d 884 (Second Dist. 6/13/01).

The Lena Community Trust Fund (the Trust) applied for a charitable exemption from real estate taxes for 1995. The department's Administrative Law Judge found that the Trust did not qualify as an institution of public charity. The department also found that the Trust failed to establish that their property was used exclusively for charitable purposes. Although the Trust charged fees for its services, the court noted the existence of a fee waiver policy and the fact that a majority of its operating costs were derived from charitable donations. The land upon which the community center sat was also received as a donation. The court reversed the department and concluded the Trust operated the community center primarily as a community resource, and this constituted a charitable use.



**The mission of the
Illinois Department of Revenue is to**

- ensure the prompt collection of state and local taxes;
- provide quality products and services; and
- maximize voluntary compliance; and
- apply fair, firm enforcement.

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