

Illinois Department of Revenue

Annual Report

of Collections and Distributions

**Fiscal Years
2004 and 2005**

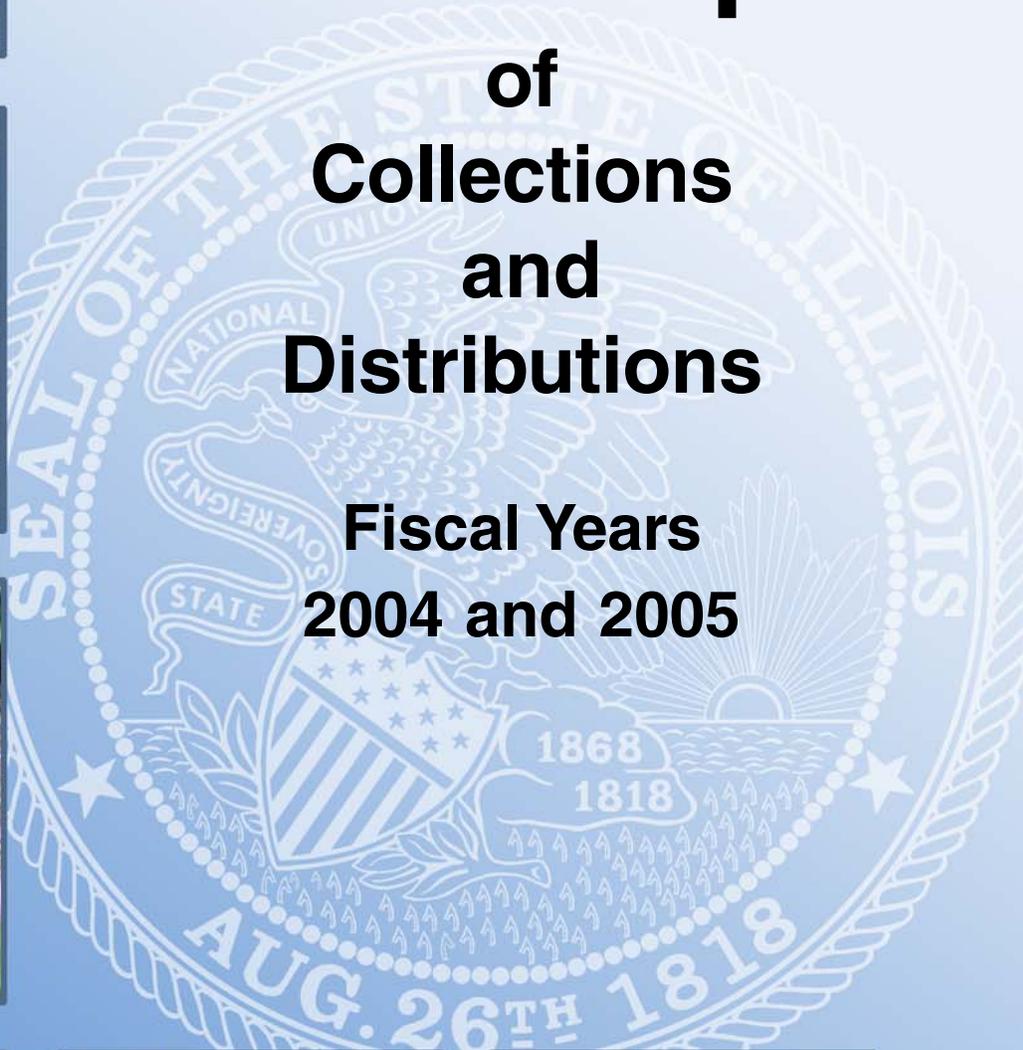




Table of Contents

Alternative Payment and Filing Options

Electronic Funds Transfer (EFT)

EFT Program 8
 Graph 1: Payments Received 8
 Graph 2: EFT Program Dollars Collected 9

Lockbox Program

Graph 3: Lockbox Processing Dollars Collected 9

Individual Income Tax Alternative Payment and Filing Options

e-File 10
 TeleFile 10
 Web File 10
 Tax-Prep Software 10
 Graph 4: Income Tax Alternative Filing Options 11
 Credit Card Payments 11
 Electronic Funds Withdrawal 11

Sales Tax Alternative Payment and Filing Options

TeleFile 12
 Electronic Data Interchange (EDI) 12
 Electronic Registration and Titling 12
 WebFile 12

Total Revenue Collected

Table 1: Total Revenue Collected 13

Income Taxes

Individuals

Table 2: Illinois Income Tax Rate History 15
 Table 3: Individual Exemption History 15
 Table 4: Individual Income Tax Filing Status 15
 Table 5: Individual Income Tax returns Filed by Adjusted Gross Income — Tax Year 2003 and 2004 16
 Individual Income Tax Credits 16
 Table 6: Property Tax Credit, Education Expense Credit, and Earned Income Credit Amounts 16

Corporations

Table 7: Corporate Liability Stratification for Income and Replacement Taxes — Tax Year 2002 and 2003 17
 Table 8: Corporate Income Tax Credit Profile 18

Distribution

Table 9: Individual and Corporate Income Tax Receipts by Fund 18
 Table 10: Income Tax Collections and Refunds 19
 Table 11: Individual Income Tax Refunds 20
 Income Tax Refund Fund 20
 Table 12: Income Tax Refund Fund Deposits per the Office of the Comptroller 20

Income Tax Checkoffs

Table 13: Checkoff Dollars Donated by Tax Year 21

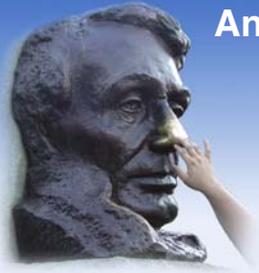


Table of Contents

(Continued)

Sales Taxes

Table 14: Sales Tax Rates History	22
Table 15: State Sales Tax Collections	23
Table 16: Sales Tax Reported by Type of Business	23

Distribution

Sales Taxes	24
Use Taxes	24

Local Taxes Collected by IDOR 24

Manufacturer's Purchase Credit	25
Graph 5: MPC Used	25

Other Sales or Renting Taxes and Fees

Automobile Renting Occupation and Use Taxes	26
Graph 6: Automobile Renting Occupation and Use Taxes Collections	26

Tire User Fee	27
Graph 7: Tire User Fee Collections	27

Vehicle Use Tax	28
Table 17: Vehicle Use Tax Rates	28
Table 18: History of Vehicle Use Tax Rates	28
Graph 8: Vehicle Use Tax Collections	28

Motor Fuel Taxes

Motor Fuel and Motor Fuel Use Taxes	29
Table 19: Motor Fuel Tax Rate History	29
Table 20: Motor Fuel Gallonage History	29
Table 21: Motor Fuel Tax Collections and Refunds	30
Table 22: Motor Fuel Tax Refunds for Nonhighway Use	30

Underground Storage Tax and Environmental Impact Fee	31
Graph 9: UST and EIF Collections	31

Excise and Utility Taxes

Cigarette and Cigarette Use Taxes	32
Table 23: Cigarette Tax Rate History	32
Graph 10: Cigarette and Cigarette Use Tax Collections	32

Coin-operated Amusement Device and Redemption Machine Tax	33
Graph 11: Coin-operated Amusement Device and Redemption Machine Tax Collections	33

Dry-cleaning Solvent Tax and License Fees	34
Graph 12: Dry-cleaning Solvent Tax and License Fees Collections	34

Electricity Excise Tax	35
Table 24: Electricity Excise Tax Rate History	35
Graph 13: Electricity Excise Tax Collections	35

Energy Charges	36
Graph 14: Energy Charges Collections	36

Gas Revenue Tax and Gas Use Tax	37
Table 25: Gas Revenue Tax Rate History	37
Graph 15: Gas Revenue Tax Collections	37
Graph 16: Gas Use Tax Collections	37

Table of Contents
(Continued)



Hotel Operators' Occupation Tax	38
Table 26: Hotel Operators' Occupation Tax Rate History	38
Graph 17: Hotel Operators' Occupation Tax Collections	38
Table 27: Hotel Gross Receipts by County	39
Liquor Gallonage Tax	41
Table 28: Liquor Tax Rate History	41
Table 29: Liquor Gallonage History	41
Oil and Gas Production Assessment	42
Graph 18: Oil and Gas Production Assessment Collections	42
Telecommunications Excise Tax	43
Table 30: Telecommunications Excise Tax Rate History	43
Graph 19: Telecommunications Excise Tax Collections	43
Graph 20: Telecommunication Infrastructure Maintenance Fee	43
Tobacco Products Tax	44
Graph 21: Tobacco Products Tax Collections	44
<hr/>	
Gaming Taxes	
Bingo Tax and License Fees	45
Table 31: Bingo Tax and License Fee Collections	45
Table 32: Bingo Tax Statistics by County	46
Charitable Games Tax and License Fees	50
Table 33: Charitable Games Tax and License Fee Collections	50
Pull Tabs and Jar Games Tax and License Fees	51
Table 34: Pull Tabs and Jar Games Tax and License Fee Collections	51
Racing Privilege Tax	52
Graph 22: Racing Privilege Tax Collections	52
Table 35: Racing Privilege Tax Breakdown by Fund	53
<hr/>	
Real Estate Taxes	
Property Tax	
Table 36: Steps in the Property Tax Cycle	54
Table 37: Comparison of Equalized Assessed Values and Taxes Extended, 2002 and 2003	55
Graph 23: Tax Year Extensions by Class	57
Graph 24: Tax Year Extensions by Type of District	57
Tax Relief Provisions	57
Table 38: Senior Citizens Real Estate Tax Deferrals for Tax Year 2002 and 2003	58
Property Tax Extension Limitation Law	59
Tennessee Valley Authority	59
Table 39: TVA Payments	59
History of PTELL	60
Stipends and Reimbursements	61
Table 40: FY 2005 Stipends and Reimbursements	62
Real Estate Transfer Tax	
Table 41: Real Estate Transfer Tax Rate History	64
Graph 25: Real Estate Transfer Tax Collections	64
Table 42: Real Estate Stamp Sales by County	65



Table of Contents

(Continued)

Disbursements to Local Governments

Table 43: Taxes Disbursed to Local Governments	66
--	----

Taxes Collected for Local Governments

Automobile Renting Occupation and Use Taxes	68
Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax	68
County Motor Fuel Tax	68
DuPage Water Commission Taxes	69
Home Rule and Non-home Rule Sales and Use Taxes	69
Table 44: FY 2005 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements	70
Hotel Taxes	74
Illinois Sports Facilities Tax	74
Metropolitan Pier and Exposition Authority (MPEA) Hotel Tax	74
Municipal Hotel Tax (Chicago)	74
Mass Transit District Taxes (Metro-East Mass Transit (MED) Taxes and Regional Transportation Authority (RTA) Taxes)	75
Table 45: FY 2004 and FY 2005 Regional Transportation Authority Payments	75
Table 46: FY 2004 and FY 2005 Metro-East Mass Transit District Payments	76
Metro-East Park and Recreation District Tax	76
Metropolitan Pier and Exposition Authority Food and Beverage Tax	76
Municipal Simplified Telecommunications Tax	76
Special County Retailers' Occupation Tax for Public Safety	77

Revenue-sharing with Local Governments

Gaming Taxes (Charitable Games Tax and license fees, Pull Tabs and Jar Games Tax and license fees)	77
Table 47: 2005 Charitable Games Distributions to Municipalities and Counties	78
Table 48: 2005 Pull Tabs and Jar Games Distributions to Municipalities and Counties	80
Fund Transfers to Local Governments	84
Population-based disbursements	84
Table 49: Income Tax Revenue-sharing History	84
Table 50: 2004 and 2005 Summary of Income Tax/Sales Tax Distributions to Local Governments	84
Sales Tax Transfers for Local Transportation (Public Transportation Fund, Downstate Public Transportation Fund, Metro-East Public Transportation Fund)	85
Table 51: FY 2004 and 2005 Sales Tax Transfers for Local Transportation	85
Table 52: FY 2004 and 2005 Population-based Distributions of Tax Revenues Shared With Local Governments	86
Local Share of State Sales and Use Taxes	88
Motor Fuel Tax Distribution	88
Table 53: FY 2005 Municipal and County Share of State Sales and Use Taxes	89
Table 54: FY 2004 and FY 2005 Countywide Share of State Sales Taxes	90
Replacement Taxes	91
Table 55: 2004 Replacement Tax Payments by Type of District	92
Table 55: 2005 Replacement Tax Payments by Type of District	93
Table 56: 2004 and 2005 Replacement Tax Payments by County	94
Tax Increment Financing	95
Table 57: Tax Increment Financing Allocations	95

Table of Contents
(Continued)



Report on Areas of Recurrent Non-compliance

Audit Bureau	96
Bureau of Criminal Investigations	96
Collection Services Bureau	96
Table 58: FY 2004 and 2005 Major Enforcement Program Totals	96
Tax Shelter Voluntary Compliance Law	97
Table 59: Voluntary Compliance Program Receipts	97
Tax Delinquency Amnesty Act	97
Table 60: 2004 Amnesty Program Comptroller Receipted Deposits	97

Legislation Recap for Calendar Year 2004

Miscellaneous / Tax Administration	98
Income Tax	98
Property Tax / Local Government	99
Sales and Excise Tax	100

Legislation Recap for Calendar Year 2005

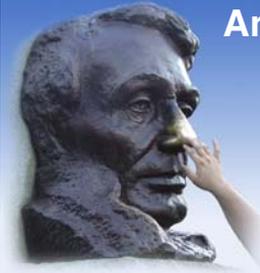
Miscellaneous / Tax Administration	102
Income Tax	104
Property Tax / Local Government	105
Sales and Excise Tax	109
Lottery	109

Court Cases for 2004

Follett Corp. v. Illinois Department of Revenue, et al.	110
Zebra Technologies Corp. v. Topinka, et al.	110
Cook Communications Ministries v. IDOR	110
Shakkour et al. v. Bower et al.	111
Wexler et al. v. Wirtz et al.	111
Ogden Chrysler Plymouth, Inc. v. Bower	111

Court Cases for 2005

American River Transportation Co. v. Bower	112
American States Insurance Company v. Hamer	112
Chicago Plating, Inc. v. Bower	112
Hollinger Int'l. Inc. v. Bower	113
State of Illinois ex rel. Beeler, Schad & Diamond, P.C. v. Ritz Camera Centers, Inc., et al.	113
Home Depot U.S.A., Inc. v. IDOR	114



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 accurately.

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.

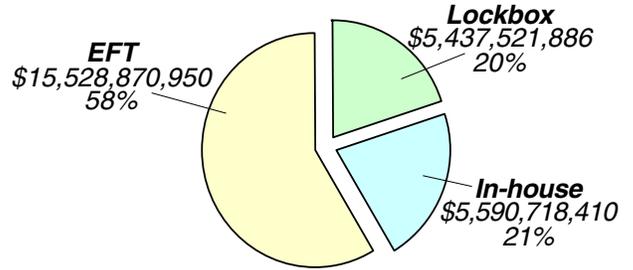
The department receives various tax payments by EFT. The State of Illinois transmits payments for taxes withheld from its employees using this method. Riverboat gambling tax payments and fedwire transfers are also received by EFT. A taxpayer whose annual average liability meets or exceeds a certain threshold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

Graph 1 shows origin of all payments received by the department.

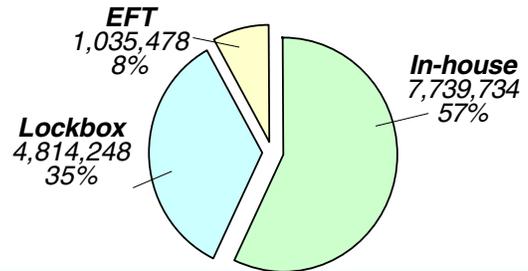
Graph 1: Payments Received

2005

Total dollars processed: \$26,557,111,246



Total number of payments: 13,589,460



Save time...do it on-line

Electronically



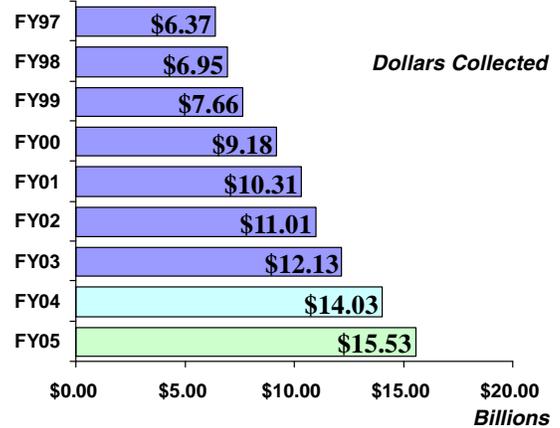
Alternative Payment and Filing Options (Continued)

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 may originate their tax payments through their financial institution (ACH credit). They also may authorize the department to have its bank take the money from an account they designate by use of interactive voice response telephone calls, Internet, or modem-to-modem communications (ACH debit).

Graph 2 shows the growth in the dollar volume of EFT payments over the last several years.

Graph 2: EFT Program

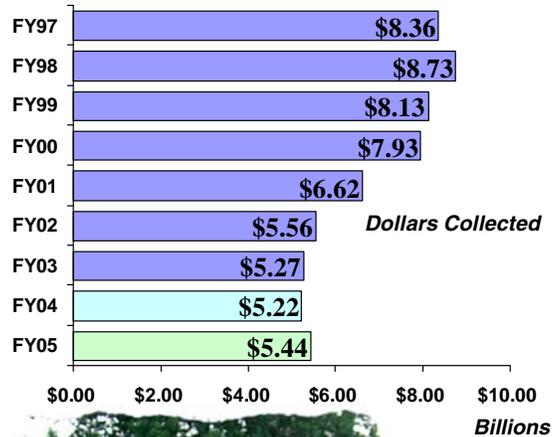


Lockbox Program

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 the time necessary to credit a taxpayer's account. In 1986, the department processed its first payment through a lockbox facility. Currently, six different payment types are processed at two different lockbox facilities.

Graph 3 shows an overall decline in the lockbox processing volume. The department expects this decline to continue as more payments are processed using the electronic funds transfer program.

Graph 3: Lockbox Processing





Alternative Payment and Filing Options

(Continued)

Individual Income Tax

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

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.

TeleFile

The TeleFile method of filing an individual income tax return was launched in 1994. It was only offered to a select group of taxpayers based on their previous filing history. In January 2000, this method was offered to all Illinois taxpayers that met the TeleFile program criteria. Beginning January 2004, the department joined the Internal Revenue Service's Federal/State TeleFile Program. Eligible taxpayers file both their federal and Illinois returns during the same telephone call. Voice instructions guide taxpayers through the telephone call, instructing them when, how and what type of entries to make from the keypad of a touch-tone telephone.

WebFile

In January 1999, the department introduced the Internet Filing Pilot Program to randomly selected taxpayers. Beginning in 2000, the program is available to any Illinois taxpayer who is assigned an IL-PIN and who meets the WebFile 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 IL-PIN and the data from their W-2 forms, those expecting a refund have nothing to mail.

Tax-Prep Software

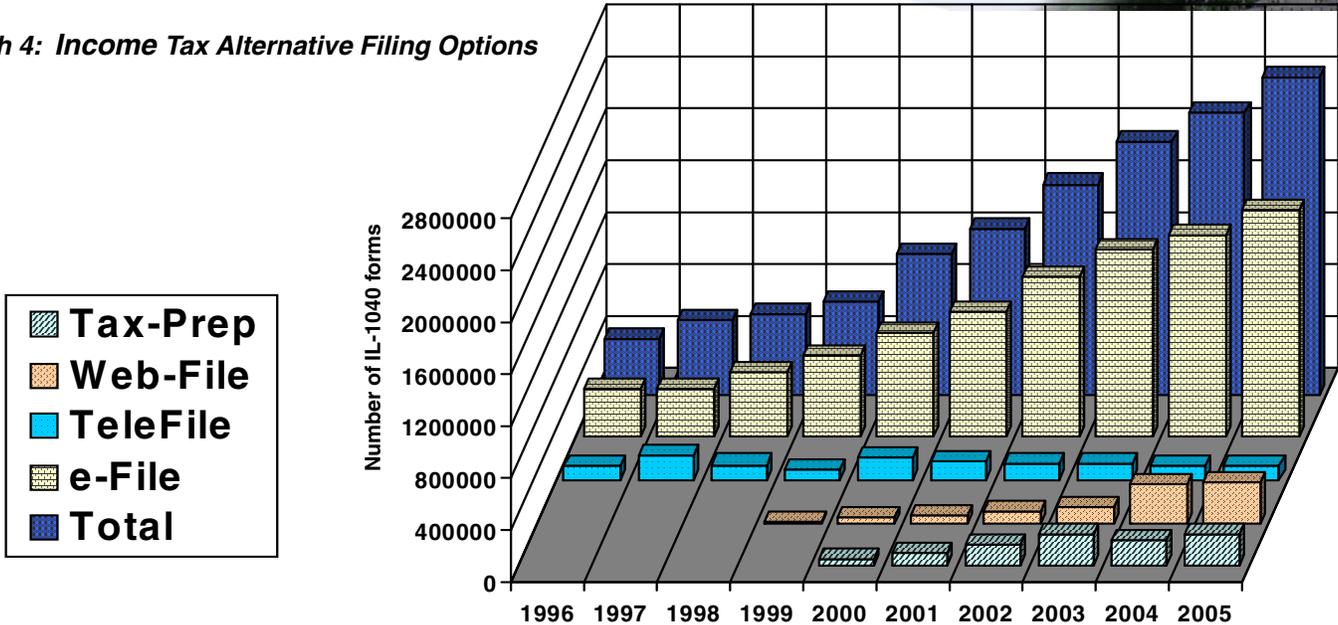
Beginning in 2000, all taxpayers assigned an IL-PIN may use the Tax-Prep Software filing method. Taxpayers can purchase or obtain a tax preparation software package from a retail store or by downloading software on the Internet that contains both their federal and Illinois income tax returns at the same time.

*Abraham Lincoln
Presidential Museum
Springfield, Illinois*

ABRAHAM LINCOLN PRESIDENTIAL MUSEUM

Alternative Payment and Filing Options (Continued)

Graph 4: Income Tax Alternative Filing Options



Tax Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Tax-Prep					51,195	108,501	171,232	247,342	294,876	319,028
WebFile				11,191	43,538	62,556	86,881	120,887	201,541	253,887
TeleFile	111,670	190,406	119,654	74,727	172,367	147,014	120,963	128,434	116,328	112,752
e-File	310,711	378,505	495,423	631,171	811,927	957,297	1,238,563	1,444,354	1,553,100	1,748,957
Total	422,381	568,911	615,077	717,089	1,079,027	1,275,368	1,617,639	1,941,017	2,165,845	2,434,624

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. In FY 2004, 14,957 credit card payments were received totaling just under \$5.3 million. In FY2005, 18,541 credit card payments were received totaling over \$5.7 million.

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. In FY 2004, 48,697 electronic funds withdrawal payments were received totaling just over \$6 million. In FY 2005, 63,048 electronic funds withdrawal payments were received totaling just over \$10.6 million.





Alternative Payment and Filing Options

(Continued)

Sales Tax

TeleFile

The Sales Tax TeleFile Program was implemented in November 1999, for taxpayers with relatively simple sales tax returns. In May 2002, the program was expanded to include Illinois Use Tax reporting. The direct debit payment feature was also added. The program was further expanded in October 2003 when liquor retailers were mandated to TeleFile sales tax returns. The TeleFile users were now able to apply prior overpayments of tax to current liabilities. In January 2004, a Spanish-speaking script was added.

Taxpayers receive a personal identification number 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 79,325 TeleFile sales tax returns in fiscal year 2004 and 112,200 in fiscal year 2005.

Electronic Data Interchange (EDI)

The department initiated the sales tax 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 Form, 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 255 sales tax returns by EDI in fiscal year 2004 and 333 in fiscal year 2005.

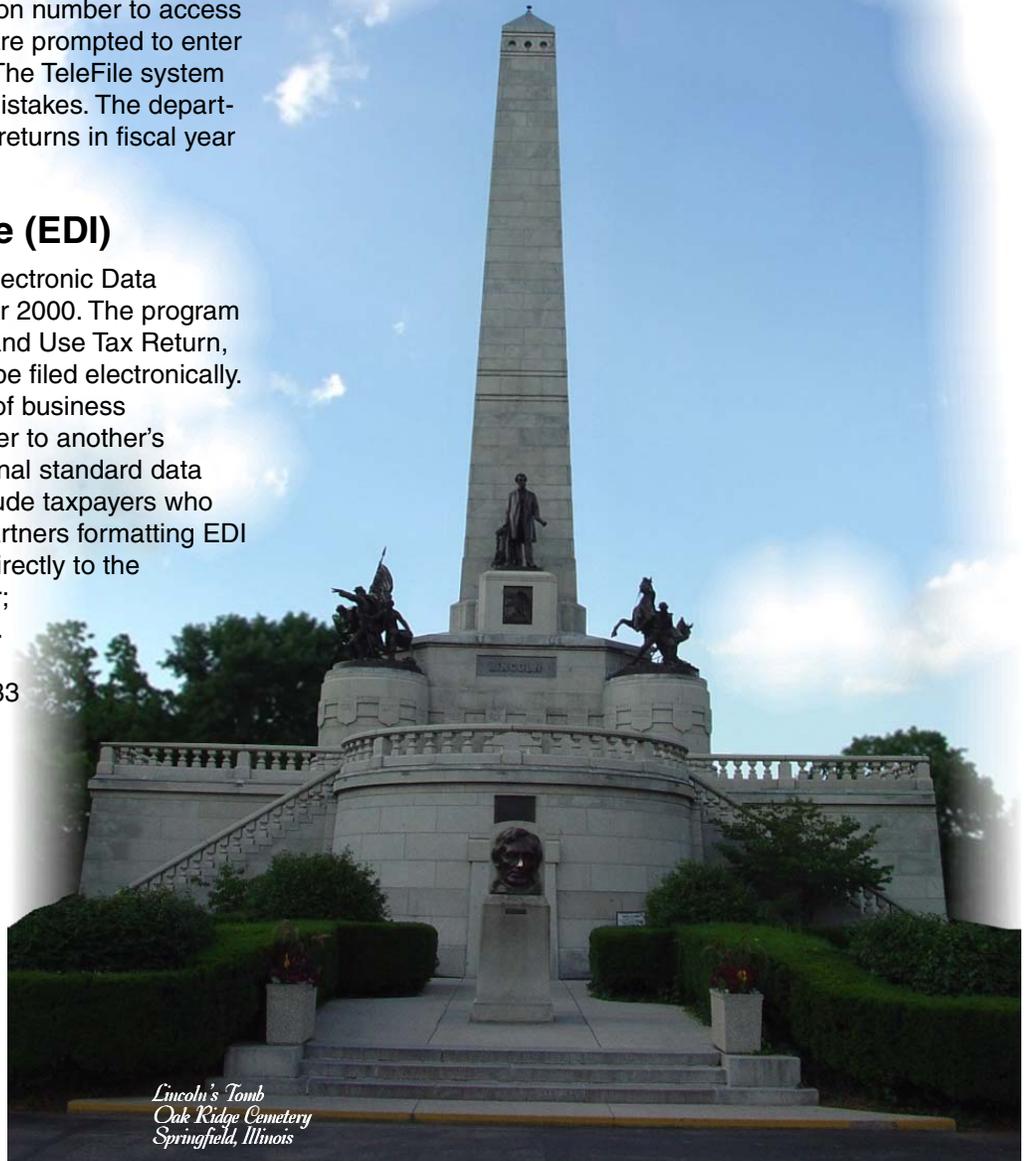
Electronic Registration & Titling

A joint effort with the Secretary of State allows auto dealers to electronically file and pay vehicle sales tax returns and to electronically title and register vehicles with the Secretary of State. The pilot program began receiving electronic returns and payments in October 2004. In the first nine months the department received 31,184 returns and payments in excess of \$37 million.

WebFile

The Sales Tax WebFile Program was introduced in October 2004. The program allows Form ST-1, Sales and Use Tax Return, and Form ST-2, Multiple Site Return, to be filed electronically and includes an electronic debit payment option. It is available to monthly, quarterly and annual ST-1 filers who meet specific criteria.

Taxpayers receive a personal identification number (PIN) to access the system. The department received 52,755 returns from the start of the program through the end of fiscal year 2005.

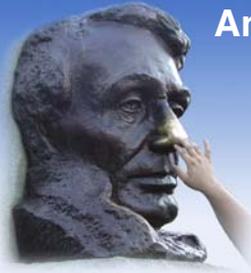


*Lincoln's Tomb
Oak Ridge Cemetery
Springfield, Illinois*

Total Revenue Collected

Table 1: Total Revenue Collected ⁽¹⁾

Section 1: State Taxes and Fees Collections ⁽²⁾	FY2003	FY2004	FY 2005
Income Taxes			
1 Corporate Income Tax	921,586,926	1,416,734,492	1,548,140,694
2 Individual Income Tax	7,976,979,827	8,224,101,195	8,864,878,151
3 Personal Property Replacement Income Tax	761,126,499	933,215,716	1,070,446,107
A. Total Income Taxes	\$9,659,693,252	\$10,574,051,403	\$11,483,464,952
Sales Taxes			
1 Retailers' Occupation, Use, Service Occupation, Service Use	8,118,945,837	8,516,138,837	8,876,289,022
2 Other Sales or Renting Taxes and Fees			
a Automobile Renting Occupation and Use Taxes	27,341,198	25,657,181	28,334,295
b Replacement Vehicle Tax ⁽³⁾	1,492,275	47,331	1,071
c Tire User Fee	6,662,296	14,774,184	15,959,014
d Vehicle Use Tax	40,659,305	39,301,205	37,078,038
B. Total Sales Taxes	\$8,195,100,911	\$8,595,918,738	\$8,957,661,440
Motor Fuel Taxes			
1 Motor Fuel and Motor Fuel Use Taxes	1,323,322,100	1,352,197,988	1,360,349,355
2 Underground Storage Tank Tax and Environmental Impact Fee	72,387,628	73,776,513	74,353,736
C. Total Motor Fuel Taxes	\$1,395,709,728	\$1,425,974,501	\$1,434,703,091
Excise Taxes			
1 Cigarette and Cigarette Use Taxes	643,123,995	729,233,683	639,186,971
2 Coin-operated Amusement Device Tax	1,144,655	2,571,238	2,660,895
3 Dry-cleaning Solvent Tax and License Fees	1,518,215	2,360,205	2,514,857
4 Electricity Excise Tax	353,290,697	346,517,692	365,050,401
5 Energy Assistance and Renewable Energy	95,511,406	96,185,799	94,923,026
6 Gas Revenue Tax	144,262,954	165,842,805	162,864,264
7 Hotel Operators' Occupation Tax	150,727,788	156,125,146	160,720,291
8 Invested Capital Tax and Electricity Distribution Tax	177,285,109	178,460,313	176,296,985
9 Liquor Gallonage Tax	142,757,794	146,804,664	147,400,072
10 Oil and Gas Production Assessment	301,488	345,056	455,752
11 Telecommunications Excise Tax	657,347,648	890,597,670	626,618,181
12 Telecommunications Infrastructure Maintenance Fee	32,036,182	28,137,793	27,672,889
13 Tobacco Products Tax	18,301,531	18,416,382	18,614,135
D. Total Excise Taxes	\$2,417,609,462	\$2,761,598,446	\$2,424,978,719
Gaming Taxes			
1 Bingo Tax and License Fees	4,665,869	4,445,419	3,914,028
2 Charitable Games Tax and License Fees	153,835	188,296	292,523
3 Pull Tabs and Jar Games Tax and License Fees	7,690,845	7,399,005	7,136,383
4 Racing Privilege Tax	12,222,206	11,872,090	11,658,960
E. Total Gaming Taxes	\$24,732,755	\$23,904,810	\$23,001,894
Other Collections			
1 Miscellaneous ⁽⁴⁾	696,824	234,805	718,747
2 Pharmaceutical Assistance ⁽⁵⁾	3,961,487	3,185,017	—
3 Qualified Solid Waste Energy Facility Payment ⁽⁶⁾	298,038	370,439	350,041
4 Real Estate Transfer Tax	72,439,402	85,949,813	108,459,473
5 Senior Citizens Real Estate Tax Deferral	2,938,594	3,765,396	3,785,807
6 Tennessee Valley Authority (TVA)	81,577	81,512	85,558
F. Total Other Collections	80,415,922	\$93,586,982	\$113,399,626
Total Section 1: State Collections (A+B+C+D+E+F)	\$21,773,262,030	\$21,675,834,094	\$24,437,209,722



Total Revenue Collected (Continued)

Table 1: Total Revenue Collected (continued)

Section 2: Taxes Collected for Local Governments ⁽⁷⁾	FY2003	FY2004	FY 2005
Automobile Renting Occupation and Use Taxes			
1 County Automobile Renting Occupation and Use Taxes	48,319	28,553	38,350
2 MPEA Automobile Renting Occupation and Use Taxes	21,335,614	24,608,784	24,192,606
3 Municipal Automobile Renting Occupation and Use Taxes	4,870,704	5,380,087	5,058,173
A Total Automobile Renting Occupation and Use Taxes	\$ 26,254,637	\$ 30,017,424	\$ 29,289,129
B Chicago Soft Drink Tax	\$ 8,173,372	\$ 8,201,462	\$ 7,940,067
C County Motor Fuel Tax	\$ 28,267,307	\$ 29,519,562	\$ 30,829,414
D County Water Commission Tax	\$ 31,262,606	\$ 31,948,120	\$ 33,483,302
E Home Rule and Non-home Rule Sales Taxes	\$ 735,332,256	\$ 796,417,700	\$ 885,085,998
Hotel Taxes			
1 Illinois Sports Facilities Tax	24,395,848	24,824,961	27,617,881
2 MPEA Hotel Tax	28,441,076	28,940,003	32,197,375
3 Municipal Hotel Tax (Chicago)	12,322,392	12,539,910	13,949,852
F Total Hotel Taxes	\$ 65,159,316	\$ 66,304,874	\$ 73,765,108
G Mass Transit District Sales and Use Taxes	\$ 653,845,504	\$ 673,318,384	\$ 687,455,896
H Metro-East Park and Recreation District Tax ⁽⁸⁾	\$ 3,558,619	\$ 3,751,318	\$ 3,915,631
I MPEA Food and Beverage Tax	\$ 23,456,015	\$ 25,438,972	\$ 26,953,399
J Municipal Simplified Telecommunications Tax ⁽⁹⁾	\$ 98,800,419	\$ 248,819,618	\$ 276,366,318
Replacement Vehicle Taxes			
1 County Replacement Vehicle Tax	554	51	—
2 Municipal Replacement Vehicle Tax	60,292	4,087	62
K Total Replacement Vehicle Taxes⁽³⁾	\$ 60,846	\$ 4,138	\$ 62
L Tennessee Valley Authority (TVA)	\$ 190,347	\$ 190,194	\$ 199,636
M. Special County Retailers' Occupation Tax for Public Safety	\$ 25,312,365	\$ 53,310,483	\$ 61,013,773
Total Section 2: Taxes Collected for Local Governments (A+B+C+D+E+F+G+H+I+J+K+L+M)	\$ 1,699,673,609	\$ 1,967,242,249	\$2,116,297,733
Collections Grand Total (Section 1 + Sections 2)	\$ 23,472,935,639	\$ 23,643,076,343	\$26,553,507,455

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 44 and "Revenue-sharing with Local Governments" for more information.
- (3) Public Act 93-0024 repealed this tax effective July 1, 2003.
- (4) Includes jury duty refunds, duplicate payments, insurance claims, and tax forms.
- (5) Executive Order 2004-3 transferred the Pharmaceutical Assistance Program to the Illinois Department on Aging effective July 1, 2004.
- (6) Payments were required to be sent to the department effective January 2001.
- (7) 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 44.
- (8) Imposed July 1, 2001.
- (9) First collections were January 1, 2003.

Note: Totals may not balance due to rounding.

Income Taxes



Individuals

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 tax rate is 3 percent of net income. The starting point for the Illinois Individual Income Tax is the 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 allowed 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 federal income tax is withheld on

- compensation (*i.e.*, wages and salaries) paid in Illinois, and
- gambling or lottery winnings paid in Illinois.

An employee may also enter a voluntary withholding agreement with the employer.

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
- 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

Taxpayer status	2003 returns	2004 returns
Single*	3,262,816	3,313,472
Married, filing jointly	2,256,745	2,262,610
Married, filing separately	72,852	74,437
Total	5,592,413	5,650,519

* Includes single, head of household, and widowed.





Income Taxes (Continued)

Table 5: Individual Income Tax returns Filed by Adjusted Gross Income — Tax Year 2003

AGI Bracket	Returns	AGI	Exemptions	Reported Tax	No. of property tax credit	Property Tax Credits
Less Than Zero	52,865	(\$ 2,557,273,980)	95,720	\$ 1,032,453	362	\$ 109,589
\$0 — \$ 5,000	489,251	\$ 1,269,688,235	510,064	\$ 19,739,371	11,973	\$ 452,521
\$5,001 — \$ 15,000	895,662	\$ 8,807,400,166	1,521,319	\$ 152,321,097	119,517	\$ 8,883,069
\$15,001 — \$ 25,000	748,872	\$ 14,848,135,506	1,600,118	\$ 301,483,125	177,286	\$ 17,065,098
\$25,001 — \$ 50,000	1,306,200	\$ 47,498,942,249	2,909,062	\$ 1,100,340,649	571,122	\$ 64,793,276
\$50,001 — \$100,000	1,218,038	\$ 85,716,275,041	3,418,680	\$ 2,093,507,273	919,882	\$ 142,882,210
\$100,001 — \$500,000	519,561	\$ 83,937,660,018	1,648,471	\$ 2,246,425,283	461,998	\$ 126,428,147
\$500,001 & more	27,397	\$ 38,110,464,266	91,224	\$ 1,099,578,894	25,669	\$ 16,016,525
Illinois	5,257,846	\$277,631,291,501	11,794,658	\$ 7,014,428,145	2,287,809	\$ 376,630,435
Nonresidents and residents with invalid IL Zip Codes	334,567	\$71,774,349,381	746,868	\$ 375,799,067	33,403	\$ 7,178,119
Total	5,592,413	\$349,405,640,882	12,541,526	\$ 7,390,227,212	2,321,212	\$ 383,808,554

Table 5: Individual Income Tax returns Filed by Adjusted Gross Income — Tax Year 2004

AGI Bracket	Returns	AGI	Exemptions	Reported Tax	No. of property tax credit	Property Tax Credits
Less Than Zero	51,965	(\$ 2,461,138,469)	95,164	\$ 1,464,224	386	\$ 115,567
\$0 — \$ 5,000	480,554	\$ 1,251,861,850	483,306	\$ 19,737,396	11,135	\$ 416,421
\$5,001 — \$ 15,000	890,688	\$ 8,764,639,220	1,490,479	\$ 153,307,924	112,854	\$ 8,740,597
\$15,001 — \$ 25,000	737,523	\$ 14,617,887,637	1,571,091	\$ 296,609,893	168,864	\$ 17,067,141
\$25,001 — \$ 50,000	1,289,474	\$ 46,934,722,208	2,865,109	\$ 1,083,396,205	552,459	\$ 65,830,579
\$50,001 — \$100,000	1,239,720	\$ 87,547,847,729	3,442,196	\$ 2,122,924,913	930,524	\$ 150,152,430
\$100,001 — \$500,000	568,415	\$ 92,413,842,072	1,795,872	\$ 2,456,854,440	507,188	\$ 142,692,948
\$500,001 & more	33,436	\$ 49,040,393,936	111,265	\$ 1,467,761,499	31,254	\$ 20,346,369
Illinois	5,291,775	\$298,110,056,183	11,854,482	\$ 7,602,056,494	2,314,664	\$ 405,362,052
Nonresidents and residents with invalid IL Zip Codes	358,744	\$101,649,143,884	799,331	\$ 444,152,339	38,066	\$ 8,603,165
Total	5,650,519	\$399,759,200,067	12,653,813	\$ 8,046,208,833	2,352,730	\$ 413,965,217

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. 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.

Beginning with 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. An Illinois **Earned Income Tax Credit**, equal to 5 percent of the federal tax credit, was also allowed beginning in tax year 2000. The Earned Income Tax Credit was made refundable effective tax year 2003.

Table 6: Property Tax Credit, Education Expense Credit, and Earned Income Credit Amounts

Tax year	Property tax		Education Expense		Earned Income	
	Number of returns	Credit amount	Number of returns	Credit amount	Number of returns	Credit amount
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	165,781	\$61,233,025	542,070	\$39,921,206
2001	2,337,890	337,404,976	189,055	68,444,006	584,223	44,147,501
2002	2,305,452	355,552,264	185,005	66,518,652	645,973	50,829,816
2003	2,320,667	383,614,881	194,923	67,139,827	719,790	65,746,171
2004	2,351,032	413,605,302	207,275	67,904,029	743,952	70,926,683

Income Taxes

(Continued)

Table 7: Corporate Liability Stratification for Income and Replacement Taxes — Tax Year 2002

Liability Range (Thousands)	Total filers	Percent of filers	Liabilities (millions)	Percent of liabilities	Average Liability
\$0	89,148	70.54%	\$ 0.0	0.00%	0
\$0 > \$5	28,991	22.94%	34.3	3.35%	1,184
\$5 > \$10	3,106	2.46%	21.5	2.10%	6,924
\$10 > \$50	3,183	2.52%	69.9	6.82%	21,963
\$50 > \$100	748	0.59%	53.5	5.22%	71,507
\$100 > \$500	898	0.71%	195.3	19.07%	217,535
\$500 > \$1,000	161	0.13%	115.7	11.30%	718,870
\$1,000 & more	152	0.12%	534.2	52.14%	3,514,389
Totals	126,387	100.00%	\$ 1,024.5	100.00%	\$ 8,106
Liability only	37,239	29.46%	\$ 1,024.5	100.00%	\$ 27,511

Table 7: Corporate Liability Stratification for Income and Replacement Taxes — Tax Year 2003

Liability Range (Thousands)	Total filers	Percent of filers	Liabilities (millions)	Percent of liabilities	Average Liability
\$0	83,818	68.04%	\$ 0.0	0.00%	0
\$0 > \$5	31,499	25.57%	33.1	2.81%	1,051
\$5 > \$10	2,888	2.34%	20.0	1.70%	6,925
\$10 > \$50	2,992	2.43%	66.8	5.67%	22,326
\$50 > \$100	763	0.62%	53.6	4.55%	70,249
\$100 > \$500	854	0.69%	188.8	16.02%	221,077
\$500 > \$1,000	190	0.15%	134.3	11.40%	706,842
\$1,000 & more	191	0.16%	681.9	57.86%	3,570,157
Totals	123,195	100.00%	\$ 1,178.5	100.00%	\$ 9,566
Liability only	39,377	31.96%	\$ 1,178.5	100.00%	\$ 29,929

Note: For information about replacement taxes, see Table 56 and Table 57.



Corporations

The tax 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.”)

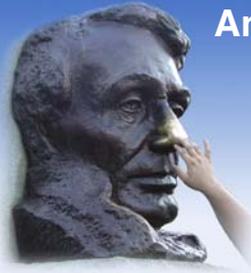
Generally, S corporations and partnerships do not pay the Illinois Corporate Income Tax. However, corporations, S corporations, partnerships, and trusts are required to pay **Personal Property Replacement Tax**. Income from these entities is generally passed on to owners who, in turn, must report this 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 the 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 different formulas.

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 (for tax years ending prior to 12/31/2003, and beginning again for tax years ending on or after 12/31/2004)
- Training Expense Credit (for tax years ending prior to 12/31/2003)
- Coal Research and Coal Utilization Investment Credits (until 1/1/2005)
- Enterprise Zone Investment Credit
- High Impact Business Investment Credit
- Environmental Remediation Tax Credit (for tax years ending prior to 12/31/2001)
- 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 (for tax years prior to 12/31/2004)
- Enterprise Zone and Foreign Trade Zone Jobs Tax Credit
- Life and Health Insurance and HMO Guarantee Association fee offset (for tax years ending prior to 12/31/2002)
- Affordable Housing Credit (for tax years ending prior to 12/31/2000)
- Film Production Services Credit (tax years beginning 1/1/2004)
- Credit for Personal Property Replacement Taxes paid (for tax years ending prior to 12/31/2003)
- Transportation Employee Credit (beginning 1/1/2004 until 7/1/2004)



Income Taxes (Continued)

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

Credit	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Enterprise Zone	\$ 7.0	\$ 10.0	\$ 8.4	\$ 9.0	\$10.0	\$ 5.8	\$ 4.4	\$ 7.5	\$ 6.5	Coal
Research & Coal Utilization	3.1	3.9	0.7	4.3	1.1	0.1	1.1	1.1	3.8	N/A
High Impact Business	0.2	0.4	1.2	0.4	0.5	0.5	0.5	0.2	1.5	1.6
Jobs Tax Credit	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Replacement Taxes Paid	7.1	8.8	10.0	9.3	8.8	9.0	6.5	5.8	6.4	N/A
Training Expense	9.8	17.4	17.7	18.8	17.3	14.5	14.4	12.7	14.2	3.8
Research & Development	24.0	27.8	35.2	32.6	27.5	15.9	15.0	6.7	8.2	7.3
Life & Health Insurance Tax Offset	N/A	2.7	4.1	12.3	16.1	14.1	12.9	6.2	3.6	N/A
Tech-Prep	—	0.0	0.0	0.2	0.3	0.3	0.0	0.0	0.0	N/A
Dependent Care	—	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Environmental Remediation	—	—	—	0.0	0.0	0.0	0.2	0.0	0.0	0.0
EDGE**	—	—	—	—	—	0.0	0.2	3.3	5.2	9.9
Child Care	—	—	—	—	—	—	0.9	3.0	0.4	0.2
Affordable Housing	—	—	—	—	—	—	—	0.0	0.3	0.3
Transportation Employee	—	—	—	—	—	—	—	—	—	—
Film Production	—	—	—	—	—	—	—	—	—	—
Total	\$ 51.5	\$ 71.0	\$ 78.3	\$ 86.9	\$ 81.6	\$ 60.2	\$ 56.1	\$ 46.5	\$ 50.1	\$ 23.1

* Based on a review of Schedules 1299-D.

— : Did not Exist

** Economic Development for a Growing Economy

N/A: No Data

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 is deposited into the ITRF to arrive at net income taxes. ITRF received 11.7 percent in FY 2004 and 10 percent in FY 2005 for individuals. ITRF also received 32 percent in FY 2004 and 24 percent in FY 2005 for corporations. 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 1996, 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	2004			2005		
	Individual	Corporate	Total	Individual	Corporate	Total
ITRF	\$ 963.6	\$ 482.4	\$ 1,446.0	\$ 893.7	\$ 375.9	\$1,269.6
EAF	530.8	68.5	599.3	582.4	85.6	668.0
GRF	6,724.8	797.8	7,522.6	7,396.3	1,086.6	8,482.9
CS	16.1	70.2	86.3	—	—	—
Total	\$ 8,235.3	\$ 1,418.9	\$ 9,654.2	\$ 8,872.4	\$ 1,548.1	\$10,420.5

The GRF received 77.9 percent of total income tax receipts in FY 2004 and 81.4 percent in FY 2005. The individual and corporate receipt totals by fund shown 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.

Income Taxes
(Continued)

Table 10: Income Tax Collections and Refunds

Fiscal year	Individual	Corporate	Total collections	Total refunds
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
2002	8,090,152,509	1,042,682,985	9,132,835,494	870,283,281
2003	7,976,979,827	921,586,926	8,898,566,753	1,396,083,434
2004	8,224,101,195	1,416,734,492	9,640,835,687	1,452,382,310
2005	\$ 8,864,878,151	\$ 1,548,140,694	\$ 10,413,018,845	\$ 1,268,808,437

Note: Collections from replacement income taxes are not included in this table. See Table 55 and Table 56.



*Old State Capital
Springfield, Illinois*



Income Taxes (Continued)

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. Deposits into the ITRF are designated for the sole purpose of paying refunds. ITRF deposits are shown in Table 12.

Table 11: Individual Income Tax Refunds

Tax year	Refunds issued	Refund amount	Average refund
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
2000	3,695,456	787,103,446	212.99
2001	3,680,097	877,145,543	238.34
2002	3,730,851	906,716,618	243.03
2003	3,768,264	924,114,180	245.24



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	
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
2002	7.6	614.5	23.0	239.7	23.0	173.5	1,027.7
2003	8.0	638.5	27.0	272.9	27.0	205.0	1,116.4
2004	11.7	958.9	32.0	369.3	32.0	268.8	1,597.0
2005	10.0	893.7	24.0	376.0	24.0	255.5	1,525.2

Income Taxes

(Continued)

Income Tax Checkoffs

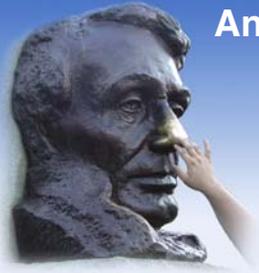
Income tax checkoffs for charitable causes first appeared on the Illinois Individual Income Tax return for the 1983 tax year. Taxpayers who were due a refund could donate up to \$10 of that refund to any or all of the causes listed on the return. (Joint filers could each donate \$10 per cause.) Follow-up 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.



Table 13: Checkoff Dollars Donated by Tax Year

Note: Totals have been rounded

Voluntary Contributions	1996	1997	1998	1999	2000	2001	2002	2003	2004
Wildlife Conservation	208,763	178,688	240,033	237,183	225,373	248,751	267,594	244,013	246,590
Child Abuse Prevention	179,119	138,290	239,537	283,213	232,810	248,169	263,942	229,020	233,886
Alzheimer's Disease Research	130,165	102,721	161,503	225,860	166,146	181,614	192,262	173,386	196,594
Assistance to the Homeless	143,717	115,011	190,708	189,386	180,108	192,981	221,257	184,557	189,420
Breast & Cervical Cancer Research	146,317	110,965	247,496	224,968	249,649	252,541	256,937	233,762	270,334
Ryan White Pediatric and Adult AIDS	—	—	—	—	—	—	—	—	—
Illinois Special Olympics	—	—	—	—	—	—	—	—	—
Heart Disease Prevention	—	—	—	—	—	—	—	—	—
Korean War Memorial	—	—	—	—	—	—	—	204,324	—
Children's Cancer	—	86,248	—	—	—	—	—	—	—
American Diabetes	—	74,133	—	—	—	—	—	—	—
Mental Health Research	—	57,093	—	—	—	—	—	—	—
Prostate Cancer Research	—	—	—	115,837	115,468	117,471	131,025	96,898	—
National WWII Memorial	—	—	—	—	112,666	86,411	—	63,050	—
Korean War Veteran's Museum	—	—	—	—	—	40,934	—	—	—
Multiple Sclerosis Assistance	—	—	—	—	—	—	146,342	116,519	126,528
Illinois Military Family Relief	—	—	—	—	—	—	—	204,324	300,825
LouGehrig's Disease (ALS) Research	—	—	—	—	—	—	—	107,720	107,625
Asthma and Lung Research	—	—	—	—	—	—	—	74,307	—
Leukemia Treatment and Education	—	—	—	—	—	—	—	65,981	—
Illinois Veterans Home	—	—	—	—	—	—	—	—	139,176
Total	\$808,081	\$863,149	\$1,079,278	\$1,296,446	\$1,282,221	\$1,368,871	\$1,479,360	\$1,793,537	\$1,810,977



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 retailer’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 retailer’s receipts and “use” taxes that are imposed on amounts paid by purchasers. Retailers owe the occupation tax to the department; they reimburse themselves for this liability by collecting use tax from the purchasers. “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 vehicles 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
- 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.

Table 14: Sales Tax Rates History

Year	Imposed by	Rate
1933	State (temporary)	2.00%
1935	State (permanent)	3.00%
1955	Municipalities — local sales tax	varied
1959	Counties — local sales tax	varied
1969	State	4.00%
1979	State/municipalities & counties	4.00%/1.00%
1979	Regional Transportation Authority (RTA)	0.25%/1.00% (1)
1980	State (food, drugs, & medical appliances)	3.00% (2)
1980	Metro-East Mass Transit District (MED)	0.25% (3)
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)
2005	Municipal Business District Taxes	varied (8)

Footnotes

- (1) 0.25 percent in DuPage, Kane, Lake, McHenry, and Will counties; 1 percent in Cook County
- (2) No change to rates imposed by local governments (up to 1 percent) and RTA (either 0.25 percent or 1 percent)
- (3) Portions of Madison and St. Clair counties
- (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
- (5) Most of DuPage County and certain municipalities in Cook and Will counties
- (6) County Supplementary Tax Act
- (7) Local sales tax acts and County Supplementary Tax Act repealed; additional 1.25 percent on general merchandise and 1 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
- (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
- (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

Sales Taxes

(Continued)



“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.

The fundamental rate of

- qualifying food, drugs, and medical appliances is 1 percent.
- vehicles 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 15: State Sales Tax Collections

Fiscal year	Collections	Number of taxpayers
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
2002	8,266,932,058	239,917
2003	8,118,945,837	241,460
2004	8,444,888,092	250,767
2005	8,876,289,022	250,351

Note: This table represents taxes generated at the state’s rate of 6.25 percent on general merchandise and the state’s rate of 1 percent on food, drugs, and medical appliances. Collections also include taxes generated by the Motor Vehicle Use Tax.

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

	FY 2002	FY 2003	FY 2004	FY2005
Number of taxpayers filing ⁽²⁾	215,072	215,824	220,370	226,283
General merchandise	\$ 949,943,159.90	\$ 953,237,496.12	\$ 985,799,385.41	\$ 1,002,847,969.67
Food	492,633,094.44	510,715,601.32	537,551,164.93	524,557,812.65
Drinking and eating places	813,694,979.92	840,843,102.53	887,417,157.17	938,853,968.86
Apparel	288,307,231.30	293,895,944.47	310,274,715.97	337,001,764.71
Furniture, household, and radio	530,168,357.25	535,423,153.92	562,346,876.34	602,643,763.60
Lumber, building, and hardware	527,235,081.70	542,640,551.64	602,822,867.13	664,827,014.41
Automotive and filling stations	1,879,041,009.20	1,856,452,031.72	1,866,733,618.00	1,896,960,536.52
Drugs and other retail	877,967,637.38	890,387,843.83	932,493,196.85	963,311,203.86
Agriculture and all others	1,375,263,951.57	1,357,482,446.72	1,366,516,792.32	1,450,131,056.99
Manufacturers	281,381,402.24	257,553,354.96	270,305,597.18	316,423,982.21
Total tax collections	\$ 8,015,635,904.90	\$ 8,038,631,527.23	\$ 8,322,261,371.30	\$ 8,697,559,073.48

Note: (1) Each taxpayer is reported in type of business based on the primary Standard Industrial Classification code.

(2) Number of taxpayers includes both registered retailers and any taxpayer who filed a use tax return during this reporting period.

Note: This table has been modified from previous years. It currently reflects financial information on amounts disbursed during the fiscal year. The amount disbursed may not agree with collection figures reported in Table 15 because these amounts may include interest, advance payments or are net of any statutory administrative fees. Table 16 includes tax collected at the state rate on general merchandise of 6.25 percent and the state rate on qualifying food, drug and medical appliances of 1 percent. The state retains 80 percent of the 6.25 percent tax collections, 20 percent is returned to local governments where the sale takes place. 100 percent of tax collected on qualifying food, drug and medical appliances is returned to local governments where the sale takes place.



Sales Taxes (Continued)

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 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
- Illinois Tax Increment Fund — 0.27 percent
- General Revenue Fund — 75 percent of the amount remaining after disbursements to the first two funds listed
- General Revenue/Common School Special Account Fund — 25 percent of the amount remaining after disbursements to the first two funds listed

Local governments receive the remaining 20 percent of the 6.25 percent of 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 (LGDF). 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 IDOR

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.



Sales Taxes

(Continued)

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

Beginning on January 1, 1995, and ending on June 30, 2003, and beginning again on September 1, 2004, taxpayers who purchase tax exempt manufacturing machinery and equipment may earn Manufacturer's Purchase Credit (MPC). Beginning on July 1, 1996, and ending on June 30, 2003, and beginning again on September 1, 2004, a graphic arts producer may also earn MPC when purchasing exempt graphic arts machinery and equipment. 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.

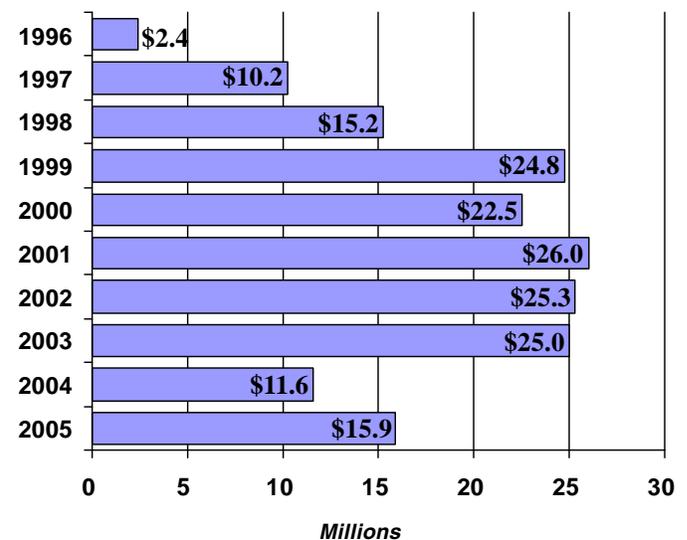
Taxpayers who make qualifying purchases must report MPC earned to the Department of Revenue to receive the MPC. Credit earned prior to July 1, 2003, cannot be used after September 30, 2003. Credit earned after September 1, 2004, may only be used to satisfy tax liabilities for purchases of production related purchases made after September 1, 2004. 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 percent 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 for purchases made on or after January 1, 1995, but before July 1, 1995 (manufacturers only)
- 25 percent for purchases made on or after July 1, 1995, but before July 1, 1996 (manufacturers only)
- 40 percent for purchases made on or after July 1, 1996, but before July 1, 1997 (manufacturers and graphic artists)
- 50 percent for purchases made on or after July 1, 1997 (manufacturers and graphic artists)

Graph 5: MPC Used





Other Sales or Renting Taxes and Fees

Automobile Renting Occupation and Use Taxes

Statutory Reference

35 ILCS 155/1 to 155/5

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 were increased to 5 percent.

Distribution

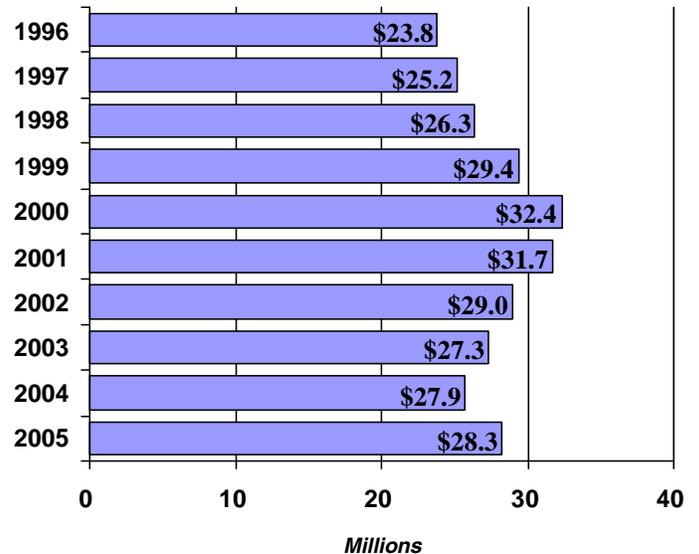
Collections are deposited into the General Revenue Fund.

Local Taxes Collected by the IDOR

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

Graph 6: Automobile Renting Occupation and Use Taxes Collections



*Butter Cow Exhibit
A long time tradition at the Illinois State Fair
Springfield, Illinois*

Other Sales or Renting Taxes and Fees

(Continued)

Tire User Fee

Statutory Reference

415 ILCS 5/55.8 - 55.15

Definition

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

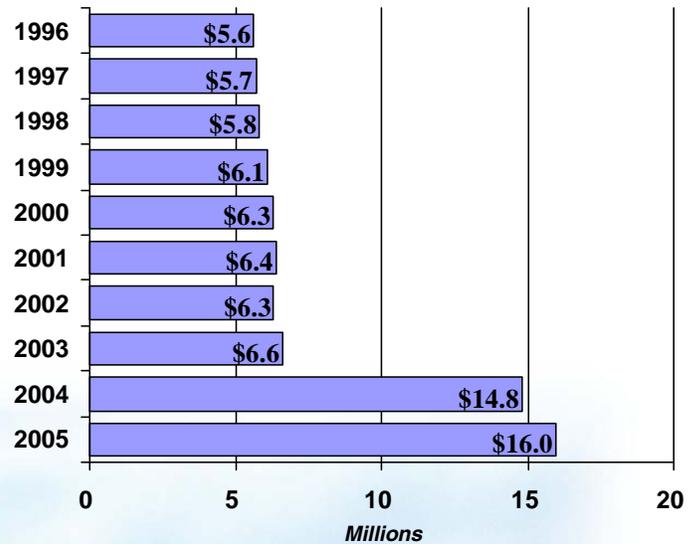
- new and used tires for vehicles in which persons or property may be transported or drawn upon a highway, as defined in the Illinois Vehicle Code, Section 1-217;
- aircraft;
- special mobile equipment (such as street sweepers, road construction and maintenance machinery); and
- implements of husbandry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

Beginning June 20, 2003, the User Tire Fee was increased from \$1 to \$2 per new or used tire sold at retail in this State. Beginning July 1, 2003, the rate was increased an additional 50 cents per new or used tire, to \$2.50.

Distribution

The Used Tire Management Fund receives \$2, less a retailer'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. The Emergency Public Health Fund receives 50 cents per tire.

Graph 7: Tire User Fee Collections





Other Sales or Renting Taxes and Fees

(Continued)

Vehicle Use Tax Statutory Reference

625 ILCS 5/3-1001 to 5/3-1006

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 a title to the motor vehicle. The tax 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.

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.

Distribution

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

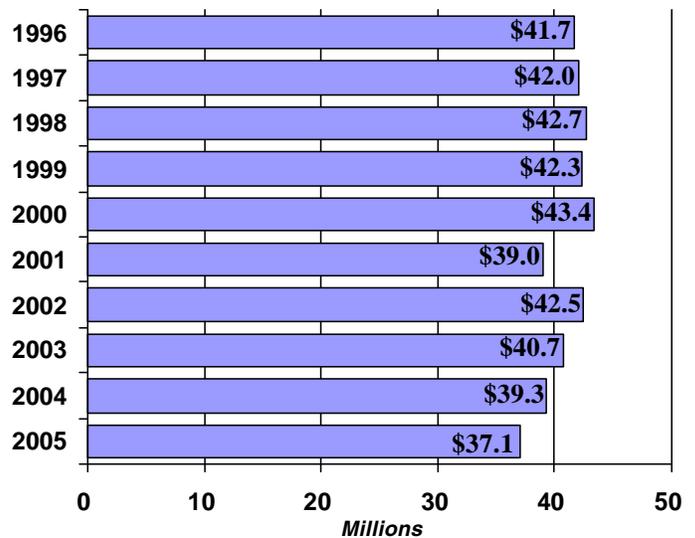
Table 18: History of Vehicle Use Tax Rates

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)

Graph 8: Vehicle Use Tax Collections



Motor Fuel Taxes



Motor Fuel and Motor Fuel Use Taxes Statutory References

Motor Fuel Tax — 35 ILCS 505/1 to 505/21

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



Table 20: Motor Fuel Gallonage History

Fiscal Year	Gasoline	Diesel	Combustible gases	Total
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
2002	5,059,658,465	1,033,927,899	4,734,234	6,098,320,598
2003	5,233,840,475	1,068,762,622	4,494,708	6,307,097,805
2004	5,290,427,726	1,140,030,043	4,264,765	6,434,722,534
2005	5,251,684,138	1,124,704,867	3,068,931	6,379,457,936



Motor Fuel Taxes (Continued)

Table 21: Motor Fuel Tax Collections and Refunds ⁽¹⁾

Fiscal year	Total collections ⁽²⁾	MFT taxpayers ⁽³⁾	MFUT Collections	MFUT taxpayers ⁽⁴⁾	IFTA Jurisdictions Billings & Transmittals	Non-highway & carrier refunds
1996	1,169,906,414	923	94,314,021	10,558	26,695,584	10,884,751
1997	1,187,335,532	748	116,921,356	8,056	32,593,764	14,070,942
1998	1,227,238,552	863	137,376,667	8,834	47,741,233	11,683,268
1999	1,258,279,198	851	128,234,293	9,412	43,932,572	14,071,102
2000	1,292,203,504	765	129,704,243	10,309	39,668,049	14,965,829
2001	1,296,026,938	730	133,000,101	10,476	44,795,652	12,401,807
2002	1,299,068,873	675	132,425,005	11,153	39,311,708	15,213,665
2003	1,323,322,100	776	131,931,508	11,496	39,270,760	14,629,526
2004	1,352,197,988	617	134,913,734	11,563	37,746,639	15,562,942
2005	1,360,608,770	515	142,336,663	11,780	41,735,805	14,824,082

(1) Tax collected for motor fuel not used on highway travel is subject to refund. Includes refunds to common carriers (IFTA)

(2) This is the total collections for the Motor Fuel Tax and the Motor Fuel Use Tax.

(3) Represents distributors and suppliers.

(4) The population for 1996 includes IFTA and IL Interstate carriers. The Illinois Interstate program was abolished January 1, 1997.

A provision in the Motor Fuel Tax Law allows for refunds of tax paid to consumers for nonhighway use of motor fuel.

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 \$30 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.

Table 22: 2004 Motor Fuel Tax Refunds for Nonhighway Use*

Nonhighway use	Number	Amount
Agriculture	4,160	\$ 1,093,751
Construction	40	36,339
Industrial	268	5,392,372
Marine	71	26,602
Lawn	442	340,511
Distributor	147	1,051,105
Supplier	1	78
Manufacturing	9	80,739
Research and Development	2	473,626
Commercial Motor Vehicles	10	11,335
Airports ⁽¹⁾	48	623,043
Refrigeration Units	740	1,095,021
Power Take-off Units	649	3,420,172
Unintentional Mixing	13	16,989
Testing	10	83,841
Dual Use	64	231,041
Total	6,674	\$ 13,976,566

Table 22: 2005 Motor Fuel Tax Refunds for Nonhighway Use*

Nonhighway use	Number	Amount
Agriculture	3,686	\$ 1,039,444
Construction	31	26,350
Industrial	229	4,578,571
Marine	65	25,327
Lawn	412	356,504
Distributor	88	527,330
Supplier	0	0
Manufacturing	11	128,734
Research and Development	3	1,772,113
Commercial Motor Vehicles	19	14,683
Airports ⁽¹⁾	3	1,148
Refrigeration Units	792	1,101,610
Power Take-off Units	659	2,919,061
Unintentional Mixing	10	10,442
Testing	7	148,226
Dual Use	65	483,267
Total	6,080	\$ 13,132,811

*Does not include reciprocal claims and common carrier refunds.

(1) Qualifying airports only

Motor Fuel Taxes (Continued)



Underground Storage Tax and Environmental Impact Fee

Statutory References

- **Underground Storage Tax** — 35 ILCS 505/2a, 2b, 8a, 13a.8, 17
- **Environmental Impact Fee** — 415 ILCS 125/301 to 125/999

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 9: 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.

The tax rate for both the Cigarette Tax and the Cigarette Use Tax is 49 mills per cigarette or 98 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, 2.5 cents per cigarette or 50 cents per pack of 20 cigarettes is deposited into the General Revenue Fund. The remaining 2.4 cents per cigarette or 48 cents per pack of 20 cigarettes is deposited into the Common School Fund. Under the Cigarette Use Tax Act, 2.9 cents per cigarette or 58 cents per pack of 20 cigarettes is deposited into the General Revenue Fund. The remaining 2.0 cents per cigarette or 40 cents per pack of 20 cigarettes is deposited into the Common School Fund.



*Director Brian Hamer
Illinois Department of Revenue*

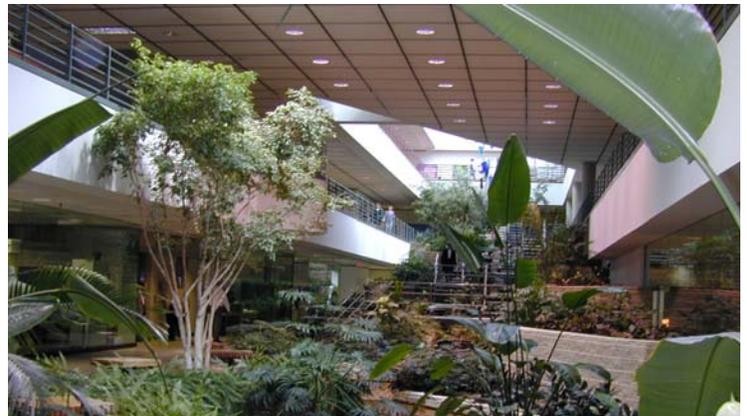
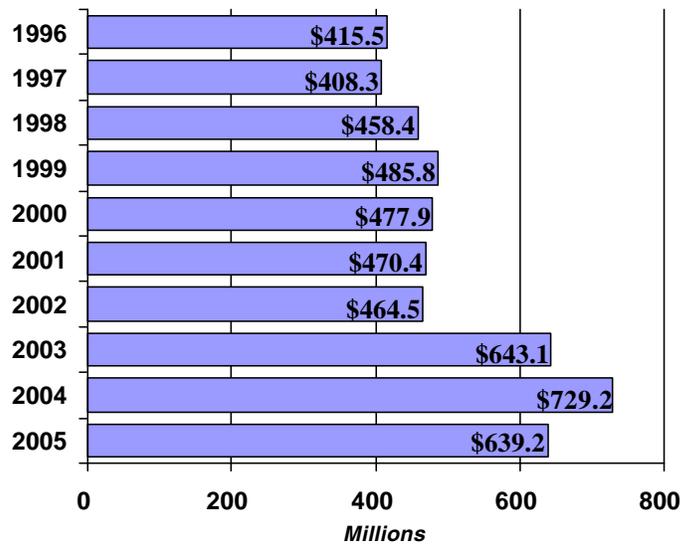
*Willard Ice Building
Springfield, Illinois*



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¢
July 1, 2002	4.90¢	98¢

Graph 10: Cigarette and Cigarette Use Tax Collections



Excise and Utility Taxes (Continued)

Coin-operated Amusement Device and Redemption Machine Tax

Statutory Reference

35 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 tax rate is \$30 per decal.

Rate and Base History

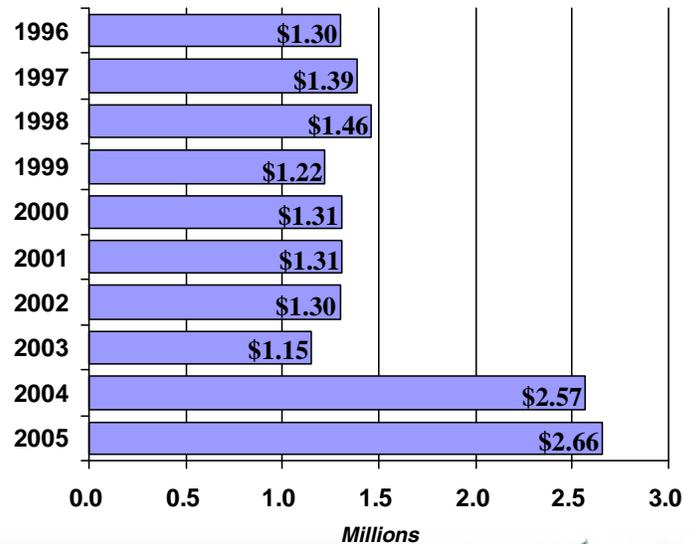
This annual tax became effective August 1, 1953, at the following rates: \$50 for pinball machines, \$25 for mechanical bowling and shuffleboard machines, and \$10 for machines using electric light rays. In 1963, the rate became \$10 per coin-receiving slot.

Effective January 1, 1990, the rate was changed to \$25 per machine but was reduced February 1, 1990, to \$15 per decal for a full-year license. Decals issued on or after February 1 for any year and ending July 31 of that year were \$8. Redemption machines were added to the tax base on May 8, 1992. Beginning with license year 2003, decals are \$30 per year.

Distribution

Collections are deposited into the General Revenue Fund.

Graph 11: Coin-operated Amusement Device and Redemption Machine Tax Collections





Excise and Utility Taxes (Continued)

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 three different tax 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. Beginning January 1, 2004, the tax rate is \$1.75 per gallon of green solvents, unless the green solvent is used at a virgin facility, in which case the rate is \$0.35 cents per gallon.

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 as follows:

- \$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

Beginning January 1, 2004, the annual license fees are as follows:

- **License fees are \$500 for facilities that purchase:**
 - 150 gallons or less annually of chlorine-based or green dry-cleaning solvents
 - 750 gallons or less annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine equipped with a solvent reclaimer

- 1,500 gallons or less annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine without a solvent reclaimer

- **License fees are \$1,000 for facilities that purchase:**

- 151 to 350 gallons annually of chlorine-based or green dry-cleaning solvents
- 751 to 1750 gallons annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine equipped with a solvent reclaimer
- 1,501 to 3500 gallons annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine without a solvent reclaimer

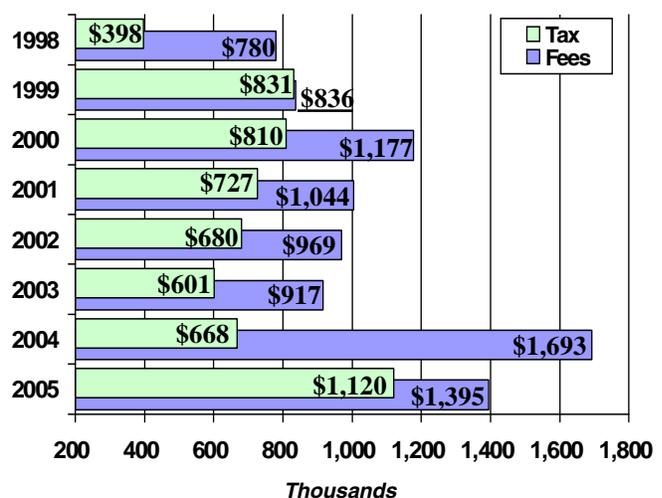
- **License fees are \$1,500 for facilities that purchase:**

- 351 gallon or more annually of chlorine-based or green dry-cleaning solvents
- 1751 gallons or more annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine equipped with a solvent reclaimer
- 3,501 gallons or more annually of hydrocarbon-based dry-cleaning solvents used in a dry-cleaning machine without a solvent reclaimer

Distribution

The Dry-cleaner Environmental Response Trust Fund Council issues the licenses and determines the tax rate annually. Collection of license fees and taxes are deposited into the Dry-cleaner Environmental Response Trust Fund, less 4 percent, which is deposited into the Tax Compliance and Administration Fund.

Graph 12: Dry-cleaning Solvent Tax and License Fees Collections



Excise and Utility Taxes (Continued)



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 in 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

The Public Utility Fund receives 3 percent. The remaining 97 percent is deposited into the General Revenue Fund. Beginning July 1, 2004, the Public Utility Fund receives 3 percent less \$416,667 each month, which is deposited into the General Revenue Fund along with the remaining 97 percent.

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."

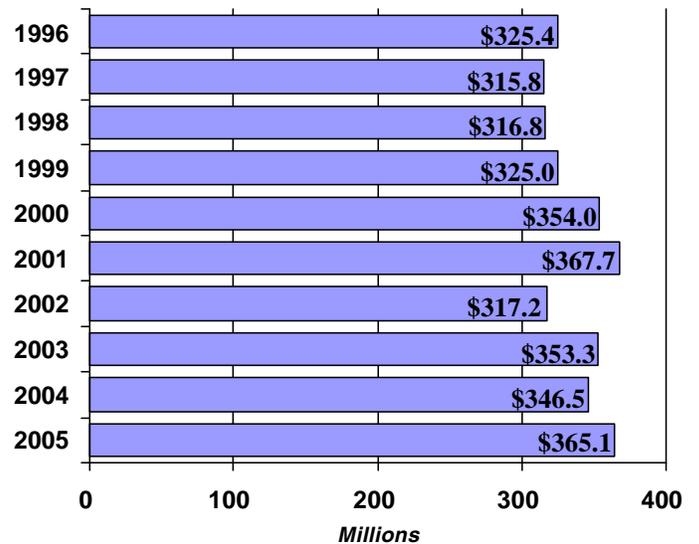
Table 24: Electricity Excise Tax Rate History

Effective date	Rate
March 11, 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 13: Electricity Excise Tax Collections





Excise and Utility Taxes (Continued)

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, or a cooperative, collects monthly from each of its customers for electric or natural gas services delivered by the utility or cooperative.

The tax 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.

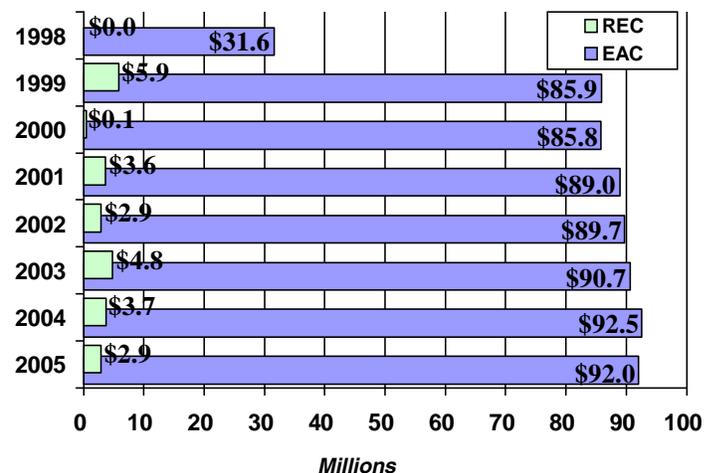
- \$0.05 per account to which residential electric service is delivered
- \$0.05 per account to which residential gas service is delivered

- \$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 14: Energy Charges Collections



Excise and Utility Taxes (Continued)

Gas Revenue Tax and Gas Use Tax

Statutory Reference

Gas Revenue Tax — 35 ILCS 615/1 to 615/15

Gas Use Tax — 35 ILCS 173/5-1 to 5-999

Definition

The Gas Revenue Tax is imposed on persons who distribute, supply, furnish, or sell natural gas for use or consumption (not for resale). Beginning October 1, 2003, the Gas Use Tax is imposed upon the privilege of using gas in Illinois that was purchased from an out-of-state source. The tax rate for the Gas Revenue and Gas Use Tax is 2.4 cents per therm or 5 percent of the purchase price for the billing period, whichever is the lower rate.

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.

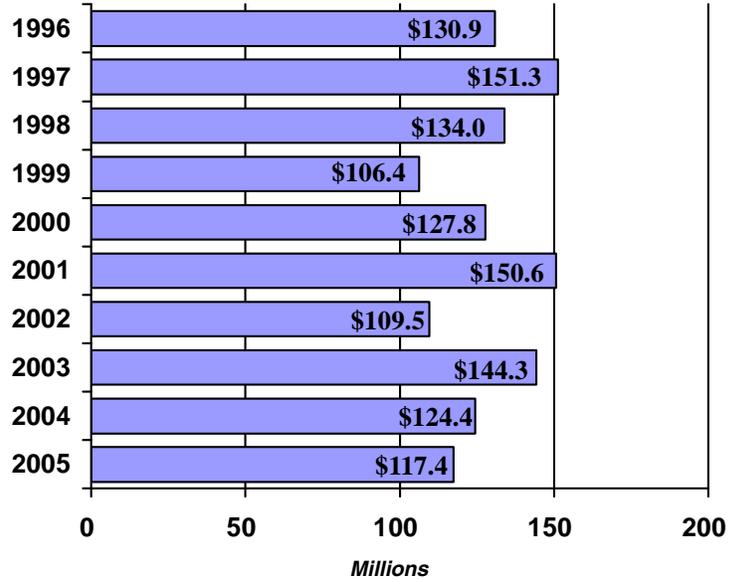
Table 25: Gas Tax Rate History

Effective date	Rate
March 11, 1937 ⁽¹⁾	3.00 percent
July 23, 1945 ⁽¹⁾	3.00 percent
August 1, 1965	4.00 percent
September 1, 1966	3.92 percent
August 1, 1967	5.00
January 1, 1986 ⁽²⁾	5 percent of 2.4 cents, per therm per customer, whichever is less

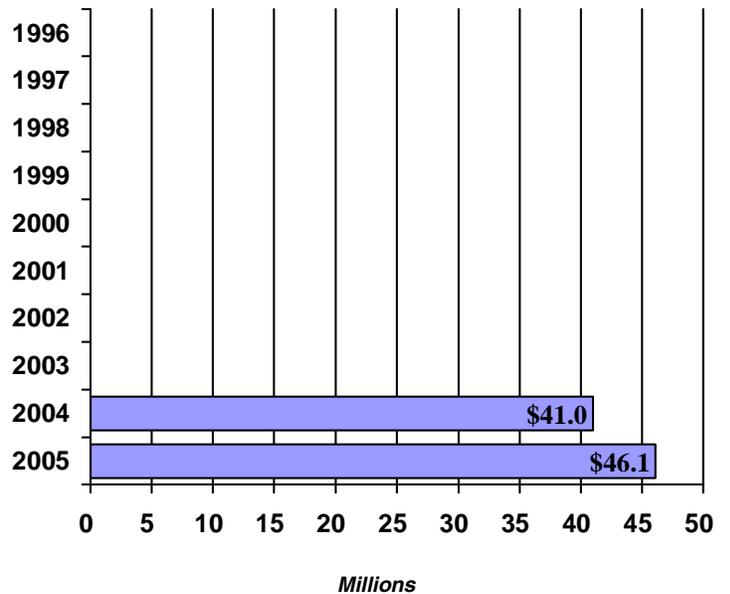
(1) The tax was originally collected under the Public Utilities Revenue Act. The Gas Revenue Tax was adopted July 24, 1945.

(2) Gas Use Tax began October 1, 2003.

Graph 15: Gas Revenue Tax Collections



Graph 16: Gas Use Tax Collections





Excise and Utility Taxes (Continued)

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 comprised of two tax rates:

- 5 percent of 94 percent of the gross receipts from renting, leasing, or letting rooms for periods of less than 30 days, and
- an **additional tax** of 1 percent of 94 percent of the gross receipts from renting, leasing, or letting rooms for periods of less than 30 days.

Distribution

5 percent of 94 percent of gross rental receipts

- 40 percent of the total net proceeds is deposited into the Build Illinois Fund.
- 60 percent of the total net proceeds is distributed in the following order:
 - Illinois Sports Facilities Fund: \$5 million plus an advance amount of \$33,000,000 for FY 2004 and FY2005.
 - Local Tourism Fund: 8 percent of the net revenues received
 - International Tourism Fund: 4.5 percent of the net revenues received
 - General Revenue Fund: remaining net revenues with a subsequent transfer to the Tourism Promotion Fund equal to 21 percent of the amount deposited in the General Revenue Fund

1 percent of 94 percent of gross rental receipts

- Build Illinois Fund: 100 percent.

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

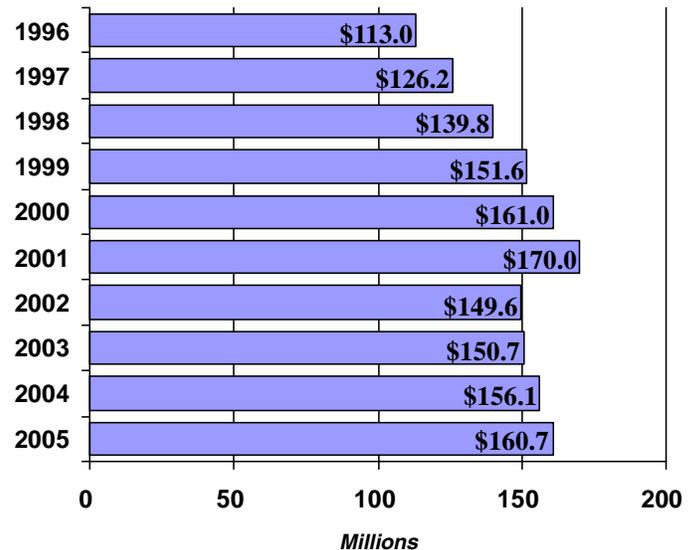
See "Taxes Collected for Local Governments" for more information.

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*
August 1, 1984	5 percent of 94 percent*
	+ 1 percent of 94 percent*
	6 percent of 94 percent*

* of gross rental receipts

Graph 17: Hotel Operators' Occupation Tax Collections

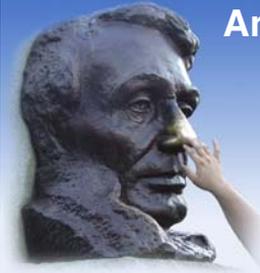


Excise and Utility Taxes

(Continued)

Table 27: Hotel Gross Receipts by County

County	No. of Accounts	FY 2003 Receipts	No. of Accounts	FY 2004 Receipts	No. of Accounts	FY 2005 Receipts
Adams	21	\$ 8,400,537	23	\$ 8,184,859	21	\$ 8,364,184
Alexander	12	302,282	12	311,131	11	324,384
Bond	8	1,669,074	7	1,493,211	7	1,497,718
Boone	4	110,205	6	88,916	6	98,815
Bureau	13	1,420,464	14	1,553,716	12	1,597,384
Carroll	20	1,330,352	23	1,271,842	21	1,402,353
Champaign	64	36,981,661	68	38,792,995	62	39,033,768
Christian	10	702,170	9	661,175	9	707,277
Clinton	13	1,120,194	16	1,090,725	17	966,486
Coles	21	6,527,524	22	6,166,158	20	6,388,764
Cook	637	1,800,780,593	770	1,815,313,663	754	1,962,855,838
Crawford	8	1,306,054	8	1,466,326	8	1,494,945
DeKalb	16	6,392,531	14	6,218,720	15	6,509,304
DeWitt	5	1,232,125	5	1,337,420	5	1,258,757
Douglas	15	3,530,630	17	3,375,524	17	3,410,026
DuPage	169	242,578,737	216	246,427,753	199	259,907,791
Effingham	26	12,888,722	29	12,876,277	28	13,197,546
Fayette	7	2,136,924	8	2,110,002	7	1,997,981
Franklin	16	3,583,764	16	3,992,174	17	4,017,182
Fulton	9	805,659	8	817,372	7	782,694
Grundy	8	4,151,757	9	4,193,629	10	4,288,187
Hancock	37	3,177,273	40	2,677,219	36	2,781,399
Jackson	24	7,026,848	32	6,607,322	32	7,165,037
Jefferson	19	12,642,847	18	12,715,813	19	13,130,839
Jersey	18	2,765,617	17	2,865,432	17	2,861,937
Jo Daviess	142	24,002,460	161	24,603,078	158	24,827,755
Kane	43	43,885,444	46	47,503,977	47	54,329,647
Kankakee	17	8,046,800	23	8,611,895	22	9,398,222
Kendall	11	2,127,956	15	2,379,575	16	3,084,072
Knox	21	5,824,943	22	5,901,081	20	5,950,305
Lake	138	107,545,881	165	105,957,554	156	112,103,325
LaSalle	43	14,664,745	42	14,753,301	41	15,010,329
Lee	8	2,130,700	9	2,491,496	8	2,510,956
Livingston	8	2,215,678	9	2,118,895	8	1,946,348
Logan	10	2,498,926	11	2,519,149	12	2,400,804
McDonough	13	3,654,343	10	3,591,461	11	3,829,241
McHenry	31	11,717,000	30	12,020,304	30	12,475,752
McLean	41	35,684,355	50	35,249,793	45	34,518,466
Macon	22	12,630,768	23	13,163,429	25	13,587,496
Macoupin	9	1,998,566	6	1,941,206	7	1,351,370
Madison	66	28,069,211	78	27,469,670	75	28,115,425
Marion	12	2,873,988	12	2,591,026	10	2,696,561
Mason	6	372,273	7	335,222	7	326,836
Montgomery	9	2,593,638	10	2,614,310	10	3,286,178
Morgan	15	3,544,719	14	3,290,452	10	3,212,723
Ogle	19	4,268,668	23	4,555,229	23	4,763,527



Excise and Utility Taxes (Continued)

Table 27: Hotel Gross Receipts by County (continued)

County	No. of Accounts	FY 2003 Receipts	No. of Accounts	FY 2004 Receipts	No. of Accounts	FY 2005 Receipts
Peoria	39	31,645,715	48	32,451,566	45	33,005,199
Perry	8	702,089	10	734,336	9	859,898
Rock Island	25	17,234,489	31	17,851,893	32	18,458,782
St Clair	60	25,428,224	65	26,413,947	72	26,325,226
Sangamon	56	50,140,621	52	50,061,120	54	53,035,263
Shelby	15	2,735,234	15	2,703,436	15	2,662,756
Stephenson	15	3,529,878	18	3,019,333	15	3,435,870
Tazewell	27	18,564,870	31	17,234,472	33	18,941,633
Vermillion	21	7,815,091	22	7,681,902	20	8,629,733
Washington	8	1,127,790	8	1,170,364	8	1,149,601
White	5	244,701	7	1,303,710	7	1,281,540
Whiteside	14	4,126,979	16	3,106,346	12	3,475,759
Will	74	40,296,965	79	41,193,945	81	44,070,376
Williamson	23	10,842,849	26	11,269,132	24	13,028,955
Winnebago	51	32,552,322	50	33,093,946	49	32,827,612
Brown & Schuyler	6	478,611	7	447,863	8	532,508
Calhoun & Green	5	262,772	6	291,456	6	233,062
Cass & Menard	8	523,277	8	519,848	7	548,086
Clark & Edgar	11	2,111,378	11	1,868,899	12	1,892,589
Clay, Cumberland & Jasper	10	996,992	10	992,497	10	1,019,241
Edwards, Wabash & Wayne	11	1,707,149	9	749,309	8	827,015
Ford & Iroquois	12	1,685,715	14	1,840,120	16	1,910,353
Gallatin, Hardin & Hardin	12	318,335	16	371,333	15	378,161
Henderson, Mercer & Warren	12	1,175,854	10	1,079,791	10	1,097,849
Henry & Stark	20	1,994,754	25	2,157,112	20	1,982,076
Johnson & Union	21	1,192,694	31	1,264,255	34	1,178,576
Lawrence & Richland	9	973,068	11	909,640	11	927,953
Marshall, Putnam & Woodford	5	1,080,336	6	1,478,950	6	1,645,114
Massac & Pulaski	10	5,223,156	15	5,293,071	15	5,648,607
Monroe & Randolph	19	1,681,065	19	1,835,456	20	1,882,289
Moultrie & Piatt	10	1,013,211	10	946,981	8	931,441
Pike & Scott	13	691,352	18	661,286	19	799,316
Pope & Saline	24	1,437,935	27	1,468,376	26	1,422,204
Total	2,543	\$ 2,755,451,075	2,904	\$ 2,779,737,168	2,825	\$ 2,971,810,578

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

Example	Adams County gross receipts:	\$ 8,364,184
	State hotel tax (6% of 94% = 5.64%):	X .0564
	Approximate state tax collections	<u>\$ 471,740</u>

Excise and Utility Taxes (Continued)

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 of beer
- 18.5 cents per gallon of cider with an alcohol content of 0.5 percent to 7 percent
- 73 cents per gallon of wine other than cider with an alcohol content of 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	Cider or Beer 0.5%-7%	Wine <= 14%	Wine > 14% - < 20%	Alcohol = / > 20%
July 1, 1934	\$.02	\$.10	\$.25	\$.50
July 1, 1941	\$.04	\$.15	\$.40	\$1.00
July 1, 1957	\$.04	\$.15	\$.40	\$1.02
Aug. 1, 1959	\$.06	\$.23	\$.60	\$1.52
Aug. 1, 1969	\$.07	\$.23	\$.60	\$2.00
July 1, 1999	\$.185	\$.73	\$.73	\$4.50

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

Fiscal year	Cider or Beer 0.5%-7%	Wine <= 14%	Wine > 14% - < 20%	Alcohol = / > 20%	Total
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
2002	283.3	22.9	2.3	15.6	324.1
2003	314.0	23.9	2.4	15.9	356.1
2004	277.5	24.9	2.3	17.9	322.6
2005	278.6	25.4	2.2	17.4	323.6





Excise and Utility Taxes (Continued)

Oil and Gas Production Assessment

Statutory Reference

225 ILCS 728/30 to 728/99

Definition

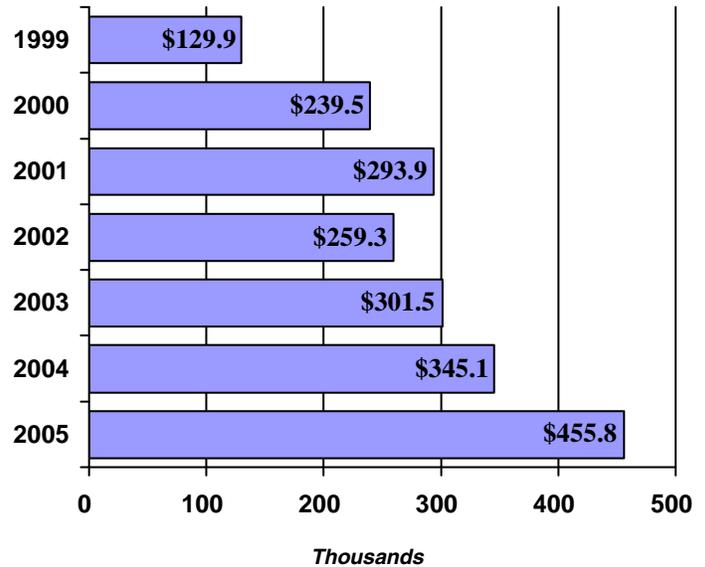
Effective July 10, 1998, the assessment is levied on gross revenues of oil and gas produced from each well in Illinois. It is imposed on Illinois oil or gas producers and is paid by the first purchaser of the oil or gas. The first purchaser pays the assessment to the department. The Illinois Petroleum 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 18: Oil and Gas Production Assessment Collections



Excise and Utility Taxes (Continued)

Telecommunications Excise Tax

Statutory Reference

Telecommunications Excise Tax — 35 ILCS 630/1 to 630/21
Telecommunications Infrastructure Maintenance Fee — 35 ILCS 635/1 to 635/920

Definition

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

In addition to this tax, a state Telecommunications Infrastructure Maintenance Fee (TIMF) is 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 rate is 0.5 percent of gross charges.

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.

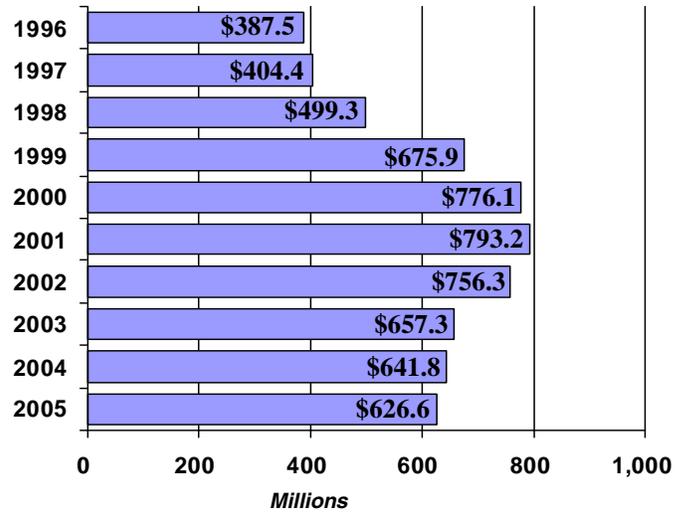
Local Taxes Collected by the IDOR

Municipalities may impose the Simplified Municipal Telecommunications Tax on the privilege of originating or receiving telecommunications. Beginning January 1, 2003, telecommunication service providers who have customers who have a service address that is located in a municipality with a population of 500,000 or less, must report and pay the municipal taxes directly to the department. The department collects the tax for these municipalities and returns it to them each month, minus an administrative fee of 0.5 percent. The Chicago Department of Revenue collects the tax for the City of Chicago.

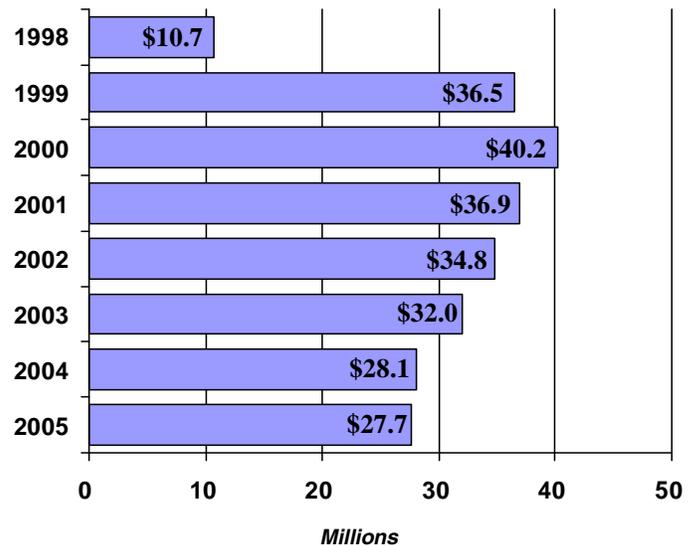
Table 30: Telecommunications Excise Tax Rate History

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 19: Telecommunications Excise Tax Collections



Graph 20: Telecommunications Infrastructure Maintenance Fee



Note: Public Act 90-154 created the TIMF effective January 1, 1998.



Excise and Utility Taxes (Continued)

Tobacco Products Tax

Statutory Reference

35 ILCS 143/10-1 to 143/10-30

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

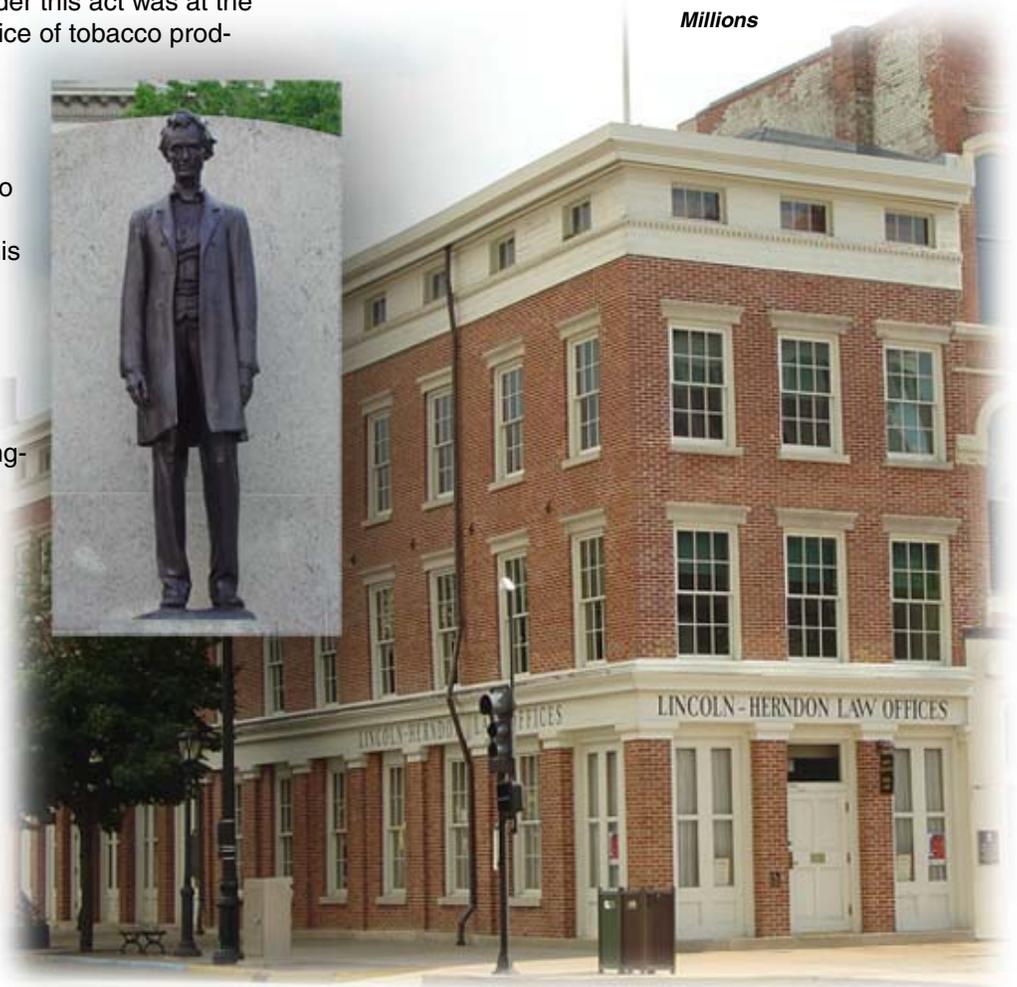
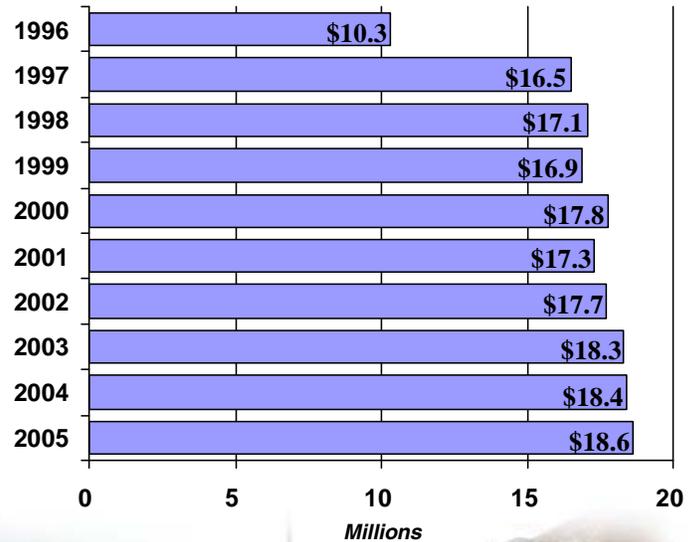
The original Tobacco Products Tax Act became effective October 1, 1993. The tax imposed under this act was at the rate of 20 percent of the wholesale price of tobacco products. The circuit court of Cook County declared the tax unconstitutional on January 12, 1995.

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

- An **operator's license** 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 one-year license costs \$200. Beginning July 1, 2004, a three-year license was also offered at a cost of \$600. 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 for \$50. Beginning July 1, 2004, a three-year limited license was also offered for \$150. 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.

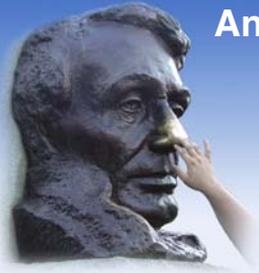
License Fees collections are deposited into the General Revenue Fund.

Table 31: Bingo Tax and License Fee Collections

Fiscal Year	Tax	License fees	No. of operators' licenses	No. of limited licenses	No. of suppliers	No. of providers
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
2002	4,663,448	240,770	871	279	93	100
2003	4,441,719	224,150	811	281	94	96
2004	4,226,839	218,580	668	276	97	97
2005	3,715,338	198,690	668	288	94	93

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

—The number of operators' licenses reflects 2 three-year licenses paid for upfront and displayed in the 2005 dollar totals.



Gaming Taxes

Table 32: Bingo Tax Statistics by County

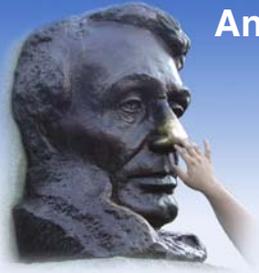
County	FY03	FY04	FY05	County	FY03	FY04	FY05
Adams				Clinton			
Players	26,221	27,546	23,311	Players	74,598	73,657	69,226
Gross	\$568,449	\$586,059	\$458,385	Gross	\$1,168,949	\$1,128,379	\$1,058,407
Tax	\$28,422	\$29,306	\$22,919	Tax	\$59,790	56,607	53,573
Alexander				Coles			
Players	576	0	0	Players	37,884	34,705	29,444
Gross	\$10,455	\$0	\$0	Gross	\$728,917	\$651,716	\$529,320
Tax	\$523	\$0	\$0	Tax	\$36,446	\$32,710	\$26,646
Bond				Cook			
Players	0	0	0	Players	1,122,242	976,896	790,334
Gross	\$0	\$0	\$0	Gross	\$19,412,588	\$17,856,806	\$15,105,390
Tax	\$0	\$0	\$0	Tax	\$974,689	\$899,058	\$760,798
Boone				Crawford			
Players	15,722	13,025	11,112	Players	5,338	8,387	83,873
Gross	\$322,611	\$268,610	\$243,321	Gross	\$56,205	\$92,065	\$64,059
Tax	\$16,131	\$13,431	\$12,166	Tax	\$2,810	\$4,603	\$3,203
Brown				Cumberland			
Players	0	0	0	Players	5,014	5,017	5,588
Gross	\$0	\$0	\$0	Gross	\$99,532	\$100,174	\$112,404
Tax	\$0	\$0	\$0	Tax	\$4,977	\$5,009	\$5,620
Bureau				DeKalb			
Players	24,084	21,905	20,187	Players	22,620	23,354	26,446
Gross	\$496,179	\$451,217	\$416,620	Gross	\$472,079	\$490,727	\$507,387
Tax	\$24,809	\$22,812	\$21,569	Tax	\$23,604	\$24,536	\$25,369
Calhoun				DeWitt			
Players	3,988	3,885	3,888	Players	11,159	10,321	10,130
Gross	\$54,011	\$68,761	\$65,048	Gross	\$178,307	\$162,492	\$156,322
Tax	\$2,701	\$3,438	\$3,252	Tax	\$8,915	\$8,125	\$7,816
Carroll				Douglas			
Players	9,721	7,375	7,678	Players	6,552	5,445	7,323
Gross	\$214,090	\$182,176	\$161,972	Gross	\$133,920	\$122,375	\$147,294
Tax	\$10,704	\$9,109	\$8,099	Tax	\$6,714	\$6,119	\$7,383
Cass				DuPage			
Players	11,022	12,866	13,494	Players	166,704	145,633	132,185
Gross	\$80,254	\$71,030	\$59,025	Gross	\$3,122,070	\$2,690,499	\$2,434,948
Tax	\$4,013	\$3,551	\$2,951	Tax	\$157,030	\$136,075	\$121,969
Champaign				Edgar			
Players	41,685	39,327	28,558	Players	11,766	16,214	14,617
Gross	\$916,842	\$887,847	\$565,884	Gross	\$296,199	\$300,421	\$279,842
Tax	\$45,842	\$44,392	\$29,553	Tax	\$14,870	\$15,021	\$13,992
Christian				Edwards			
Players	65,915	63,263	58,248	Players	0	0	0
Gross	\$1,051,926	\$1,010,941	\$948,381	Gross	\$0	\$0	\$0
Tax	\$52,636	\$50,604	\$47,419	Tax	\$0	\$0	\$0
Clark				Effingham			
Players	0	1,650	2,031	Players	25,660	24,611	20,356
Gross	\$0	\$21,727	\$26,088	Gross	\$494,970	\$511,702	\$423,479
Tax	\$0	\$1,086	\$1,304	Tax	\$24,799	\$25,669	\$21,174
Clay				Fayette			
Players	6,540	37,453	4,298	Players	25,156	23,484	24,825
Gross	\$91,322	\$88,639	\$85,188	Gross	\$463,350	\$457,408	\$444,940
Tax	\$4,566	\$4,437	\$4,259	Tax	\$23,168	\$22,930	\$22,889

Gaming Taxes (Continued)

Table 32: Bingo Tax Statistics by County (continued)

County	FY03	FY04	FY05
Ford			
Players	5,955	6,512	5,507
Gross	\$164,288	\$168,744	\$155,700
Tax	\$8,216	\$8,437	\$7,785
Franklin			
Players	38,862	33,158	34,394
Gross	\$879,651	\$785,659	\$784,580
Tax	\$44,053	\$39,283	\$39,300
Fulton			
Players	25,217	20,894	21,140
Gross	\$524,638	\$443,450	\$458,553
Tax	\$26,232	\$22,173	\$22,985
Gallatin			
Players	0	0	0
Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0
Greene			
Players	5,838	4,159	4,982
Gross	\$82,500	\$76,563	\$71,626
Tax	\$4,125	\$3,828	\$3,581
Grundy			
Players	17,987	16,172	17,681
Gross	\$398,438	\$356,666	\$353,928
Tax	\$19,922	\$17,867	\$17,696
Hamilton			
Players	0	0	0
Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0
Hancock			
Players	10,735	8,881	7,483
Gross	\$166,239	\$162,262	\$132,499
Tax	\$8,754	\$8,242	\$6,625
Hardin			
Players	0	0	0
Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0
Henderson			
Players	1,964	2,789	2,003
Gross	\$23,831	\$36,030	\$26,140
Tax	\$1,192	\$1,802	\$1,307
Henry			
Players	28,328	25,271	18,550
Gross	\$511,673	\$503,376	\$430,000
Tax	\$25,649	\$25,169	\$21,949
Iroquois			
Players	5,284	4,832	4,447
Gross	\$86,224	\$87,828	\$78,313
Tax	\$4,311	\$4,391	\$3,916
Jackson			
Players	19,786	20,353	14,754
Gross	\$673,697	\$635,515	\$565,304
Tax	\$33,685	\$31,776	\$28,265

County	FY03	FY04	FY05
Jaspar			
Players	0	0	0
Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0
Jefferson			
Players	27,250	27,674	23,356
Gross	\$539,020	\$506,376	\$416,981
Tax	\$27,307	\$25,319	\$20,922
Jersey			
Players	9,844	9,045	3,971
Gross	\$157,262	\$151,794	\$143,921
Tax	\$7,863	\$7,590	\$7,268
Jo Daviess			
Players	2,423	2,091	1,076
Gross	\$41,202	\$29,221	\$28,939
Tax	\$2,060	\$1,461	\$1,447
Johnson			
Players	0	0	0
Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0
Kane			
Players	119,918	94,912	83,417
Gross	\$2,567,856	\$2,141,103	\$1,822,658
Tax	\$129,701	\$107,677	\$91,315
Kankakee			
Players	24,177	26,578	22,071
Gross	\$559,337	\$612,592	\$508,126
Tax	\$27,967	\$30,630	\$25,406
Kendall			
Players	26,742	104,372	23,487
Gross	\$558,389	\$539,468	\$480,059
Tax	\$28,025	\$26,973	\$24,003
Knox			
Players	50,078	45,991	37,595
Gross	\$912,806	\$943,496	\$854,666
Tax	\$45,640	\$47,226	\$42,789
Lake			
Players	150,189	143,336	136,570
Gross	\$2,977,411	\$2,930,475	\$2,722,836
Tax	\$149,233	\$147,282	\$137,238
LaSalle			
Players	92,388	84,759	86,501
Gross	\$1,951,215	\$1,970,694	\$1,956,635
Tax	\$97,679	\$98,658	\$98,034
Lawrence			
Players	5,825	7,008	8,299
Gross	\$192,516	\$198,579	\$196,469
Tax	\$9,626	\$9,929	\$9,823
Lee			
Players	10,935	11,198	10,099
Gross	\$278,789	\$278,780	\$281,592
Tax	\$13,939	\$13,939	\$14,080



Gaming Taxes (Continued)

Table 32: Bingo Tax Statistics by County (continued)

County	FY03	FY04	FY05	County	FY03	FY04	FY05
Livingston				Mercer			
Players	10,814	9,552	7,395	Players	5,365	5,126	4,018
Gross	\$257,120	\$234,623	\$171,056	Gross	\$110,364	\$104,944	\$100,003
Tax	\$12,856	\$11,731	\$8,553	Tax	\$5,518	\$5,247	\$5,000
Logan				Monroe			
Players	23,710	17,968	11,288	Players	18,790	18,420	18,340
Gross	\$319,371	\$224,892	\$185,635	Gross	\$407,202	\$403,633	\$411,608
Tax	\$15,970	\$11,752	\$9,282	Tax	\$20,360	\$20,182	\$20,580
McDonough				Montgomery			
Players	18,252	17,995	16,627	Players	29,088	29,464	39,325
Gross	\$438,255	\$420,471	\$412,181	Gross	\$693,601	\$647,465	\$595,392
Tax	\$21,913	\$21,024	\$20,609	Tax	\$34,680	\$32,419	\$29,781
McHenry				Morgan			
Players	53,559	47,816	44,040	Players	10,270	7,252	5,036
Gross	\$1,177,674	\$1,067,948	\$972,156	Gross	\$140,862	\$112,727	\$69,571
Tax	\$58,947	\$53,397	\$48,821	Tax	\$7,293	\$5,636	\$3,479
McLean				Moultrie			
Players	35,894	29,279	25,386	Players	12,399	23,333	11,063
Gross	\$777,587	\$620,605	\$535,255	Gross	\$202,482	\$202,874	\$196,673
Tax	\$39,259	\$31,030	\$26,763	Tax	\$10,124	\$10,144	\$9,834
Macon				Ogle			
Players	114,570	98,263	82,074	Players	7,029	7,765	10,741
Gross	\$1,412,292	\$1,243,491	\$1,194,516	Gross	\$86,557	\$90,867	\$125,854
Tax	\$70,618	\$62,200	\$59,726	Tax	\$4,328	\$4,880	\$6,895
Macoupin				Peoria			
Players	54,906	46,056	43,199	Players	58,086	67,533	48,368
Gross	\$1,092,580	\$1,015,297	\$927,783	Gross	\$723,790	\$797,817	\$634,251
Tax	\$54,683	\$50,765	\$46,567	Tax	\$36,357	\$39,985	\$31,760
Madison				Perry			
Players	362,316	321,549	259,483	Players	37,447	29,536	24,928
Gross	\$7,423,674	\$6,891,074	\$5,973,671	Gross	\$721,290	\$602,416	\$458,445
Tax	\$374,374	\$345,200	\$298,836	Tax	\$36,064	\$30,121	\$22,922
Marion				Piatt			
Players	52,369	119,677	41,599	Players	11,068	18,984	20,278
Gross	\$1,049,771	\$848,941	\$721,818	Gross	\$71,356	\$117,972	\$126,229
Tax	\$52,575	\$42,447	\$36,091	Tax	\$3,568	\$5,899	\$6,311
Marshall				Pike			
Players	2,142	1,590	2,897	Players	4,181	3,328	3,492
Gross	\$58,551	\$62,398	\$53,253	Gross	\$79,810	\$61,203	\$67,662
Tax	\$2,928	\$3,120	\$2,663	Tax	\$3,991	\$3,060	\$3,494
Mason				Pope			
Players	2,772	437	0	Players	0	0	0
Gross	\$50,387	\$8,292	\$0	Gross	\$0	\$0	\$0
Tax	\$2,519	\$432	\$0	Tax	\$0	\$0	\$0
Massac				Pulaski			
Players	0	0	0	Players	0	0	0
Gross	\$0	\$0	\$0	Gross	\$0	\$0	\$0
Tax	\$0	\$0	\$0	Tax	\$0	\$0	\$0
Menard				Putnam			
Players	1,583	1,191	1,112	Players	0	0	0
Gross	\$26,870	\$19,264	\$21,897	Gross	\$0	\$0	\$0
Tax	\$1,344	\$963	\$1,095	Tax	\$0	\$0	\$0

Gaming Taxes (Continued)

Table 32: Bingo Tax Statistics by County (continued)

County	FY03	FY04	FY05	County	FY03	FY04	FY05
Randolph				Vermilion			
Players	33,943	33,448	25,671	Players	26,491	15,860	14,638
Gross	\$728,245	\$716,793	\$572,763	Gross	\$514,893	\$344,132	\$307,750
Tax	\$36,412	\$35,840	\$28,702	Tax	\$25,930	\$17,299	\$15,388
Richland				Wabash			
Players	12,797	12,123	10,908	Players	10,320	10,659	10,615
Gross	\$249,099	\$270,364	\$266,052	Gross	\$309,254	\$316,297	\$309,155
Tax	\$12,461	\$13,574	\$13,303	Tax	\$15,520	\$15,815	\$15,458
Rock Island				Warren			
Players	127,843	112,361	104,063	Players	15,192	9,054	10,725
Gross	\$2,384,276	\$2,202,813	\$2,091,229	Gross	\$156,622	\$131,131	\$148,672
Tax	\$119,548	\$110,797	\$105,075	Tax	\$7,831	\$6,812	\$7,441
St. Clair				Washington			
Players	267,233	231,708	204,854	Players	13,291	14,364	15,845
Gross	\$5,389,189	\$4,998,192	\$4,729,671	Gross	\$170,852	\$185,320	\$200,184
Tax	\$269,952	\$249,910	\$236,497	Tax	\$8,543	\$9,266	\$10,009
Saline				Wayne			
Players	17,479	17,408	19,311	Players	5,529	4,418	3,544
Gross	\$294,168	\$310,357	\$315,190	Gross	\$106,599	\$86,685	\$67,938
Tax	\$14,708	\$15,575	\$15,799	Tax	\$5,330	\$4,334	\$3,397
Sangamon				White			
Players	141,969	157,610	115,267	Players	10,494	9,810	9,143
Gross	\$1,909,213	\$1,707,923	\$1,471,930	Gross	\$212,190	\$206,183	\$189,720
Tax	\$95,875	\$85,649	\$73,597	Tax	\$10,703	\$10,309	\$9,535
Schuyler				Whiteside			
Players	200	196	196	Players	50,963	44,548	38,098
Gross	\$45,452	\$47,225	\$46,091	Gross	\$1,045,272	\$1,032,114	\$930,398
Tax	\$2,273	\$2,361	\$2,305	Tax	\$52,324	\$51,606	\$46,520
Scott				Will			
Players	2,453	2,763	2,674	Players	107,231	111,780	89,910
Gross	\$26,692	\$27,434	\$27,915	Gross	\$2,113,840	\$1,795,183	\$1,543,471
Tax	\$1,335	\$1,372	\$1,409	Tax	\$105,894	\$90,329	\$78,489
Shelby				Williamson			
Players	18,921	13,158	14,378	Players	54,381	51,807	51,764
Gross	\$203,841	\$166,000	\$159,810	Gross	\$1,126,440	\$1,126,514	\$1,124,815
Tax	\$10,213	\$8,300	\$7,991	Tax	\$56,322	\$56,384	\$56,299
Stark				Winnebago			
Players	0	0	0	Players	307,708	259,997	244,591
Gross	\$0	\$0	\$0	Gross	\$4,633,640	\$4,255,787	\$3,944,856
Tax	\$0	\$0	\$0	Tax	\$234,024	\$213,065	\$197,243
Stephenson				Woodford			
Players	26,768	23,887	21,128	Players	41,694	36,515	32,109
Gross	\$424,836	\$364,063	\$348,459	Gross	\$490,608	\$375,246	\$369,764
Tax	\$21,242	\$18,203	\$17,423	Tax	\$24,852	\$18,762	\$18,512
Tazwell				Grand total			
Players	68,361	55,565	54,242	Players	4,693,854	4,434,595	3,777,632
Gross	\$1,073,689	\$876,229	\$706,211	Gross	\$85,808,947	\$79,300,503	\$70,818,141
Tax	\$54,222	\$44,133	\$35,311	Tax	\$4,309,100	\$3,979,567	\$3,555,824
Union							
Players	6,091	7,438	8,734				
Gross	\$198,388	\$198,870	\$227,962				
Tax	\$9,978	\$9,960	\$11,401				

Note: Grand total figures may not agree with the reported collections because these statistics are taken directly from bingo tax returns and are unedited.



Gaming Taxes (Continued)

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 and 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.

- 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 fee.
- 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 fee 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.

Table 33: Charitable Games Tax and License Fee Collections

Fiscal Year	Tax	License fees	No. of operators' licenses	No. of suppliers	No. of providers
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
2002	109,070	47,650	160	9	128
2003	104,235	49,600	170	10	140
2004	137,946	50,350	189	8	142
2005	227,273	65,250	236	12	185

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

Gaming Taxes (Continued)

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 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. During each license year, a regular licensee may obtain special permits to sell pull tabs at an additional location for a period of up to 5 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.

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
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
2002	6,978,549	617,550	805	104	22	8
2003	7,057,695	633,150	872	102	23	9
2004	6,789,255	609,750	672	104	23	9
2005	6,568,933	567,450	734	98	21	9

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



Gaming Taxes (Continued)

Racing Privilege Tax

Statutory Reference

230 ILCS 5/1 to 5/27.1

Definition

The tax is imposed on every licensee 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 six racetrack organizations (three 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 paid admission and license fees required of the organizations that sponsor races.

Distribution

Beginning January 1, 2000, all pari-mutuel tax except those from quarterhorse racing are deposited into the Horse Racing Fund. The Racing Board produces an annual report, which may be obtained by writing to the Illinois Racing Board, 100 W. Randolph, Suite 7-701, Chicago, IL 60601 or by visiting their web site at www.state.il.us/agency/irb.

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 type of wager. Effective January 1, 2000, a flat-rate tax of 1.5 percent was imposed on all licensees regardless of location or type of wager.

Graph 22: Racing Privilege Tax Collections



Gaming Taxes (Continued)

Table 35: Racing Privilege Tax Breakdown by Fund

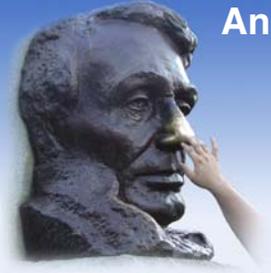
Funds	Percentage allocated to funds	FY 02	FY 03	FY 04	FY 05
Illinois Racing Quarterhorse @ 1/00	100% pari-mutuel tax receipts into Quarterhorse racing	0	0	32,738	22,235
Horse Racing Fund @ 1/00	100% with exception of Quarterhorse racing	12,388,203	12,222,206	11,839,352	11,636,725
Protest		0	0	0	0
Total		\$12,388,203	12,222,206	11,872,090*	11,658,960

Note: Other horse racing related taxes and fees include

- a 15-cents admittance tax collected by the Racing Board. This money is deposited 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 is deposited into the General Revenue Fund.

* The Illinois Racing Quarterhorse Fund received an overpayment in FY 2001 based on overstated deposits. All future deposits were reduced to zero until the FY 2004 payment reconciled the Fund.





Real Estate Taxes

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 property tax for the 2004 assessment year is paid in 2005). Steps in the property tax cycle are shown in Table 36.

Table 36: 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 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.

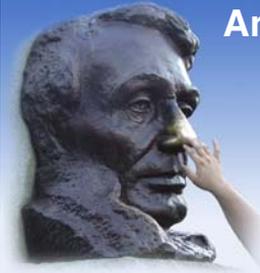
Most property is assessed at 33 1/3 percent of its market value. Cook County “classifies” property and assesses classes at various percentages of market value according to local ordinance. Farmland in Illinois is assessed on its agricultural economic value, not on its market value. A complex formula 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 1/3 percent. To do this, the department conducts an annual sales ratio study, which 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.

Real Estate Taxes
(Continued)

Table 37: Comparison of Equalized Assessed Values and Taxes Extended for Tax Years 2002 and 2003

County	2003 Total EAV	2002 Total EAV	Amount of increase or decrease	% of increase or decrease	Total taxes extended 2003	Total taxes extended 2002	Amount of increase or decrease	% of increase or decrease
Statewide	259,727,001,224	240,809,532,471	18,917,468,753	7.86	18,967,874,308	17,907,536,082	1,060,338,226	5.92
Cook Co.	119,656,218,887	110,514,316,975	9,141,901,912	8.27	9,047,229,712	8,626,282,472	420,947,239	4.88
Collar Co.	82,813,240,538	75,454,702,599	7,358,537,939	9.75	5,547,776,277	5,139,941,205	407,835,072	7.93
Rest of State	57,257,541,799	54,840,512,897	2,417,028,902	4.41	4,372,868,320	4,141,312,405	231,555,915	5.59
Adams	752,996,157	720,022,381	32,973,776	4.58	51,044,401	49,113,360	1,931,041	3.93
Alexander	38,230,556	39,926,092	(1,695,536)	(4.25)	3,868,247	3,751,286	116,961	3.12
Bond	140,364,113	130,457,766	9,906,347	7.59	11,166,714	10,393,545	773,168	7.44
Boone	780,630,892	727,968,694	52,662,198	7.23	53,130,070	49,730,225	3,399,846	6.84
Brown	46,850,902	47,123,171	(272,269)	(0.58)	3,971,986	3,930,075	41,911	1.07
Bureau	505,598,966	512,918,806	(7,319,840)	(1.43)	41,668,032	39,761,102	1,906,930	4.80
Calhoun	49,596,682	46,089,501	3,507,181	7.61	3,601,278	3,279,056	322,222	9.83
Carroll	283,731,119	266,528,245	17,202,874	6.45	20,367,985	19,124,764	1,243,221	6.50
Cass	112,568,925	110,972,653	1,596,272	1.44	9,902,769	9,548,328	354,441	3.71
Champaign	2,572,506,617	2,422,874,627	149,631,990	6.18	195,012,842	184,108,059	10,904,782	5.92
Christian	399,343,411	395,325,854	4,017,557	1.02	28,279,738	27,812,283	467,455	1.68
Clark	161,299,775	155,702,644	5,597,131	3.59	11,288,231	11,053,095	235,136	2.13
Clay	112,197,245	108,348,927	3,848,318	3.55	8,496,019	8,326,855	169,165	2.03
Clinton	391,080,738	366,604,106	24,476,632	6.68	27,415,114	25,577,980	1,837,134	7.18
Coles	541,279,008	539,054,077	2,224,931	0.41	45,033,510	43,437,016	1,596,494	3.68
Cook	119,656,218,887	110,514,316,975	9,141,901,912	8.27	9,047,229,712	8,626,282,472	420,947,239	4.88
Crawford	216,181,813	215,108,928	1,072,885	0.50	16,623,688	15,904,203	719,486	4.52
Cumberland	92,678,228	92,459,150	219,078	0.24	7,033,135	6,871,664	161,471	2.35
DeKalb	1,517,129,475	1,424,001,491	93,127,984	6.54	121,697,846	115,735,569	5,962,277	5.15
DeWitt	420,054,579	451,028,617	(30,974,038)	(6.87)	26,193,114	25,602,811	590,304	2.31
Douglas	291,868,171	288,320,192	3,547,979	1.23	21,170,177	20,329,059	841,118	4.14
DuPage	30,396,302,604	28,124,477,907	2,271,824,697	8.08	1,849,425,387	1,738,370,676	111,054,711	6.39
Edgar	228,914,420	227,569,994	1,344,426	0.59	17,198,968	16,120,413	1,078,554	6.69
Edwards	51,984,511	50,230,873	1,753,638	3.49	4,061,811	4,020,943	40,868	1.02
Effingham	480,524,432	455,068,614	25,455,818	5.59	30,580,724	28,848,611	1,732,113	6.00
Fayette	166,192,935	162,105,032	4,087,903	2.52	12,765,833	12,391,640	374,193	3.02
Ford	186,463,030	187,390,704	(927,674)	(0.50)	15,716,678	15,959,208	(242,529)	(1.52)
Franklin	222,156,828	214,535,289	7,621,539	3.55	19,169,522	18,620,600	548,922	2.95
Fulton	329,749,960	327,782,749	1,967,211	0.60	27,857,562	26,936,416	921,145	3.42
Gallatin	45,065,115	46,605,929	(1,540,814)	(3.31)	3,588,060	3,643,171	(55,110)	(1.51)
Greene	132,375,455	130,323,914	2,051,541	1.57	9,517,283	9,294,109	223,174	2.40
Grundy	1,350,038,711	1,379,014,103	(28,975,392)	(2.10)	88,246,680	84,638,239	3,608,441	4.26
Hamilton	63,507,254	61,345,112	2,162,142	3.52	5,208,783	5,027,140	181,643	3.61
Hancock	233,155,303	226,252,895	6,902,408	3.05	16,474,671	15,994,337	480,334	3.00
Hardin	20,331,675	20,159,963	171,712	0.85	1,080,989	1,059,795	21,194	2.00
Henderson	90,178,109	93,265,402	(3,087,293)	(3.31)	6,975,884	7,017,515	(41,631)	(0.59)
Henry	645,843,434	635,906,873	9,936,561	1.56	49,490,924	47,815,003	1,675,921	3.51
Iroquois	396,647,465	404,915,427	(8,267,962)	(2.04)	33,671,499	32,608,491	1,063,008	3.26
Jackson	531,573,427	495,772,683	35,800,744	7.22	41,696,416	39,743,506	1,952,910	4.91
Jasper	210,217,276	205,975,528	4,241,748	2.06	13,221,153	12,591,764	629,389	5.00
Jefferson	348,981,785	334,812,536	14,169,249	4.23	25,426,269	24,282,420	1,143,849	4.71
Jersey	267,559,284	245,594,162	21,965,122	8.94	16,049,558	14,512,618	1,536,940	10.59
JoDaviess	535,444,147	509,607,814	25,836,333	5.07	34,594,611	33,185,213	1,409,398	4.25
Johnson	80,080,336	76,503,576	3,576,760	4.68	5,731,467	5,290,184	441,283	8.34
Kane	10,244,815,000	9,094,427,045	1,150,387,955	12.65	716,761,626	653,490,338	63,271,289	9.68
Kankakee	1,408,420,322	1,371,469,111	36,951,211	2.69	110,319,162	105,379,535	4,939,627	4.69
Kendall	1,599,239,401	1,393,981,672	205,257,729	14.72	117,845,803	105,688,108	12,157,696	11.50
Knox	648,838,584	634,846,903	13,991,681	2.20	49,740,533	48,472,652	1,267,881	2.62
Lake	21,882,085,059	20,095,241,251	1,786,843,808	8.89	1,508,262,503	1,405,947,770	102,314,733	7.28
LaSalle	1,966,425,169	1,894,872,199	71,552,970	3.78	142,025,290	135,298,408	6,726,882	4.97



Real Estate Taxes (Continued)

Table 37: Comparison of Equalized Assessed Values and Taxes Extended for Tax Years 2002 and 2003 (continued)

County	2003 Total EAV	2002 Total EAV	Amount of increase or decrease	% of increase or decrease	Total taxes extended 2003	Total taxes extended 2002	Amount of increase or decrease	% of increase or decrease
Lawrence	96,019,592	97,612,856	(1,593,264)	(1.63)	7,782,038	7,226,444	555,595	7.69
Lee	528,594,713	519,744,785	8,849,928	1.70	40,699,247	39,127,214	1,572,032	4.02
Livingston	516,148,518	509,640,601	6,507,917	1.28	44,862,184	42,751,555	2,110,629	4.94
Logan	383,336,260	383,629,004	(292,744)	(0.08)	29,219,678	28,874,265	345,413	1.20
McDonough	298,409,831	302,375,227	(3,965,396)	(1.31)	27,574,128	27,202,668	371,460	1.37
McHenry	7,054,013,033	6,381,880,857	672,132,176	10.53	511,631,675	472,823,395	38,808,280	8.21
McLean	2,744,772,629	2,617,935,110	126,837,519	4.84	205,098,710	190,393,495	14,705,215	7.72
Macon	1,342,931,264	1,316,112,537	26,818,727	2.04	109,956,996	109,066,868	890,128	0.82
Macoupin	437,416,333	422,714,656	14,701,677	3.48	29,372,617	29,081,042	291,575	1.00
Madison	3,425,119,166	3,147,168,928	277,950,238	8.83	250,110,499	229,770,786	20,339,713	8.85
Marion	303,643,468	287,940,494	15,702,974	5.45	25,717,493	24,587,168	1,130,324	4.60
Marshall	182,920,144	183,328,459	(408,315)	(0.22)	14,982,082	14,538,597	443,485	3.05
Mason	166,949,955	166,573,723	376,232	0.23	14,715,203	14,377,773	337,430	2.35
Massac	153,895,101	144,842,586	9,052,515	6.25	9,841,721	9,276,519	565,202	6.09
Menard	179,423,826	181,342,492	(1,918,666)	(1.06)	12,766,583	12,516,521	250,063	2.00
Mercer	189,564,546	189,024,101	540,445	0.29	14,865,179	14,383,172	482,008	3.35
Monroe	545,227,812	497,729,508	47,498,304	9.54	32,086,215	27,999,203	4,087,012	14.60
Montgomery	326,280,661	316,052,172	10,228,489	3.24	25,571,180	24,453,000	1,118,180	4.57
Morgan	410,848,547	409,238,418	1,610,129	0.39	29,184,590	28,112,661	1,071,929	3.81
Moultrie	188,800,888	188,496,644	304,244	0.16	14,816,132	14,407,705	408,426	2.83
Ogle	1,258,801,062	1,232,185,769	26,615,293	2.16	86,940,399	83,007,696	3,932,703	4.74
Peoria	2,530,143,339	2,420,327,360	109,815,979	4.54	194,792,092	184,683,683	10,108,409	5.47
Perry	148,640,072	146,106,339	2,533,733	1.73	11,658,343	11,258,103	400,241	3.56
Piatt	284,476,290	274,512,398	9,963,892	3.63	19,856,311	18,829,860	1,026,450	5.45
Pike	155,684,963	152,929,015	2,755,948	1.80	11,855,284	11,304,561	550,723	4.87
Pope	31,454,154	31,458,287	(4,133)	(0.01)	2,014,007	1,997,629	16,377	0.82
Pulaski	27,517,691	26,996,752	520,939	1.93	2,318,419	2,237,650	80,769	3.61
Putnam	118,869,243	111,510,128	7,359,115	6.60	8,047,873	6,752,567	1,295,307	19.18
Randolph	335,441,684	323,347,671	12,094,013	3.74	20,897,193	19,684,746	1,212,448	6.16
Richland	161,869,120	156,748,230	5,120,890	3.27	11,218,731	10,910,488	308,243	2.83
Rock Island	2,014,568,265	1,905,515,994	109,052,271	5.72	165,450,314	156,545,558	8,904,756	5.69
St. Clair	2,772,442,113	2,565,882,374	206,559,739	8.05	224,351,260	203,701,788	20,649,471	10.14
Saline	188,830,573	181,309,963	7,520,610	4.15	15,626,033	14,920,532	705,501	4.73
Sangamon	2,897,252,943	2,783,363,359	113,889,584	4.09	213,035,049	202,720,960	10,314,089	5.09
Schuyler	71,169,623	70,153,616	1,016,007	1.45	6,111,281	5,979,144	132,137	2.21
Scott	55,563,783	55,582,143	(18,360)	(0.03)	4,153,005	3,918,365	234,639	5.99
Shelby	324,013,547	289,727,330	34,286,217	11.83	22,935,783	20,466,785	2,468,998	12.06
Stark	92,013,657	94,189,835	(2,176,178)	(2.31)	7,152,669	7,222,393	(69,724)	(0.97)
Stephenson	579,742,569	566,285,239	13,457,330	2.38	50,680,812	48,902,376	1,778,436	3.64
Tazewell	1,853,971,775	1,777,451,494	76,520,281	4.31	131,227,543	124,888,618	6,338,926	5.08
Union	126,423,565	116,978,351	9,445,214	8.07	8,795,969	8,432,503	363,466	4.31
Vermilion	789,135,019	769,703,079	19,431,940	2.52	64,852,051	63,261,542	1,590,509	2.51
Wabash	108,147,118	106,804,454	1,342,664	1.26	7,511,943	7,262,034	249,909	3.44
Warren	226,717,451	227,329,993	(612,542)	(0.27)	16,613,876	16,201,361	412,515	2.55
Washington	166,947,374	164,448,879	2,498,495	1.52	13,219,620	12,889,344	330,276	2.56
Wayne	119,498,658	120,446,257	(947,599)	(0.79)	9,557,809	9,436,041	121,768	1.29
White	121,148,283	115,713,779	5,434,504	4.70	8,667,928	8,350,513	317,415	3.80
Whiteside	669,810,370	658,740,135	11,070,235	1.68	54,386,212	52,258,017	2,128,194	4.07
Will	13,236,024,842	11,758,675,539	1,477,349,303	12.56	961,695,085	869,309,026	92,386,059	10.63
Williamson	708,042,979	639,609,536	68,433,443	10.70	45,637,481	40,342,211	5,295,271	13.13
Winnebago	3,645,065,702	3,468,314,036	176,751,666	5.10	346,131,335	327,103,945	19,027,389	5.82
Woodford	587,739,820	558,593,822	29,145,998	5.22	42,728,191	39,864,363	2,863,828	7.18

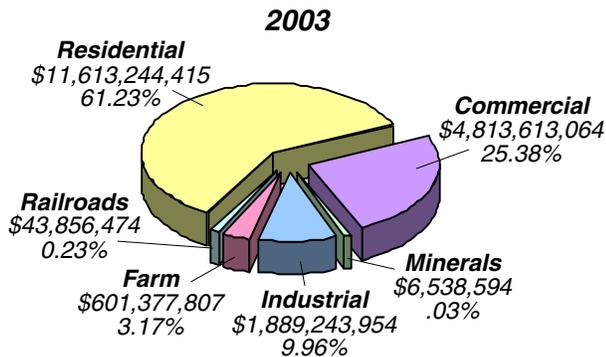
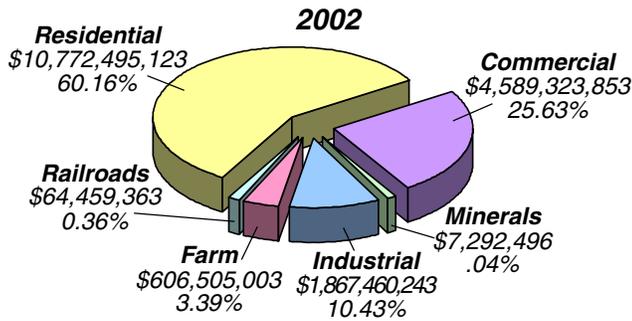
* The 2002 information reflects property taxes assessed in 2002, payable in 2003 and reported to IDOR for publication in 2004. The 2003 information reflects taxes assessed in 2003, payable in 2004 and reported to IDOR for publication in 2005.

* TIF distributions and enterprise zone abatements have not been removed.

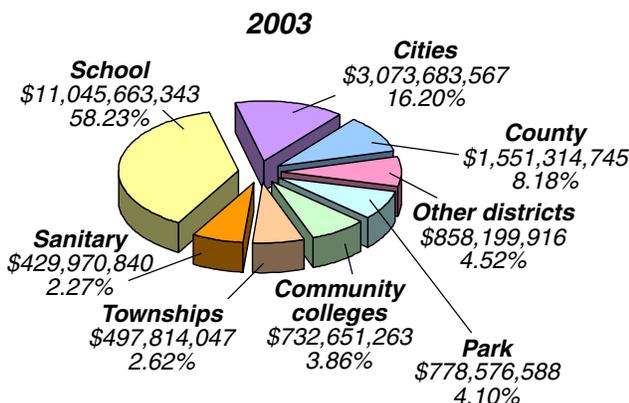
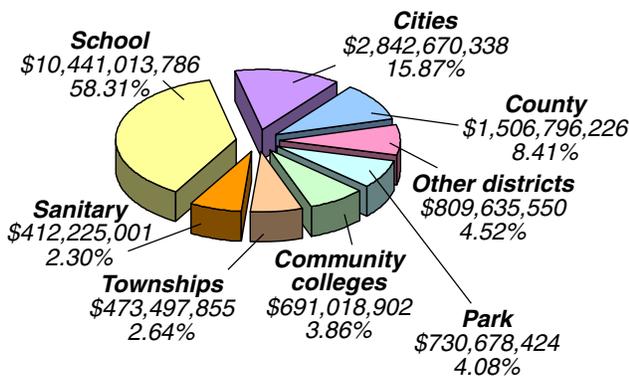
Real Estate Taxes (Continued)



Graph 23: Tax Year Extensions by Class



Graph 24: Tax Year Extensions by Type of District



Tax Relief Provisions

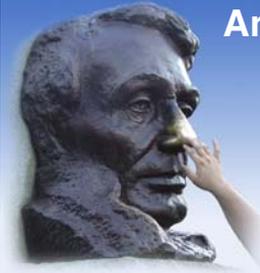
General Homestead Exemption — This annual exemption is available for residential property that is occupied as the principal dwelling place by the owner or a lessee with an ownership interest in the property with a single family residence and liable for the payment of the property taxes on the leased 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). Beginning with taxable year 2004, the maximum will be \$5,000 for all counties.

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. Beginning January 1, 2004, the annual maximum will be \$75,000. 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, or beginning with taxable year 2004, \$45,000, 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 (\$2,500 in Cook County) or beginning with taxable year 2004, \$3,000 in the all counties reduction in EAV of the residential property that is occupied by a person 65 years of age or older during the assessment year. The person must be the owner or a lessee with an ownership interest in the property with a single family residence and liable for the payment of the property taxes on the leased property. Beginning with taxable year 2003, this exemption must be pro-rated based on the number of days the eligible senior has lived at the new residence.

Note: TIF distributions and enterprise zones have not been removed from the totals. Total extensions reported in other tables may vary from amounts reported in this table due to rounding.



Real Estate Taxes (Continued)

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 \$40,000 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 38: Senior Citizens Real Estate Tax Deferrals for Tax Year 2002 (paid in 2003) and 2003 (paid in 2004)

County	2002 Deferral	2003 Deferral
Alexander	\$ 343.78	\$ 356.24
Boone	\$ 37,968.54	\$ 36,481.48
Carroll	\$ 0.00	\$ 841.88
Cass	\$ 289.78	\$ 292.04
Champaign	\$ 23,636.54	\$ 21,194.96
Christian	\$ 1,506.76	\$ 1,859.16
Clinton	\$ 5,692.72	\$ 5,024.50
Coles	\$ 2,482.98	\$ 4,001.66
Cook	\$ 1,427,902.14	\$ 1,967,497.08
DeKalb	\$ 101,632.34	\$ 110,123.14
Douglas	\$ 2,359.58	\$ 2,433.18
DuPage	\$ 744,150.21	\$ 787,628.10
Edgar	\$ 1,205.04	\$ 1,361.44
Fayette	\$ 1,957.42	\$ 1,972.46
Ford	\$ 1,585.22	\$ 0.00
Grundy	\$ 1,708.38	\$ 2,884.52
Henry	\$ 2,778.08	\$ 2,159.60
Iroquois	\$ 3,994.28	\$ 6,779.26
Johnson	\$ 1,022.02	\$ 0.00
JoDaviess	\$ 3,197.08	\$ 5,662.52
Kane	\$ 237,973.76	\$ 252,129.14
Kankakee	\$ 50,088.10	\$ 48,039.52
Kendall	\$ 43,695.02	\$ 42,817.70
Knox	\$ 1,797.32	\$ 4,410.80
Lake	\$ 844,103.59	\$ 870,393.81
LaSalle	\$ 34,411.68	\$ 41,561.86
Lee	\$ 9,150.68	\$ 9,594.68
Livingston	\$ 1,051.08	\$ 1,115.00
Logan	\$ 1,123.98	\$ 2,194.81
Macon	\$ 7,407.14	\$ 2,776.38

County	2002 Deferral	2003 Deferral
Macoupin	\$ 6,983.76	\$ 7,533.14
Madison	\$ 21,777.63	\$ 25,774.61
Marshall	\$ 1,598.42	\$ 0.00
McHenry	\$ 260,346.71	\$ 271,566.07
McLean	\$ 10,515.13	\$ 8,454.08
Menard	\$ 2,808.70	\$ 1,243.90
Monroe	\$ 4,549.20	\$ 4,260.88
Montgomery	\$ 1,181.58	\$ 650.76
Morgan	\$ 5,109.50	\$ 4,948.28
Moultrie	\$ 988.46	\$ 1,016.08
Ogle	\$ 33,067.92	\$ 29,613.06
Peoria	\$ 23,885.66	\$ 21,271.98
Perry	\$ 1,723.92	\$ 392.04
Rock Island	\$ 6,084.84	\$ 9,412.44
Sangamon	\$ 15,980.94	\$ 16,500.12
St. Clair	\$ 13,011.84	\$ 10,768.50
Stephenson	\$ 17,054.46	\$ 14,291.02
Tazewell	\$ 8,162.36	\$ 10,041.98
Vermilion	\$ 351.30	\$ 342.04
Whiteside	\$ 8,135.10	\$ 12,146.04
Will	\$ 177,167.37	\$ 192,428.74
Williamson	\$ 2,221.58	\$ 3,826.10
Winnebago	\$ 203,429.26	\$ 214,368.69
Total	\$ 4,422,351.00	\$ 5,094,437.47
Special assessment deferrals	\$ 3,921.49	\$ 1,880.46
Grand Total	\$ 4,426,272.37	\$ 5,096,317.93
Number of participants:	1,969	2,169

Real Estate Taxes (Continued)

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 the 2002 property taxes that are payable in 2003 was 1.6 percent. The CPI increase for the 2003 property taxes that are payable in 2004 was 2.4 percent.

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.

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 remaining 70 percent to the three counties (Franklin, Hamilton, and Jefferson) in which the TVA owns property based on the value of that property.

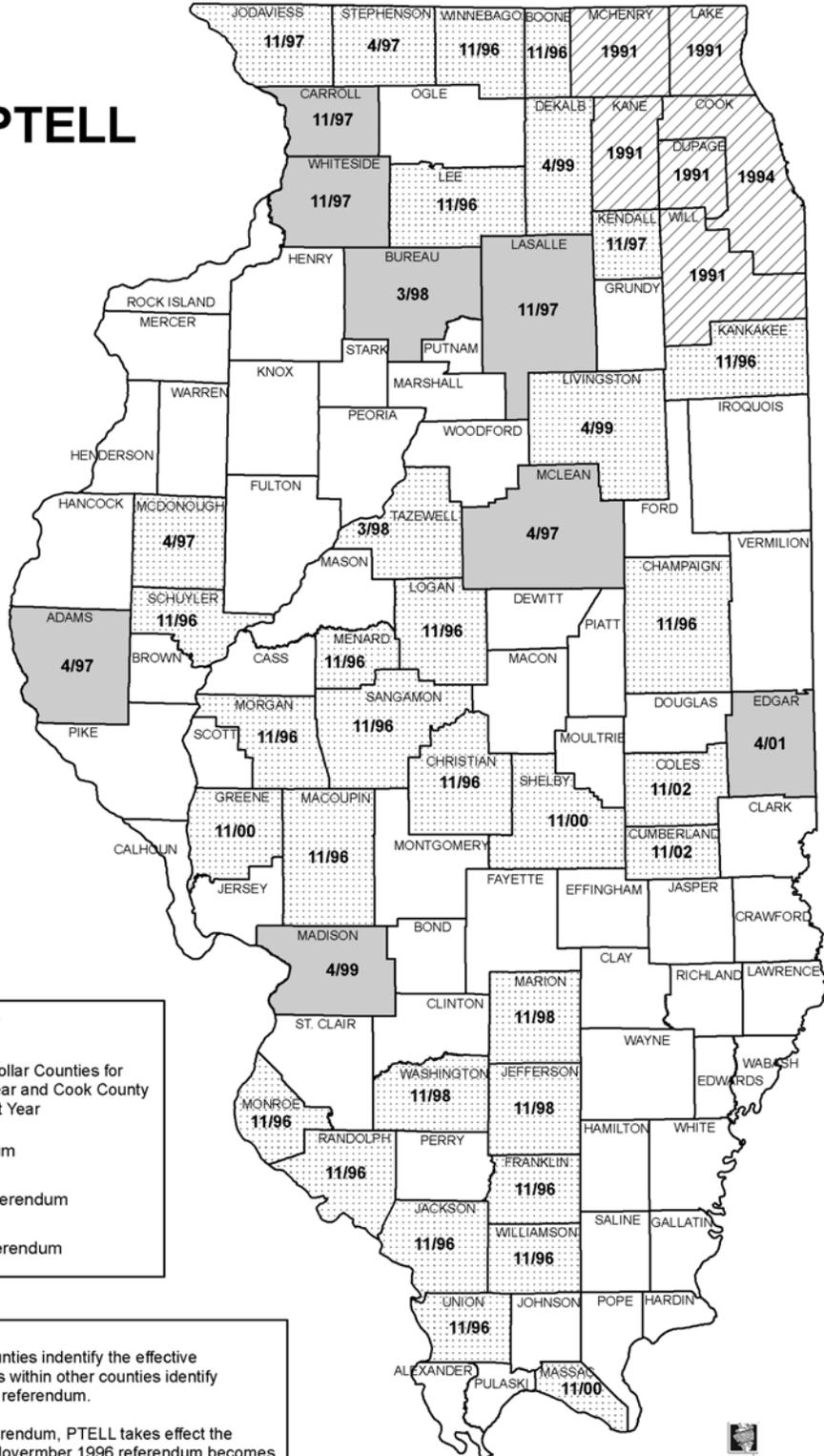
Table 39: TVA Payments

County	FY 2003	FY 2004	FY 2005
Franklin	\$ 90,752	\$ 90,361	\$ 94,847
Hamilton	78,582	78,797	82,709
Jefferson	21,013	21,036	22,080
Total paid to counties	\$ 190,347	\$ 190,194	\$ 199,636
State of Illinois			
General Revenue Fund	\$ 81,577	\$ 81,512	\$ 85,558
Total TVA payments	\$ 271,924	\$ 271,706	\$ 285,194



Real Estate Taxes (Continued)

History of PTELL April 2006



KEY

- PTELL effective in Collar Counties for 1991 Assessment Year and Cook County for 1994 Assessment Year
- No PTELL referendum
- Approved PTELL referendum
- Rejected PTELL referendum

NOTE
 Dates within Cook and Collar Counties identify the effective assessment year of PTELL. Dates within other counties identify the month and year of the PTELL referendum.
 In counties that approved the referendum, PTELL takes effect the following assessment year (e.g. November 1996 referendum becomes effective for the 1997 assessment year).

Real Estate Taxes (Continued)

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 assessment 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 1/3 percent and 35 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 of \$6,500 per year.

State's Attorney salary — The State shall pay 66 2/3 percent of the total annual compensation to be paid to each state's attorney in Illinois based on the salary in effect on December 31, 1988, and 100 percent of the increases in salary taking effect after December 31, 1988. These payments are made monthly to the county.

Stipends for Assistant State's Attorney — In counties where a state mental health institution is located, the State shall pay one assistant state's attorney a monthly stipend. The stipend is based on the last federal census taken previous to the appointment of the assistant state's attorney.

In counties with a population of:

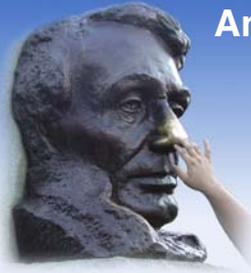
- less than 10,000, the State will pay \$2,500 annually
- more than 10,000 but less than 20,000, the State will pay \$3,500 annually
- more than 20,000 but less than 30,000, the State will pay \$4,000 annually
- more than 30,000 but less than 40,000, the State will pay \$4,500 annually
- more than 40,000 but less than 70,000, the State will pay \$5,000 annually
- more than 70,000 but less than 1,000,000, the State will pay \$6,000 annually

In counties where a senior institution of higher education is located, the assistant state's attorney shall receive for their services a monthly stipend of:

- \$14,000 per year for each, limited to 2, full-time assistant state's attorneys employed in counties having a state university or state universities with combined full-time enrollment of more than 15,000 students
- \$7,200 per year for one assistant state's attorney with no limitation on other practice in counties having a state university or state universities with combined full-time enrollment of 10,000 to 15,000 students.
- \$4,000 per year for one assistant state's attorney with no limitation on other practice in counties with a state university or state universities with a combined full-time enrollment of less than 10,000 students

County Sheriff Stipends — The department pays an annual stipend of \$6,500 to each county sheriff.

County Coroner Stipends — The department pays an annual stipend of \$6,500 to each county coroner.



Real Estate Taxes (Continued)

Table 40: 2005 Stipends and Reimbursements

County	Assessor Training Stipend	Assessor Performance Stipends	S of A Salary Reimbursement	County Treasurer Stipends	State's Attorneys' and Assistant Attorneys' Salaries	Sheriff's Stipends	Coroner's Stipends
Adams	2,500.00	—	22,221.24	6,500.00	109,594.00	6,500.00	6,500.00
Alexander	500.00	—	13,750.08	6,500.00	94,147.00	6,500.00	6,500.00
Bond	500.00	3,000.00	21,900.00	6,500.00	94,147.00	6,500.00	6,500.00
Boone	5,000.00	18,000.00	26,943.78	6,500.00	119,738.00	6,500.00	6,500.00
Brown	2,000.00	3,000.00	12,836.28	6,500.00	96,146.00	6,500.00	6,500.00
Bureau	3,000.00	9,000.00	20,775.00	6,500.00	119,738.00	6,500.00	6,500.00
Calhoun	—	3,000.00	14,380.26	6,500.00	96,146.00	6,500.00	6,500.00
Carroll	3,500.00	12,000.00	19,999.37	6,500.00	94,147.00	6,500.00	6,500.00
Cass	1,000.00	—	19,534.56	6,500.00	94,147.00	6,500.00	6,500.00
Champaign	11,000.00	21,000.00	27,836.28	6,500.00	147,738.00	6,500.00	6,500.00
Christian	1,500.00	15,000.00	22,152.30	6,500.00	119,738.00	6,500.00	6,500.00
Clark	1,500.00	3,000.00	17,167.56	6,500.00	94,147.00	6,500.00	6,500.00
Clay	1,500.00	—	20,532.00	6,500.00	94,147.00	6,500.00	6,500.00
Clinton	5,500.00	12,000.00	23,890.56	6,500.00	131,438.00	6,500.00	6,500.00
Coles	2,500.00	3,000.00	23,407.50	6,500.00	126,938.00	6,500.00	6,500.00
Cook	44,000.00	—	—	6,500.00	166,918.00	6,500.00	—
Crawford	2,000.00	—	17,750.04	6,500.00	94,147.00	6,500.00	6,500.00
Cumberland	2,000.00	3,000.00	15,250.08	6,500.00	94,147.00	6,500.00	6,500.00
DeKalb	5,000.00	15,000.00	36,553.50	6,500.00	147,738.00	6,500.00	6,500.00
DeWitt	1,000.00	12,000.00	20,992.50	6,500.00	94,147.00	6,500.00	6,500.00
Douglas	3,500.00	9,000.00	18,250.02	6,500.00	94,147.00	6,500.00	6,500.00
DuPage	17,500.00	3,000.00	49,284.71	6,500.00	119,738.00	6,500.00	6,500.00
Edgar	1,000.00	6,000.00	24,193.08	6,500.00	94,147.00	6,500.00	6,500.00
Edwards	500.00	—	17,638.08	6,500.00	96,146.00	6,500.00	6,500.00
Effingham	5,500.00	3,000.00	23,874.96	6,500.00	119,738.00	6,500.00	6,500.00
Fayette	1,500.00	3,000.00	22,212.54	6,500.00	92,647.00	6,500.00	6,500.00
Ford	2,500.00	9,000.00	19,625.04	6,500.00	94,147.00	6,500.00	6,500.00
Franklin	2,000.00	—	21,476.16	6,500.00	119,738.00	6,500.00	6,500.00
Fulton	3,000.00	9,000.00	20,685.60	6,500.00	119,738.00	6,500.00	6,500.00
Gallatin	—	—	17,630.04	6,500.00	96,146.00	6,500.00	6,500.00
Greene	1,500.00	—	19,862.46	6,500.00	94,147.00	6,500.00	6,500.00
Grundy	3,000.00	3,000.00	32,894.52	6,500.00	119,738.00	6,500.00	6,500.00
Hamilton	500.00	6,000.00	14,375.04	6,500.00	96,146.00	6,500.00	6,500.00
Hancock	2,000.00	—	19,447.56	6,500.00	92,647.00	6,500.00	6,500.00
Hardin	500.00	—	11,652.96	6,500.00	96,146.00	6,500.00	6,500.00
Henderson	500.00	—	15,748.50	6,500.00	96,146.00	6,500.00	6,500.00
Henry	5,000.00	—	28,879.50	6,500.00	119,738.00	6,500.00	6,500.00
Iroquois	7,000.00	24,000.00	22,125.06	6,500.00	119,738.00	6,500.00	6,500.00
Jackson	2,500.00	—	23,991.88	6,500.00	147,738.00	6,500.00	6,500.00
Jasper	1,000.00	—	22,625.04	6,500.00	94,147.00	6,500.00	6,500.00
Jefferson	2,000.00	—	25,434.96	6,500.00	119,738.00	6,500.00	6,500.00
Jersey	2,500.00	9,000.00	21,125.04	6,500.00	92,647.00	6,500.00	6,500.00
Jo Daviess	2,500.00	12,000.00	22,486.30	6,500.00	92,647.00	6,500.00	6,500.00
Johnson	500.00	—	25,000.08	6,500.00	94,147.00	6,500.00	6,500.00
Kane	17,000.00	24,000.00	38,499.96	6,500.00	125,738.00	6,500.00	6,500.00
Kankakee	6,500.00	6,000.00	29,920.20	6,500.00	125,738.00	6,500.00	6,500.00
Kendall	1,500.00	15,000.00	38,644.98	6,500.00	119,738.00	6,500.00	6,500.00
Knox	4,500.00	—	22,514.82	6,500.00	119,738.00	6,500.00	6,500.00
Lake	22,000.00	42,000.00	57,909.78	6,500.00	125,738.00	6,500.00	6,500.00
LaSalle	11,000.00	—	30,337.88	6,500.00	119,738.00	6,500.00	6,500.00

Real Estate Taxes
(Continued)



Table 40: 2005 Stipends and Reimbursements (continued)

County	Assessor Training Stipend	Assessor Performance Stipends	S of A Salary Reimbursement	County Treasurer Stipends	State's Attorneys' and Assistant Attorneys' Salaries	Sheriff's Stipends	Coroner's Stipends
Lawrence	500.00	—	14,799.96	6,500.00	94,147.00	6,500.00	6,500.00
Lee	5,250.00	3,000.00	25,089.50	6,500.00	124,238.00	6,500.00	6,500.00
Livingston	3,500.00	3,000.00	25,891.47	6,500.00	124,238.00	6,500.00	6,500.00
Logan	2,500.00	3,000.00	17,551.56	6,500.00	119,738.00	6,500.00	6,500.00
Macon	8,500.00	9,000.00	25,994.20	6,500.00	119,738.00	6,500.00	6,500.00
Macoupin	2,500.00	—	19,581.60	6,500.00	119,738.00	6,500.00	6,500.00
Madison	21,500.00	—	34,038.00	6,500.00	132,938.00	6,500.00	6,500.00
Marion	5,000.00	6,000.00	20,550.00	6,500.00	119,738.00	6,500.00	6,500.00
Marshall	2,500.00	3,000.00	19,663.80	6,500.00	94,147.00	6,500.00	6,500.00
Mason	1,500.00	3,000.00	23,840.04	6,500.00	94,147.00	6,500.00	6,500.00
Massac	1,000.00	3,000.00	15,798.96	6,500.00	94,147.00	6,500.00	6,500.00
McDonough	3,000.00	6,000.00	18,837.37	6,500.00	126,938.00	6,500.00	6,500.00
McHenry	11,500.00	30,000.00	42,534.54	6,500.00	119,738.00	6,500.00	6,500.00
McLean	11,500.00	12,000.00	31,045.41	6,500.00	147,738.00	6,500.00	6,500.00
Menard	500.00	3,000.00	21,481.74	6,500.00	94,147.00	6,500.00	6,500.00
Mercer	4,000.00	6,000.00	19,337.75	6,500.00	94,147.00	6,500.00	6,500.00
Monroe	1,500.00	3,000.00	25,763.76	6,500.00	92,647.00	6,500.00	6,500.00
Montgomery	4,000.00	—	20,454.54	6,500.00	119,738.00	6,500.00	6,500.00
Morgan	1,000.00	3,000.00	18,024.96	6,500.00	124,238.00	6,500.00	6,500.00
Moultrie	1,500.00	15,000.00	20,437.56	6,500.00	94,147.00	6,500.00	6,500.00
Ogle	6,000.00	9,000.00	27,125.04	6,500.00	119,738.00	6,500.00	6,500.00
Peoria	8,000.00	15,000.00	28,671.65	6,500.00	119,738.00	6,500.00	6,500.00
Perry	—	—	19,459.92	6,500.00	92,647.00	6,500.00	6,500.00
Piatt	2,500.00	12,000.00	20,641.92	6,500.00	94,147.00	6,500.00	6,500.00
Pike	1,500.00	3,000.00	17,815.80	6,500.00	94,147.00	6,500.00	6,500.00
Pope	—	—	18,684.96	6,500.00	96,146.00	6,500.00	6,500.00
Pulaski	500.00	—	12,036.76	6,500.00	96,146.00	6,500.00	6,500.00
Putnam	1,000.00	6,000.00	19,351.80	6,500.00	96,146.00	6,500.00	6,500.00
Randolph	3,000.00	3,000.00	21,804.96	6,500.00	124,238.00	6,500.00	6,500.00
Richland	1,000.00	—	19,292.04	6,500.00	94,147.00	6,500.00	6,500.00
Rock Island	10,500.00	6,000.00	24,874.96	6,500.00	119,738.00	6,500.00	6,500.00
Saline	2,000.00	—	25,784.04	6,500.00	92,647.00	6,500.00	6,500.00
Sangamon	9,000.00	21,000.00	28,222.26	6,500.00	125,738.00	6,500.00	6,500.00
Schuyler	1,000.00	3,000.00	18,040.02	6,500.00	96,146.00	6,500.00	6,500.00
Scott	1,000.00	3,000.00	15,660.48	6,500.00	96,146.00	6,500.00	6,500.00
Shelby	3,000.00	—	—	6,500.00	92,647.00	6,500.00	6,500.00
St. Clair	4,500.00	—	—	6,500.00	119,738.00	6,500.00	6,500.00
Stark	1,000.00	3,000.00	16,999.98	6,500.00	96,146.00	6,500.00	6,500.00
Stephenson	4,000.00	15,000.00	25,836.94	6,500.00	119,738.00	6,500.00	6,500.00
Tazewell	5,500.00	12,000.00	19,607.23	6,500.00	126,938.00	6,500.00	6,500.00
Union	—	—	21,854.52	6,500.00	97,647.00	6,500.00	6,500.00
Vermillion	3,750.00	3,000.00	23,750.04	6,500.00	123,738.00	6,500.00	6,500.00
Wabash	—	3,000.00	17,075.04	6,500.00	94,147.00	6,500.00	6,500.00
Warren	1,500.00	—	19,070.58	6,500.00	94,147.00	6,500.00	6,500.00
Washington	3,000.00	6,000.00	19,500.00	6,500.00	94,147.00	6,500.00	6,500.00
Wayne	1,500.00	—	15,989.28	6,500.00	94,147.00	6,500.00	6,500.00
White	1,500.00	—	20,205.96	6,500.00	94,147.00	6,500.00	6,500.00
Whiteside	5,000.00	—	28,860.24	6,500.00	119,738.00	6,500.00	6,500.00
Will	18,500.00	30,000.00	47,536.00	6,500.00	126,938.00	6,500.00	6,500.00
Williamson	2,000.00	—	24,140.28	6,500.00	123,738.00	6,500.00	6,500.00
Winnebago	15,000.00	27,000.00	31,943.33	6,500.00	129,738.00	6,500.00	6,500.00
Woodford	4,000.00	15,000.00	19,766.23	6,500.00	119,738.00	6,500.00	6,500.00
Total	439,500.00	621,000.00	2,286,538.62	663,000.00	11,162,767.00	663,000.00	656,500.00



Real Estate Taxes (Continued)

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

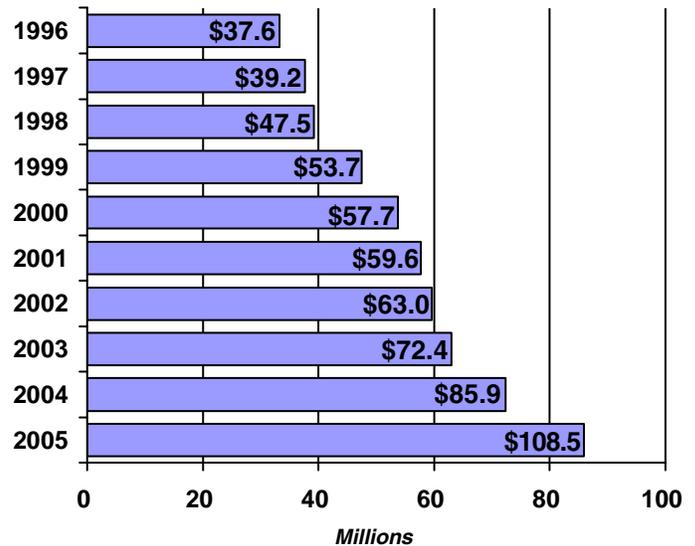
Collections are deposited as follows: 50 percent into the Illinois Affordable Housing Trust Fund; 35 percent into the Open Space Lands Acquisition and Development Fund; and 15 percent into the Natural Areas Acquisition Fund.

Table 41: Real Estate Transfer Tax Rate History

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

* or fraction thereof

Graph 25: Real Estate Transfer Tax Collections

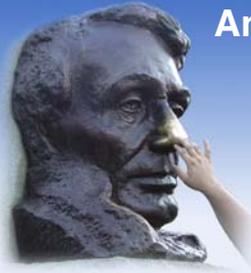


Real Estate Taxes
(Continued)

Table 42: Real Estate Stamp Sales by County

<i>County</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>County</i>	<i>FY02</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>
Adams	\$ 149,000	\$ 139,000	210,000	235,000	Lee	45,150	117,450	136,000	93,950
Alexander	8,125	4,851	5,488	11,280	Livingston	80,000	105,000	100,000	155,000
Bond	32,420	38,270	36,115	42,605	Logan	57,000	65,000	80,000	60,000
Boone	200,000	200,000	339,561	409,837	Macon	250,000	250,000	275,000	350,000
Brown	13,920	12,380	16,500	17,454	Macoupin	60,798	114,650	69,225	124,350
Bureau	88,000	96,000	120,000	100,000	Madison	720,000	800,000	1,120,000	1,210,000
Calhoun	10,881	9,898	12,900	17,225	Marion	48,613	55,000	65,000	89,000
Carroll	48,344	55,552	52,470	69,975	Marshall	38,933	37,535	46,599	47,460
Cass	20,435	18,853	19,688	31,925	Mason	32,800	23,550	36,450	37,375
Champaign	619,000	600,000	893,000	980,000	Massac	19,912	22,425	26,103	30,610
Christian	84,000	60,000	72,000	96,100	McDonough	55,000	60,000	75,000	79,969
Clark	30,081	31,179	30,000	34,045	McHenry	2,340,000	2,600,000	2,920,000	3,000,000
Clay	19,992	24,325	17,321	26,275	McLean	765,000	750,000	900,000	830,578
Clinton	59,245	67,058	100,830	94,373	Menard	44,200	33,685	23,260	54,655
Coles	140,000	90,000	90,000	180,000	Mercer	40,000	45,000	45,000	55,000
Cook	29,266,258	34,130,047	40,440,489	53,952,208	Monroe	120,000	135,000	165,000	194,427
Crawford	33,050	23,123	26,643	32,300	Montgomery	59,980	50,000	66,611	100,000
Cumberland	15,895	18,990	23,500	27,050	Morgan	80,000	75,000	90,000	125,000
DeKalb	400,000	450,000	650,000	905,000	Moultrie	24,805	38,337	42,850	47,284
DeWitt	34,832	49,979	39,648	70,314	Ogle	203,475	201,075	213,650	269,100
Douglas	53,443	48,895	74,675	73,650	Peoria	532,000	568,400	630,200	652,950
DuPage	6,720,000	7,600,000	8,800,000	10,800,000	Perry	21,960	21,155	35,891	49,590
Edgar	30,349	46,523	64,759	53,344	Piatt	59,948	55,000	59,549	129,760
Edwards	7,213	7,345	10,460	11,204	Pike	33,485	25,933	53,158	69,810
Effingham	76,835	62,488	82,085	106,715	Pope	7,650	7,118	9,710	12,515
Fayette	36,235	38,410	42,013	37,410	Pulaski	4,395	5,123	4,133	7,820
Ford	36,266	39,138	38,860	55,013	Putnam	27,425	18,560	18,823	14,780
Franklin	40,000	45,000	45,000	60,000	Randolph	52,261	37,283	54,793	66,444
Fulton	50,000	75,000	50,000	75,000	Richland	24,482	26,118	33,374	28,079
Gallatin	8,100	6,000	8,000	6,000	Rock Island	299,878	359,747	359,875	540,000
Greene	22,680	27,000	30,000	30,000	St. Clair	695,101	757,994	977,340	1,135,424
Grundy	191,929	286,544	373,724	513,993	Saline	34,810	28,588	31,455	52,338
Hamilton	11,888	13,875	14,305	20,238	Sangamon	559,918	683,968	725,500	797,000
Hancock	38,358	40,880	42,960	57,097	Schuyler	14,133	17,510	23,363	30,248
Hardin	4,991	3,951	6,501	6,330	Scott	13,170	12,348	13,835	12,903
Henderson	20,360	17,993	22,713	18,468	Shelby	44,115	42,558	58,055	64,648
Henry	110,360	107,865	140,430	143,310	Stark	11,665	16,640	17,742	16,417
Iroquois	85,000	95,000	95,000	80,000	Stephenson	113,009	118,704	128,544	140,118
Jackson	77,000	116,800	118,337	139,500	Tazewell	345,000	390,000	450,000	500,000
Jasper	17,180	19,225	17,900	24,008	Union	21,113	21,301	28,209	30,371
Jefferson	90,000	55,000	65,000	100,000	Vermillion	148,000	121,000	149,000	175,000
Jersey	45,000	50,000	80,000	61,000	Wabash	17,720	18,060	20,415	20,883
JoDaviess	68,125	290,479	155,363	191,528	Warren	41,000	35,700	43,300	51,000
Johnson	15,889	15,950	21,268	29,250	Washington	32,900	19,850	40,850	37,650
Kane	3,330,687	3,354,109	4,711,608	5,510,044	Wayne	17,155	34,438	32,819	31,940
Kankakee	280,000	339,058	460,000	500,000	White	20,400	17,566	27,928	24,243
Kendall	652,496	925,186	1,126,750	1,696,705	Whiteside	126,150	116,500	157,000	146,700
Knox	110,000	100,000	120,000	130,000	Will	4,266,667	5,333,159	6,665,850	8,299,061
Lake	5,660,000	6,230,000	7,010,000	8,180,000	Williamson	144,557	168,668	166,330	199,224
LaSalle	400,000	300,039	350,000	530,000	Winnebago	800,000	1,000,000	1,200,000	1,200,001
Lawrence	14,840	16,948	23,030	25,733	Woodford	87,985	122,967	140,216	142,539
Total	\$63,282,413	\$72,274,858	\$86,249,892	\$108,231,713					

* Note: Totals may not balance due to rounding



Disbursements to Local Governments

Table 43: Taxes Disbursed to Local Governments

Section 1: Taxes Collected for Local Governments ⁽¹⁾	FY2003	FY2004	FY 2005
Automobile Renting Taxes			
1 County Automobile Renting Tax	48,041	27,994	34,987
2 MPEA Automobile Renting Tax	21,335,614	24,608,784	24,283,491
3 Municipal Automobile Renting Tax	4,804,136	5,294,129	4,950,855
A. Total Automobile Renting Taxes	\$ 26,187,791	\$ 29,930,907	\$ 29,269,333
B. Chicago Soft Drink Tax	\$ 7,517,094	\$ 8,047,978	\$ 8,054,748
C. County Motor Fuel Tax	\$ 27,781,966	\$ 28,978,466	\$ 30,344,002
D. County Water Commission Tax⁽²⁾	\$ 31,373,768	\$ 32,030,033	\$ 33,589,611
Home Rule and Non-home Rule Taxes⁽³⁾			
1 Chicago Home Rule Vehicle Use Tax	23,633,356	23,038,471	22,415,125
2 County Home Rule	274,366,964	283,932,367	292,594,525
3 Municipal Home Rule	430,982,894	476,058,178	539,389,127
4 Municipal Non-home Rule	8,127,457	15,244,759	22,684,647
E Total Home Rule and Non-home Rule Taxes	\$ 737,110,671	\$ 798,273,775	\$ 877,083,424
Hotel Taxes			
1 Illinois Sport Facilities Tax ⁽⁴⁾	24,395,848	24,824,961	21,723,124
2 MPEA Hotel Tax	28,441,076	28,940,003	32,197,375
3 Municipal Hotel Tax	12,322,392	12,539,910	13,949,852
F Total Hotel Taxes	\$ 65,159,316	\$ 66,304,874	\$ 67,870,351
Mass Transit District Sales and Use Taxes			
1 RTA	520,020,352	534,689,053	546,643,036
2 MED	23,775,009	25,127,243	25,685,227
3 MED Fee ⁽⁵⁾	0	0	365,801
G Total Mass Transit District Sales and Use Taxes	\$ 543,795,361	\$559,816,296	\$ 572,694,064
H Metro-East Park and Recreation District Tax	\$ 3,558,619	\$ 3,751,318	\$ 3,894,725
I MPEA Food and Beverage Tax	\$ 22,986,895	\$ 24,930,192	\$ 25,979,009
J Municipal Simplified Telecommunication Tax	\$ 98,306,436	\$ 247,972,226	\$ 272,108,620
Replacement Vehicle Taxes⁽⁶⁾			
1 County Replacement Vehicle	444	100	0
2 Municipal Replacement Vehicle	59,455	4,087	0
K Total Replacement Vehicle Taxes	\$ 59,899	\$ 4,187	\$ 0
L Tennessee Valley Authority (TVA)	\$ 190,347	\$ 190,194	\$ 199,636
M Special County ROT for Public Safety	\$ 25,768,593	\$ 53,441,071	\$ 60,620,323
Total Section 1: Taxes Collected for Local Governments (A+B+C+D+E+F+G+H+I+J+K+L+M)	\$ 1,589,796,756	\$1,853,671,518	\$1,981,707,847

Disbursements to
Local Governments
(Continued)

Table 43: Taxes Disbursed to Local Governments (continued)

Section 2: Revenue-sharing with Local Governments	FY2003	FY2004	FY 2005
Gaming Taxes			
1 Charitable Games	46,240	58,725	90,399
2 Pull Tabs and Jar Games	1,273,434	1,236,717	1,191,498
A. Total Gaming Taxes	\$ 1,319,674	\$ 1,295,442	\$ 1,281,897
Fund Transfers to Local Governments			
1 Income Tax (LGDF)	792,571,051	679,786,247	900,772,019
2 Local Share of Use Tax (State and Local Sales Tax Reform Fund)			
Build Illinois	37,800,000	37,800,000	37,800,000
City of Chicago (Chicago Use Tax)	35,060,281	38,365,012	39,769,954
Metro-East Public Transportation Fund	1,051,808	1,150,930	1,193,099
Local Use Tax (subsequently deposited into the LGDF)	83,681,931	95,299,866	100,176,188
RTA Occupation and Use Tax Replacement Fund	17,530,140	19,182,506	19,884,977
Total Local Share of Use Tax	\$ 175,124,160	\$ 191,798,314	\$ 198,824,218
3 Sales Tax Transfers for Local Transportation			
Public Transportation Fund	164,505,018	168,157,989	172,750,950
Downstate Public Transportation Fund	45,574,000	49,422,380	55,444,100
Metro-East Public Transportation Fund	15,278,358	17,033,885	17,757,919
Total Sales Tax Transfers for Local Transportation	\$ 225,357,376	\$ 234,614,254	\$ 245,952,969
B. Total Fund Transfers to Local Governments	\$1,193,052,587	\$1,106,198,816	\$1,345,549,206
Local Share of Sales and Use Taxes			
1 County Share of State Taxes ⁽²⁾	47,804,895	51,297,060	53,419,280
2 Countywide Share of State Taxes ⁽²⁾	176,106,913	185,042,476	194,035,844
3 Municipal Share of State Taxes ⁽²⁾	1,318,972,677	1,371,036,187	1,420,245,974
4 RTA Share of State Taxes ⁽²⁾	111,136,272	113,787,967	115,593,402
C. Total Local Share of Sales and Use Taxes	\$ 1,654,020,757	\$1,721,163,690	\$1,783,294,500
D Replacement Taxes	\$ 753,224,347	\$ 846,983,530	\$ 992,143,111
E Tax Increment Financing Districts	\$ 16,848,629	\$ 17,628,853	\$ 18,143,798
Total Section 2: Revenue-sharing with Local Governments (A+B+C+D+E)	\$ 3,618,465,994	\$3,693,270,330	\$4,140,412,512
Disbursements Grand Total (Section 1 + Section 2)	\$ 5,208,262,750	\$5,546,941,847	\$6,122,120,359

Table 44 Footnotes

- (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. Totals may not balance due to rounding.
- (2) Excludes hardship refunds.
- (3) Amounts include any interest or advance payments
- (4) Payments exclude \$8 million dollars advance to the authority from the General Revenue Fund.
- (5) Imposed July 1, 2004
- (6) Public Act 93-0024 repealed this tax effective July 1, 2003.



Disbursements to Local Governments (Continued)

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 the corporate boundaries of Cook County.

Local occupation and use taxes on automobile rentals were authorized in 1982. In FY04 and FY05, 307 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.

Disbursements to Local Governments (Continued)

DuPage Water Commission Taxes

Statutory Reference

70 ILCS 3720/4

Definition

The DuPage Water Commission Tax of 0.25 percent is imposed on sales of general merchandise within the boundaries serviced by the DuPage Water Commission (most of DuPage County and certain municipalities serviced by the Commission 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 DuPage 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 Non-home Rule Municipal Retailers' Occupation Tax, 65 ILCS 5/8-11-1.6; 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.

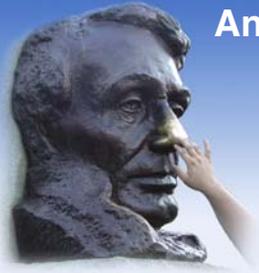
Before Illinois Sales Tax Reform, most municipalities imposing a home rule sales tax did so at a 1 percent rate. The department did not collect these sales taxes.

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 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 percent administrative fee, are distributed to Chicago.)



Disbursements to Local Governments (Continued)

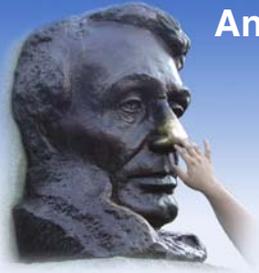
Table 44: 2005 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements

Municipality	Net Collected	Interest	Advanced Payment	Total
Municipal Home Rule				
Addison	3,677,004.16	3,933.82	68,257.53	3,749,195.51
Alsip	1,699,458.45	1,823.29	74,998.70	1,776,280.44
Alton	1,700,210.32	1,816.32	5,785.51	1,707,812.15
Arlington Heights	5,233,640.48	5,347.22	0	5,238,987.70
Aurora	14,306,681.85	15,144.21	13,762.13	14,335,588.19
Bedford Park	2,493,171.77	2,675.12	0	2,495,846.89
Belleville	905,917.21	972.71	1,459.14	908,349.06
Bellwood	602,939.27	640.65	0	603,579.92
Berkeley	129,879.32	139.48	0	130,018.80
Berwyn	1,841,235.07	1,977.46	0	1,843,212.53
Bloomington	3,657,113.26	3,890.66	38,124.26	3,699,128.18
Bloomington	11,611,727.77	12,405.75	36,464.06	11,660,597.58
Bolingbrook	6,337,318.04	6,815.13	26,967.15	6,371,100.32
Bridgeview	2,867,996.87	3,103.91	0	2,871,100.78
Buffalo Grove	3,899,508.92	3,986.32	0	3,903,495.24
Burbank	1,937,058.29	2,049.06	0	1,939,107.35
Burnham	54,923.84	59.00	0	54,982.84
Cahokia	641,440.50	646.91	0	642,087.41
Calumet City	4,356,677.27	4,676.81	51,199.27	4,412,553.35
Calumet Park	779,478.01	827.40	0	780,305.41
Carbondale	3,974,674.99	4,242.72	10,287.99	3,989,205.70
Carlock	12,585.43	13.39	0	12,598.82
Carol Stream	1,930,935.51	2,079.45	0	1,933,014.96
Carpentersville	2,329,512.81	2,507.05	14,030.77	2,346,050.63
Cartersville	221,508.67	239.49	0	221,748.16
Champaign	11,002,167.56	11,473.81	13,990.96	11,027,632.33
Channahon	3,519,710.45	3,616.76	70,406.57	3,593,733.78
Chicago	150,972,110.07	162,531.05	214,629.77	151,349,270.89
Chicago Ridge	2,508,741.39	2,683.58	1,015.82	2,512,440.79
Christopher	30,923.31	14.64	0	30,937.95
Cicero	3,557,330.65	3,858.50	3,515.45	3,564,704.60
Country Club Hills	357,863.69	380.35	0	358,244.04
Crainville	85,577.87	101.43	0	85,679.30
Danville	4,235,358.11	4,448.90	1,131.35	4,240,938.36
Darien	1,128,424.50	1,061.00	0	1,129,485.50
Decatur	9,922,351.54	10,426.07	103,640.33	10,036,417.94
Deerfield	363,559.45	183.63	0	363,743.08
DeKalb	4,496,068.79	4,830.63	35,329.10	4,536,228.52
Des Plaines	3,954,450.58	4,265.60	0	3,958,716.18
Dolton	505,726.81	544.84	0	506,271.65
Downers Grove	4,268,484.46	4,572.28	0	4,273,056.74
East Dundee	605,821.98	567.60	0	606,389.58
East Hazelcrest	20,514.77	20.82	0	20,535.59
East St. Louis	601,655.47	644.20	0	602,299.67
Elgin	4,802,677.76	5,220.31	6,100.67	4,813,998.74
Elk Grove Village	5,829,768.82	6,165.84	44,470.45	5,880,405.11
Elmhurst	1,426,218.04	1,537.14	0	1,427,755.18
Elmwood Park	805,193.20	878.81	0	806,072.01
Elwood	137,079.86	147.66	0	137,227.52
Evanston	5,613,961.48	6,047.59	7,554.28	5,627,563.35
Evergreen Park	1,633,872.20	1,747.49	17,483.27	1,653,102.96
Fairview Heights	2,196,610.62	2,103.57	85.97	2,198,800.16
Forest View	237,545.36	183.89	0	237,729.25
Freeport	578,641.74	624.21	0	579,265.95
Galesburg	3,016,161.65	3,234.69	0	3,019,396.34
Glendale Heights	1,455,660.75	1,491.26	0	1,457,152.01
Glenview	2,831,653.93	2,602.39	0	2,834,256.32

**Disbursements to
Local Governments
(Continued)**

Table 44: 2005 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements (continued)

Municipality	Net Collected	Interest	Advanced Payment	Total
Granite City	2,598,544.23	2,811.08	47,668.65	2,649,023.96
Gurnee	4,723,548.84	5,021.35	4,684.73	4,733,254.92
Hanover Park	791,869.63	861.99	0	792,731.62
Harwood Heights	736,719.60	802.29	0	737,521.89
Herrin	729,283.67	783.86	0	730,067.53
Highland Park	4,170,940.99	4,494.59	139,371.12	4,314,806.70
Hillside	1,305,098.19	1,393.70	0	1,306,491.89
Hoffman Estates	2,143,184.68	2,167.90	0	2,145,352.58
Joliet	15,084,617.63	16,078.19	61,378.31	15,162,074.13
Lansing	2,048,789.43	2,145.48	0	2,050,934.91
Lincolnwood	2,100,125.27	2,234.81	20,049.15	2,122,409.23
Marion	3,579,031.13	3,823.24	26,436.43	3,609,290.80
Mascoutah	37,775.19	34.73	0	37,809.92
Moline	6,279,682.52	6,735.31	19,293.90	6,305,711.73
Monee	490,949.33	518.48	0	491,467.81
Monmouth	559,690.02	605.65	0	560,295.67
Mortgon Grove	2,520,615.86	2,694.11	0	2,523,309.97
Mount Prospect	3,591,322.31	3,848.32	0	3,595,170.63
Mount Vernon	4,049,516.66	4,342.34	52,555.08	4,106,414.08
Mundelein	2,367,872.59	2,505.38	0	2,370,377.97
Murphysboro	639,146.49	695.63	0	639,842.12
Niles	6,659,718.61	7,188.38	12,307.55	6,679,214.54
Normal	5,439,059.97	5,790.40	23,830.55	5,468,680.92
Norridge	4,155,796.34	4,405.48	43,011.47	4,203,213.29
Northbrook	2,815,955.67	3,041.28	0	2,818,996.95
Northlake	2,123,256.44	2,305.32	12,350.71	2,137,912.47
Oak Lawn	2,143,165.26	2,306.44	80,737.51	2,226,209.21
Oak Park	2,026,489.52	2,188.64	0	2,028,678.16
Orland Park	9,496,045.90	10,134.63	32,613.87	9,538,794.40
Palatine	4,370,960.11	4,703.29	14,097.99	4,389,761.39
Park City	164,477.03	178.34	0	164,655.37
Park Ridge	1,039,488.03	1,103.25	0	1,040,591.28
Pekin	2,860,535.38	3,042.20	0	2,863,577.58
Peoria	211,458,556.55	22,955.15	283,924.92	211,765,436.62
Peoria Heights	422,511.30	461.57	0	422,972.87
Posen	26,115.58	13.55	0	26,129.13
Quincy	7,352,958.11	7,929.26	115,603.24	7,476,490.61
Rantoul	168,092.80	89.08	0	168,181.88
Rock Island	1,240,562.10	1,334.27	8,139.49	1,250,035.86
Rolling Meadows	2,328,379.97	2,483.32	0	2,330,863.29
Romeoville	1,809,905.86	1,580.31	0	1,811,486.17
Rosemont	2,836,909.38	2,880.65	0	2,839,790.03
Round Lake Beach	1,023,068.66	1,103.08	0	1,024,171.74
Sauget	51,243.27	56.39	0	51,299.66
Schaumburg	20,898,459.46	22,261.82	63,385.07	20,984,106.35
Schiller Park	811,405.89	843.80	0	812,249.69
Sesser	78,875.02	84.62	0	78,959.64
Sherman	93,179.13	100.62	0	93,279.75
Skokie	9,834,663.75	10,559.88	29,839.19	9,875,062.82
South Barrington	231,319.02	253.67	0	231,572.69
South Holland	542,657.17	579.14	0	543,236.31
Springfield	21,738,440.74	22,275.00	13,236.48	21,773,952.22
St. Charles	5,085,243.67	5,162.24	18,417.57	5,108,823.48
Stickney	263,234.86	288.36	0	263,523.22
Stone Park	242,264.36	262.63	0	242,526.99
Streamwood	2,018,727.23	2,147.56	9,040.61	2,029,915.40
Sycamore	4,114,823.48	4,151.79	10,317.69	4,129,292.96
Tuscola	313,323.90	288.64	0	313,612.54



Disbursements to Local Governments (Continued)

Table 44: 2005 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements (continued)

Municipality	Net Collected	Interest	Advanced Payment	Total
University Park	33,709.66	22.96	0	33,732.62
Urbana	2,027,487.99	2,184.90	2,086.52	2,031,759.41
Warrenville	647,515.80	589.88	0	648,105.68
Washington	1,002,586.55	1,052.34	2,914.33	1,006,553.22
Watseka	1,288,696.64	1,364.85	11,414.51	1,301,476.00
Waukegan	4,432,044.96	4,789.63	0	4,436,834.59
West Dundee	4,332,499.40	4,620.28	7,425.63	4,344,545.31
Wheaton	1,516,728.18	1,415.53	0	1,518,143.71
Wheeling	2,663,784.88	2,855.54	2,476.62	2,669,117.04
Wilmette	111,785.60	56.57	0	111,842.17
Total	\$536,789,518.38	\$570,308.83	\$2,029,299.39	\$539,389,126.60
County Home Rule				
Cook	\$291,389,204.94	\$325,689.00	\$879,631.27	\$292,594,525.21
Municipal Non-Home Rule				
Arcola	86,263.53	120.28	0	86,383.81
Canton	116,605.22	70.28	0	116,675.50
Carbon Cliff	26,856.90	37.06	0	26,893.96
Carthage	88,155.53	120.57	0	88,276.10
Charleston	589,743.90	808.58	0	590,552.48
Chillicothe	32,711.90	19.72	0	32,731.62
Clinton	251,144.74	347.18	0	251,491.92
Duquoin	63,948.46	39.78	0	63,988.24
East Moline	254,377.19	277.31	0	254,654.50
East Peoria	3,638,340.09	4,887.62	0	3,643,227.71
Forest Park	225,262.70	136.99	0	225,399.69
Forest View	115,766.09	181.83	0	115,947.92
Forsyth	945,466.25	1,285.32	0	946,751.57
Galena	287,022.32	383.69	0	287,406.01
Greenville	191,903.64	203.89	0	192,107.53
Havana	174,664.83	240.78	0	174,905.61
Highwood	143,492.72	155.33	0	143,648.05
Jerseyville	582,052.49	798.64	0	582,851.13
Lake Forest	706,402.31	975.18	0	707,377.49
Lincoln	621,180.18	850.46	0	622,030.64
Litchfield	718,946.72	986.94	0	719,933.66
Macomb	801,912.99	1,104.89	0	803,017.88
Mattoon	1,298,904.35	1,789.05	0	1,300,693.40
Marrionette Park	128,915.04	177.84	0	129,092.88
Mokena	1,005,433.11	1,395.51	0	1,006,828.62
North Aurora	394,925.69	536.30	0	395,461.99
North Riverside	1,873,331.61	2,537.71	0	1,875,869.32
Oak Brook	1,842,848.75	2,016.33	0	1,844,865.08
Ofallon	1,546,574.44	2,085.68	0	1,548,660.12
Ottawa	747,970.12	824.17	0	748,794.29
Paris	357,352.12	487.90	0	357,840.02
Princeton	404,473.29	443.73	0	404,917.02
Richton Park	76,657.43	82.73	0	76,740.16
Riverwoods	81,977.92	112.72	0	82,090.64
Salem	548,173.52	742.30	0	548,915.82
Silvis	246,289.84	335.59	0	246,625.43
Sleepy Hollow	32,930.36	48.94	0	32,979.30
Sparta	382,040.90	525.92	0	382,566.82
Streator	496,648.69	688.32	0	497,337.01
Swansea	375,108.81	520.80	0	375,629.61
Tilton	152,279.66	207.14	0	152,486.80
Total	\$22,655,056.35	\$29,591.00	\$0.00	\$22,684,647.35

**Disbursements to
Local Governments**
(Continued)

Table 44: 2005 Home Rule, Non-home Rule, and Special County ROT for Public Safety Sales Tax Disbursements (continued)

Municipality	Net Collected	Interest	Advanced Payment	Total
Chicago Home Rule Vehicle Use Tax				
Chicago	22,391,053.88	\$24,071.17	\$0.00	\$22,415,125.05
County Public Safety or Transportation				
Boone	1,278,863.48	0	7,163.55	1,286,027.03
Brown	58,996.58	0	0	58,996.58
Carroll	254,190.43	0	0	254,190.43
Champaign	3,918,468.08	0	15,597.85	3,934,065.93
Clark	697,048.59	0	0	697,048.59
Fulton	853,669.36	0	0	853,669.36
Jersey	495,704.73	0	0	495,704.73
Kendall	3,134,829.69	0	32,946.58	3,167,776.27
Knox	896,729.98	0	760.24	897,490.22
LaSalle	2,415,957.17	0	0	2,415,957.17
McDonough	989,185.56	0	5,862.82	995,048.38
Macon	2,287,156.69	0	177,353.22	2,464,509.91
Marion	535,779.62	0	43,114.86	578,894.48
Peoria	4,265,857.93	0	11,780.02	4,277,637.95
Perry	469,595.20	0	0	469,595.20
Pike	193,569.30	0	0	193,569.30
Richland	526,574.36	0	41,916.23	568,490.59
Saline	799,515.55	0	0	799,515.55
Stephenson	1,540,711.23	0	8,863.13	1,549,574.36
Tazewell	5,162,703.97	0	25,449.18	5,188,153.15
Union	159,549.71	0	0	159,549.71
Vermilion	1,289,269.06	0	2,427.92	1,291,696.98
Winnebago	26,592,675.10	0	0	26,592,675.10
Woodford	1,429,358.21	0	1,127.93	1,430,486.14
Total	\$60,245,959.58	\$0.00	\$374,363.53	\$60,620,323.11



Disbursements to Local Governments (Continued)

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 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.

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.

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.

Disbursements to Local Governments (Continued)

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(e); Regional Transportation Authority (RTA) Service Occupation Tax, 70 ILCS 3615/4.03(f); Regional Transportation Authority (RTA) Use Tax, 70 ILCS 3615/4.03(g).

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 0.25 percent from the state sales tax rate of 6.25 percent on general merchandise sold anywhere in Cook County and 0.25 percent from the state sales tax rate of 6.25 percent on purchases of titled or registered general merchandise for which the title or registration address of record is within Cook County. Collections are distributed monthly.

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

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

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. Effective July 1, 2004, the Department began administering a fee on vehicle sales imposed by the Metro-East Mass Transit District. The fee rate is 0.5 percent of the total price minus any trade-in, or \$20.00, whichever is less.

Distribution

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

Table 45
2004 Regional Transportation Authority Payments

RTA Sales Tax		
County	Payment	Percent of total
Cook	\$ 434,654,952.49	67.03%
DuPage	40,566,407.62	6.26%
Kane	12,822,856.13	1.98%
Lake	24,763,088.28	3.82%
McHenry	7,619,158.49	1.17%
Will	14,262,590.43	2.20%
Total	\$ 534,689,053.44	82.45%

Share of State Taxes		
(revenue-sharing)	\$ 113,787,967.06	17.55%
Total	\$ 648,477,020.50	100.0%

2005 Regional Transportation Authority Payments

RTA Sales Tax		
County	Payment	Percent of total
Cook	\$ 441,402,562.60	66.65%
DuPage	42,135,601.30	6.36%
Kane	13,874,319.55	2.10%
Lake	25,793,789.69	3.89%
McHenry	8,067,378.50	1.22%
Will	15,369,383.87	2.32%
Total	\$ 546,643,035.51	82.54%

Share of State Taxes		
(revenue-sharing)	\$ 115,593,402.15	17.46%
Total	\$ 662,236,437.66	100.0%



Disbursements to Local Governments (Continued)

Table 46

2004 Metro-East Mass Transit District Payments

County	Payment	Percent of total
Madison	\$ 6,982,987.99	27.79%
St. Clair	18,144,255.23	72.21%
St Clair MED Vehicle Fee	0.00	0.00%
Total	\$ 25,127,243.22	100.00%

2005 Metro-East Mass Transit District Payments

County	Payment	Percent of total
Madison	\$ 7,101,510.36	27.26%
St. Clair	18,583,716.60	71.34%
St Clair MED Vehicle Fee	365,801.06	1.40%
Total	\$ 26,051,028.02	100.00%

Metro-East Park and Recreation District Tax

Statutory reference

Metro-East Park and Recreation District Act, 70 ILCS 1605

Definition

The Metro-East Park and Recreation District tax of 0.10 percent is imposed on sales of general merchandise within the district's boundaries. 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.

Distribution

Funds are distributed monthly.

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.

Municipal Simplified Telecommunications Tax

Statutory Reference

35 ILCS 636/5 to 636/99-99

Definition

Municipalities may impose the Simplified Municipal Telecommunications Tax (.25 percent increments up to a maximum amount of 6 percent) on the privilege of originating or receiving telecommunications. Telecommunication service providers who have customers who have a service address that is located in a municipality with a population of 500,000 or less report and pay the municipal taxes directly to the department. The Chicago Department of Revenue administers and collects the City of Chicago's tax.

Distribution

Collections, minus a 0.5 percent administrative fee, are distributed monthly to each municipality imposing this tax.

Disbursements to Local Governments (Continued)

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 referendum 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.

Gaming Taxes

Statutory Reference

Charitable Games Tax — 230 ICS 30/1

Pull Tabs and Jar Games Act — 230 ILC 20/1

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.



Disbursements to Local Governments (Continued)

Table 47: 2005 Charitable Games Distributions to Municipalities and Counties

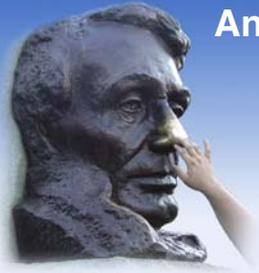
County	Number of licenses	Allocation	Municipality	Number of licenses	Allocation
Calhoun County	1	\$ 317.19	Geneva	1	317.19
Cook County	2	634.38	Glen Carbon	1	317.19
DuPage County	1	317.19	Glen Ellyn	4	1,268.76
Kankakee County	1	317.19	Glendale Heights	1	317.19
Lake County	1	317.19	Glenview	1	317.19
McHenry County	1	317.19	Granite City	2	634.38
Total	7	\$ 2,220.33	Herrick	1	317.19
			Hickory Hills	1	317.19
			Highland Park	3	951.57
Municipality			Hoffman Estates	3	951.57
Addison	3	\$ 951.57	Itasca	3	951.57
Anna	1	317.19	Joliet	3	951.57
Antioch	2	634.38	Kaskaskia	1	317.19
Arlington Heights	6	1,903.14	Kewanee	1	317.19
Aurora	1	317.19	Lake In The Hills	1	317.19
Aviston	1	317.19	Lake Villa	1	317.19
Batavia	1	317.19	Lake Zurich	1	317.19
Bedford Park	1	317.19	Lakewood	1	317.19
Belleville	6	1,903.14	LaSalle	1	317.19
Bloomington	2	634.38	Lemont	1	317.19
Bradley	1	317.19	Lexington	1	317.19
Breese	2	634.38	Libertyville	1	317.19
Brookfield	2	634.38	Lincolnshire	3	951.57
Burbank	2	634.38	Lockport	2	634.38
Cahokia	3	951.57	Lombard	1	317.19
Carbondale	1	317.19	Loves Park	1	317.19
Carol Stream	1	317.19	Macomb	2	634.38
Chicago	53	16,811.07	Manhattan	1	317.19
Collinsville	1	317.19	Marissa	1	317.19
Columbia	2	634.38	Marseilles	1	317.19
Crystal Lake	1	317.19	Mascoutah	1	317.19
Danville	2	634.38	McHenry	1	317.19
Darien	1	317.19	Mendota	1	317.19
Decatur	2	634.38	Metropolis	2	634.38
Deerfield	2	634.38	Midlothian	1	317.19
Des Plaines	4	1,268.76	Morton Grove	1	317.19
Effingham	2	634.38	Mount Zion	1	317.19
Elburn	1	317.19	Mundelein	2	634.38
Elk Grove	2	634.38	Murphysboro	3	951.57
Elmhurst	2	634.38	Naperville	1	317.19
Evergreen Park	1	317.19	Nashville	1	317.19
Flossmoor	2	634.38	New Baden	1	317.19
Forest Park	1	317.19	Northbrook	2	634.38
Fox Lake	2	634.38	Northfield	2	634.38
Freeburg	1	317.19	Oak Brook	12	3,806.28
Galesburg	1	317.19			

**Disbursements to
Local Governments**
(Continued)

Table 47: 2005 Charitable Games Distributions to Municipalities and Counties (continued)

Municipality	Number of licenses	Allocation
Oak Lawn	1	317.19
Ofallon	2	634.38
Orland Park	2	634.38
Ottawa	3	951.57
Palos Heights	1	317.19
Pawnee	1	317.19
Peoria	1	317.19
Plano	1	317.19
River Forest	1	317.19
River Grove	1	317.19
Rochelle	2	634.38
Rockford	19	6,026.61
Rolling Meadows	4	1,268.76
Rosemont	3	951.57
Salem	1	317.19
Schaumburg	3	951.57
Shorewood	1	317.19
South Beloit	2	634.38
South Elgin	1	317.19
Springfield	6	1,903.14
St Charles	3	951.57
Streamwood	2	634.38
Sugar Grove	1	317.19
Tinley Park	3	951.57
Union	1	317.19
Villa Park	1	317.19
Waterloo	1	317.19
Wauconda	1	317.19
Waukegan	1	317.19
Willow Springs	1	317.19
Wilmette	2	634.38
Winnetka	1	317.19
Wood Dale	4	1,268.76
Woodridge	3	951.57
Total Municipality	278	\$ 88,178.82
Grand Total	285	\$ 90,399.15





Disbursements to Local Governments (Continued)

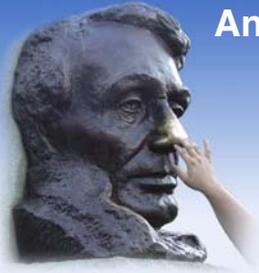
Table 48: 2005 Pull Tabs and Jar Games Distributions to Municipalities and Counties

County	Number of licenses	Allocation	Municipality	Number of licenses	Allocation
Adams	1	\$ 1,289.50	Antioch	2	2,579.00
Champaign	1	1,289.50	Arlington Heights	2	2,579.00
Clinton	1	1,289.50	Aurora	12	15,474.00
Cook	11	14,184.50	Bartlett	2	2,579.00
Cumberland	1	1,289.50	Bartonville	1	1,289.50
DeKalb	1	1,289.50	Batavia	1	1,289.50
DuPage	4	5,158.00	Beckemeyer	2	2,579.00
Franklin	2	2,579.00	Beecher	1	1,289.50
Grundy	1	1,289.50	Belleville	4	5,158.00
Henderson	1	1,289.50	Bellwood	2	2,579.00
Jefferson	1	1,289.50	Belvidere	5	6,447.50
Kane	4	5,158.00	Benton	3	3,868.50
Kendall	2	2,579.00	Berwyn	4	5,158.00
Lake	4	5,158.00	Bethalto	1	1,289.50
LaSalle	3	3,868.50	Bloomington	1	1,289.50
Lawrence	1	1,289.50	Bloomington	5	6,447.50
Lee	2	2,579.00	Blue Island	2	2,579.00
Livingston	1	1,289.50	Bolingbrook	5	6,447.50
Macon	2	2,579.00	Bradley	2	2,579.00
Macoupin	2	2,579.00	Braidwood	1	1,289.50
Madison	3	3,868.50	Breese	1	1,289.50
Mason	1	1,289.50	Bridgeview	5	6,447.50
McHenry	2	2,579.00	Brocton	1	1,289.50
Monroe	1	1,289.50	Brookfield	3	3,868.50
Perry	2	2,579.00	Bunker Hill	1	1,289.50
Randolph	3	3,868.50	Burbank	1	1,289.50
Sangamon	1	1,289.50	Cahokia	3	3,868.50
St. Clair	4	5,158.00	Cairo	1	1,289.50
Tazewell	4	5,158.00	Calumet	1	1,289.50
Union	1	1,289.50	Canton	2	2,579.00
Vermilion	1	1,289.50	Carbondale	1	1,289.50
Washington	1	1,289.50	Carlinville	2	2,579.00
Will	7	9,026.50	Carlyle	2	2,579.00
Williamson	2	2,579.00	Carmi	1	1,289.50
Winnebago	4	5,158.00	Carol Stream	1	1,289.50
Woodford	3	3,868.50	Carpentersville	2	2,579.00
Total County	86	\$ 110,897.00	Casey	2	2,579.00
Municipality			Caseyville	3	3,868.50
Abingdon	1	1,289.50	Cedar Point	1	1,289.50
Albion	2	2,579.00	Centralia	5	6,447.50
Aledo	1	1,289.50	Champaign	3	3,868.50
Algonquin	1	1,289.50	Charleston	4	5,158.00
Alsip	1	1,289.50	Chenoa	1	1,289.50
Altamont	1	1,289.50	Cherry Valley	2	2,579.00
Alton	3	3,868.50	Chester	5	6,447.50
			Chicago	85	109,607.50

**Disbursements to
Local Governments
(Continued)**

Table 48: 2005 Pull Tabs and Jar Games Distributions to Municipalities and Counties (continued)

Municipality	Number of licenses	Allocation	Municipality	Number of licenses	Allocation
Chicago Heights	5	6,447.50	Fayetteville	1	1,289.50
Chicago Ridge	3	3,868.50	Flora	5	6,447.50
Chillicothe	2	2,579.00	Forest Park	1	1,289.50
Chrisman	1	1,289.50	Fox Lake	2	2,579.00
Christopher	1	1,289.50	Franklin Park	1	1,289.50
Cicero Town	6	7,737.00	Freeburg	1	1,289.50
Clinton	1	1,289.50	Freeport	3	3,868.50
Coal	1	1,289.50	Galesburg	5	6,447.50
Collinsville	4	5,158.00	Gardner	1	1,289.50
Colona	1	1,289.50	Geneseo	1	1,289.50
Columbia	2	2,579.00	Geneva	1	1,289.50
Crestwood	1	1,289.50	Genoa	1	1,289.50
Creve Coeur	2	2,579.00	Germantown	3	3,868.50
Cuba	1	1,289.50	Glendale Heights	1	1,289.50
Cullom	1	1,289.50	Glenview	1	1,289.50
Danville	1	1,289.50	Godfrey	1	1,289.50
Decatur	7	9,026.50	Granite City	11	14,184.50
DeKalb	4	5,158.00	Grayslake	1	1,289.50
Des Plaines	4	5,158.00	Grayville	2	2,579.00
Dixon	1	1,289.50	Greenup	2	2,579.00
Dolton	11	14,184.50	Hamilton	1	1,289.50
Downers Grove	3	3,868.50	Hanna	1	1,289.50
Dubois	1	1,289.50	Harrisburg	3	3,868.50
Duquoin	2	2,579.00	Harvard	1	1,289.50
Dwight	1	1,289.50	Harvey	1	1,289.50
East Alton	1	1,289.50	Harwood Heights	1	1,289.50
East Dundee	1	1,289.50	Havana	1	1,289.50
East Gillespie	1	1,289.50	Hecker	1	1,289.50
East Moline	1	1,289.50	Herrin	4	5,158.00
East Peoria	3	3,868.50	Hickory Hills	1	1,289.50
Edgewood	1	1,289.50	Highland	1	1,289.50
Edwardsville	2	2,579.00	Hillsboro	2	2,579.00
Effingham	7	9,026.50	Hillside	1	1,289.50
Eldorado	1	1,289.50	Hometown	2	2,579.00
Elgin	6	7,737.00	Hoopeston	1	1,289.50
Elk Grove	1	1,289.50	Huntley	2	2,579.00
Elmhurst	3	3,868.50	Itasca	1	1,289.50
Eureka	1	1,289.50	Jacksonville	6	7,737.00
Evergreen Park	2	2,579.00	Jerseyville	3	3,868.50
Fairbury	1	1,289.50	Joliet	15	19,342.50
Fairfield	3	3,868.50	Kankakee	2	2,579.00
Fairmont	1	1,289.50	Kewanee	3	3,868.50
Fairview Heights	3	3,868.50	Kincaid	3	3,868.50
Farina	1	1,289.50	Lacon	1	1,289.50
Farmer	1	1,289.50	LaGrange	2	2,579.00
Farmington	1	1,289.50	Lake In The Hills	1	1,289.50



Disbursements to Local Governments (Continued)

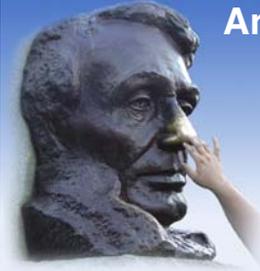
Table 48: 2005 Pull Tabs and Jar Games Distributions to Municipalities and Counties (continued)

Municipality	Number of licenses	Allocation	Municipality	Number of licenses	Allocation
Lake Villa	1	1,289.50	Neoga	1	1,289.50
Lake Zurich	1	1,289.50	New Baden	1	1,289.50
LaSalle	4	5,158.00	New Berlin	1	1,289.50
Lawrenceville	4	5,158.00	New Lenox	1	1,289.50
Lemont	2	2,579.00	Newark	1	1,289.50
Libertyville	2	2,579.00	Niles	1	1,289.50
Lincoln	3	3,868.50	Norridge	1	1,289.50
Litchfield	3	3,868.50	North Aurora	1	1,289.50
Lockport	4	5,158.00	North Pekin	1	1,289.50
Lombard	2	2,579.00	North Riverside	1	1,289.50
Loves Park	5	6,447.50	Northbrook	1	1,289.50
Lynwood	1	1,289.50	Northlake	1	1,289.50
Lyons	1	1,289.50	Oak Forest	2	2,579.00
Macomb	3	3,868.50	Oak Lawn	6	7,737.00
Macon	1	1,289.50	Ofallon	2	2,579.00
Manteno	1	1,289.50	Oglesby	1	1,289.50
Maple Park	1	1,289.50	Okawville	1	1,289.50
Marion	4	5,158.00	Olney	3	3,868.50
Marseilles	2	2,579.00	Oregon	1	1,289.50
Marshall	2	2,579.00	Orient	1	1,289.50
Maryville	1	1,289.50	Orland Park	4	5,158.00
Mascoutah	2	2,579.00	Oswego	1	1,289.50
Matteson	1	1,289.50	Ottawa	3	3,868.50
Mattoon	4	5,158.00	Palestine	2	2,579.00
Mazon	1	1,289.50	Palos Hills	1	1,289.50
McHenry	1	1,289.50	Pana	4	5,158.00
Melrose Park	5	6,447.50	Paris	3	3,868.50
Mendota	3	3,868.50	Pekin	4	5,158.00
Metropolis	2	2,579.00	Peoria	11	14,184.50
Midlothian	5	6,447.50	Peoria Heights	2	2,579.00
Milan	2	2,579.00	Peotone	1	1,289.50
Millstadt	4	5,158.00	Peru	5	6,447.50
Moline	5	6,447.50	Pickneyville	1	1,289.50
Monmouth	3	3,868.50	Pittsfield	1	1,289.50
Montgomery	1	1,289.50	Plainfield	2	2,579.00
Morris	3	3,868.50	Plano	2	2,579.00
Morrisonville	1	1,289.50	Pontiac	1	1,289.50
Morton Grove	1	1,289.50	Pontoon Beach	1	1,289.50
Mount Carmel	5	6,447.50	Posen	1	1,289.50
Mount Morris	1	1,289.50	Princeton	2	2,579.00
Mount Olive	1	1,289.50	Quincy	3	3,868.50
Mount Prospect	1	1,289.50	Rantoul	2	2,579.00
Mount Vernon	4	5,158.00	Red Bud	2	2,579.00
Mount Zion	10	12,895.00	Reynolds	1	1,289.50
Murphysboro	4	5,158.00	River Grove	3	3,868.50
Naperville	1	1,289.50	Riverton	1	1,289.50

**Disbursements to
Local Governments**
(Continued)

Table 48: 2005 Pull Tabs and Jar Games Distributions to Municipalities and Counties (continued)

Municipality	Number of licenses	Allocation	Municipality	Number of licenses	Allocation
Robinson	3	3,868.50	Teutopolis	1	1,289.50
Rochelle	2	2,579.00	Tilton	1	1,289.50
Rock Falls	4	5,158.00	Tinley Park	3	3,868.50
Rock Island	9	11,605.50	Toledo	1	1,289.50
Rockdale	3	3,868.50	Washington	1	1,289.50
Rockford	35	45,132.50	Waterloo	1	1,289.50
Rockton	1	1,289.50	Wauconda	1	1,289.50
Rolling Meadows	2	2,579.00	Waukegan	1	1,289.50
Roselle	1	1,289.50	West Chicago	1	1,289.50
Round Lake Beach	1	1,289.50	Troy	1	1,289.50
Rond Lake Park	1	1,289.50	Tuscola	1	1,289.50
Round Lake	2	2,579.00	Union	1	1,289.50
Salem	2	2,579.00	Urbana	2	2,579.00
Sandwich	1	1,289.50	Vandalia	4	5,158.00
Sauk	1	1,289.50	Villa Grove	1	1,289.50
Savanna	2	2,579.00	Villa Park	8	10,316.00
Savoy	1	1,289.50	Virден	1	1,289.50
Schaumburg	1	1,289.50	Warrenville	1	1,289.50
Schiller Park	2	2,579.00	West Dundee	1	1,289.50
Shelbyville	3	3,868.50	West Frankfort	4	5,158.00
Shiloh	1	1,289.50	Westchester	4	5,158.00
Sims	1	1,289.50	Westville	1	1,289.50
Skokie	1	1,289.50	Wheeling	1	1,289.50
Smithton	1	1,289.50	White Hall	1	1,289.50
South Beloit	2	2,579.00	Willow Springs	1	1,289.50
South Chicago Heights	1	1,289.50	Willowbrook	1	1,289.50
South Elgin	2	2,579.00	Wilmette	1	1,289.50
South Roxana	1	1,289.50	Wilmington	2	2,579.00
Sparta	2	2,579.00	Winthrop Harbor	1	1,289.50
Springfield	11	14,184.50	Wood Dale	2	2,579.00
St Charles	2	2,579.00	Wood River	3	3,868.50
St Jacob	1	1,289.50	Woodridge	1	1,289.50
Staunton	2	2,579.00	Woodstock	5	6,447.50
Steeleville	1	1,289.50	Worth	2	2,579.00
Steger	2	2,579.00	Wyanet	1	1,289.50
Sterling	3	3,868.50	Yorkville	1	1,289.50
Stickney	1	1,289.50	Zeigler	3	3,868.50
Streamwood	3	3,868.50	Zion	1	1,289.50
Streator	6	7,737.00	Total Municipalities	838	\$1,080,601.00
Sugar Grove	1	1,289.50	Total	924	\$1,191,498.00
Sullivan	1	1,289.50			
Summit	3	3,868.50			
Swansea	2	2,579.00			
Sycamore	3	3,868.50			
Taylor Springs	2	2,579.00			
Taylorville	3	3,868.50			



Disbursements to Local Governments (Continued)

Fund Transfers to Local Governments

Statutory Reference

State and Local Sales Tax Reform Fund 30 ILCS 105/62-17; Local Government Distributive Fund 60 ILCS 115/1; Income Taxes, 35 ILCS 5/901(b); Local Use Tax, 35 ILCS 110/9; Public Transportation Fund, 70 ILCS 3615/4.09; Downstate Public Transportation, 30 ILCS 740/2-3(a); Metro-East Public Transportation Fund, 30 ILCS 740/2-3-(b).

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 transferred from the General Revenue Fund to the Local Government Distributive Fund and is distributed to municipal and county governments in proportion to their population as compared to the total state population.

Table 49: 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)

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 the State and Local Sales Tax Reform 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 transferred into the LGDF and paid to counties and municipalities with fewer than 1 million residents based on relative share of population.

Table 50:

2004 Summary of Income Tax/Sales Tax Distributions to Local Governments

Distribution	FY 2004	Percent of total
Income Tax		
Counties	\$94,467,061.68	12.19%
Municipalities	585,319,185.27	75.52%
Subtotal	\$679,786,246.95	87.71%
Local Use Tax		
Counties	17,223,167.99	2.22%
Municipalities	78,076,697.55	10.07%
Subtotal	95,299,865.54	12.30%
Total	\$775,086,112.49	100.00%

2005 Summary of Income Tax/Sales Tax Distributions to Local Governments

Distribution	FY 2005	Percent of total
Income Tax		
Counties	\$122,816,315.04	12.27%
Municipalities	777,955,704.03	77.72%
Subtotal	\$900,772,019.07	89.99%
Local Use Tax		
Counties	17,741,404.28	1.77%
Municipalities	82,434,784.17	8.24%
Subtotal	100,176,188.45	10.01%
Total	\$1,000,948,207.52	100.00%

The total amount distributed for 2004 is \$69.14 per capita.
The total amount distributed for 2005 is \$81.71 per capita.

*Figure does not include the 20 percent distribution to the City of Chicago.

Disbursements to Local Governments (Continued)

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 the State's share of sales tax (5 percent) 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 (5 percent) and transfers from the State and Local Sales 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 51:

2004 Sales Tax Transfers for Local Transportation

Fund	Payment	Percent
Public Transportation Fund	\$ 168,157,989.30	71.67%
Downstate Public Transportation Fund	49,422,380.00	21.07%
Metro-East Public Transportation Fund*	17,033,884.99	7.26%
Total	\$ 234,614,254.29	100.00%

* Total of two separate fund transfers:

- 2/32 of all state sales taxes
- 0.6 percent transfer from State and Local Sales Tax Reform Fund

2005 Sales Tax Transfers for Local Transportation

Fund	Payment	Percent
Public Transportation Fund	\$ 172,750,950.32	70.24%
Downstate Public Transportation Fund	55,444,100.00	22.54%
Metro-East Public Transportation Fund*	17,757,919.44	7.22%
Total	\$ 245,952,969.76	100.00%

* Total of two separate fund transfers:

- 2/32 of all state sales taxes
- 0.6 percent transfer from State and Local Sales Tax Reform Fund





Disbursements to Local Governments (Continued)

Table 52: 2005 Population-based Distributions of Tax Revenues Shared With Local Governments

County	Unincorporated			Incorporated			Total for county
	Income tax	Local Use Tax	Total	Income Tax	Local Use Tax	Total	
Adams	\$ 1,494,597.58	\$ 215,890.81	\$ 1,710,488.39	\$ 3,387,315.24	\$ 489,288.55	\$ 3,876,603.79	5,587,092.18
Alexander	275,352.56	39,773.93	315,126.49	410,347.39	59,273.43	469,620.82	784,747.31
Bond	525,179.08	75,860.75	601,039.83	735,607.73	106,256.14	841,863.87	1,442,903.70
Boone	1,258,009.96	181,821.44	1,439,831.40	1,826,205.15	261,054.49	2,087,259.64	3,527,091.04
Brown	291,940.92	42,170.08	334,111.00	204,994.78	29,610.80	234,605.58	568,716.58
Bureau	669,826.78	96,754.74	766,581.52	1,868,692.52	269,926.70	2,138,619.22	2,905,200.74
Calhoun	238,672.24	34,475.55	273,147.79	124,841.47	18,032.79	142,874.26	416,022.05
Carroll	484,923.70	70,045.95	554,969.65	707,293.26	102,166.36	809,459.62	1,364,429.27
Cass	265,771.32	38,389.94	304,161.26	713,442.51	103,054.73	816,497.24	1,120,658.50
Champaign	2,463,658.56	355,869.23	2,819,527.79	10,381,742.78	1,499,615.55	11,881,358.33	14,700,886.12
Christian	752,911.62	108,756.13	861,667.75	1,776,241.48	256,572.89	2,032,814.37	2,894,482.12
Clark	600,184.24	86,695.06	686,879.30	615,914.42	88,967.08	704,881.50	1,391,760.80
Clay	466,619.28	67,401.93	534,021.21	574,443.35	82,976.60	657,419.95	1,191,441.16
Clinton	958,907.70	138,511.76	1,097,419.46	1,583,687.73	228,758.91	1,812,446.64	2,909,866.10
Coles	797,099.62	115,138.97	912,238.59	3,006,498.32	434,280.85	3,440,779.17	4,353,017.76
Cook	7,574,352.48	1,094,478.42	8,668,830.90	377,272,786.88	24,580,133.34	401,852,920.22	410,521,751.12
Crawford	680,623.53	98,314.32	778,937.85	781,726.47	112,918.11	894,644.58	1,673,582.43
Cumberland	462,400.69	66,792.57	529,193.26	342,206.26	49,430.58	391,636.84	920,830.10
DeKalb	1,180,491.24	170,517.93	1,351,009.17	5,413,507.76	782,272.33	6,195,780.09	7,546,789.26
DeWitt	368,447.61	53,221.29	421,668.90	832,635.54	120,271.76	952,907.30	1,374,576.20
Douglas	444,453.80	64,200.18	508,653.98	980,000.15	141,558.12	1,121,558.27	1,630,212.25
DuPage	7,249,287.12	1,047,345.04	8,296,632.16	58,351,069.24	8,427,407.49	66,778,476.73	75,075,108.89
Edgar	508,519.22	73,454.26	581,973.48	900,347.51	130,052.51	1,030,400.02	1,612,373.50
Edwards	207,497.53	29,972.44	237,469.97	290,939.67	42,025.21	332,964.88	570,434.85
Effingham	1,060,225.45	153,146.84	1,213,372.29	1,389,704.23	200,738.74	1,590,442.97	2,803,815.26
Fayette	754,270.16	108,952.38	863,222.54	804,606.89	116,223.11	920,830.00	1,784,052.54
Ford	260,122.69	37,574.02	297,696.71	758,130.79	109,509.64	867,640.43	1,165,337.14
Franklin	871,675.76	125,911.33	997,587.09	1,920,031.10	277,342.86	2,197,373.96	3,194,961.05
Fulton	691,205.75	99,842.88	791,048.63	2,043,728.52	295,210.45	2,338,938.97	3,129,987.60
Gallatin	159,376.97	23,021.55	182,398.52	301,450.26	43,543.42	344,993.68	527,392.20
Greene	355,791.83	51,393.19	407,185.02	699,642.51	101,061.08	800,703.59	1,207,888.61
Grundy	863,349.98	124,708.49	988,058.47	1,905,616.49	274,949.60	2,180,566.09	3,168,624.56
Hamilton	347,783.65	50,236.42	398,020.07	268,631.14	38,802.80	307,433.94	705,454.01
Hancock	477,988.04	69,044.12	547,032.16	960,980.45	138,810.42	1,099,790.87	1,646,823.03
Hardin	206,854.02	29,879.48	236,733.50	136,353.34	19,695.74	156,049.08	392,782.58
Henderson	285,219.77	41,199.23	326,419.00	302,022.10	43,625.90	345,648.00	672,067.00
Henry	1,082,033.42	156,296.95	1,238,330.37	2,565,976.45	370,648.09	2,936,624.54	4,174,954.91
Iroquois	836,568.49	120,840.18	957,408.67	1,403,860.90	202,783.11	1,606,644.01	2,564,052.68
Jackson	1,411,012.23	203,817.11	1,614,829.34	2,859,848.25	413,097.35	3,272,945.60	4,887,774.94
Jasper	437,518.14	63,198.36	500,716.50	285,862.90	41,291.80	327,154.70	827,871.20
Jefferson	1,283,667.91	185,422.57	1,469,090.48	1,579,612.46	228,170.60	1,807,783.06	3,276,873.54
Jersey	835,638.97	120,705.88	956,344.85	713,656.92	103,085.59	816,742.51	1,773,087.36
Jo Daviess	769,285.48	111,121.31	880,406.79	824,412.66	119,083.83	943,496.49	1,823,903.28
Johnson	702,145.50	101,423.11	803,568.61	218,651.45	31,583.30	250,234.75	1,053,803.36
Kane	4,501,061.52	650,176.40	5,151,237.92	25,985,908.51	3,752,917.73	29,738,826.24	34,890,064.16
Kankakee	2,180,735.50	314,984.33	2,495,719.83	5,320,421.22	768,695.71	6,089,116.93	8,584,836.76
Kendall	1,544,785.30	223,145.89	1,767,931.19	3,430,915.08	494,257.75	3,925,172.83	5,693,104.02
Knox	687,487.68	99,305.84	786,793.52	3,404,873.84	477,379.91	3,882,253.75	4,569,047.27
Lake	5,884,228.18	849,948.36	6,734,176.54	41,331,160.98	5,966,601.77	47,297,762.75	54,031,939.29
LaSalle	2,248,367.29	324,770.96	2,573,138.25	5,724,701.46	826,917.40	6,551,618.86	9,124,757.11
Lawrence	471,052.39	68,042.29	539,094.68	695,677.62	99,343.15	795,020.77	1,334,115.45
Lee	911,359.14	131,643.49	1,043,002.63	1,667,130.19	240,812.15	1,907,942.34	2,950,944.97

Disbursements to Local Governments (Continued)

Table 52: 2005 Population-based Distributions of Tax Revenues Shared With Local Governments (continued)

County	Unincorporated			Incorporated			Total for county
	Income tax	Local Use Tax	Total	Income Tax	Local Use Tax	Total	
Livingston	894,842.27	129,257.65	1,024,099.92	1,942,196.67	280,544.62	2,222,741.29	3,246,841.21
Logan	688,202.68	99,409.10	787,611.78	1,541,430.45	222,655.24	1,764,085.69	2,551,697.47
Macon	1,074,597.25	155,222.84	1,229,820.09	7,127,062.75	1,029,485.70	8,156,548.45	9,386,368.54
Macoupin	1,159,970.14	167,554.72	1,327,524.86	2,344,964.26	338,722.79	2,683,687.05	4,011,211.91
Madison	3,908,777.09	564,612.98	4,473,390.07	14,755,643.46	2,130,983.96	16,886,627.42	21,360,017.49
Marion	1,010,031.34	145,896.44	1,155,927.78	1,970,940.35	284,696.67	2,255,637.02	3,411,564.80
Marshall	335,699.88	48,490.96	384,190.84	606,690.40	87,634.48	694,324.88	1,078,515.72
Mason	448,314.89	64,757.90	513,072.79	698,427.00	100,885.55	799,312.55	1,312,385.34
Massac	515,955.38	74,528.40	590,483.78	568,079.93	82,057.54	650,137.47	1,240,621.25
McDonough	500,010.52	72,225.20	572,235.72	1,959,643.31	283,065.04	2,242,708.35	2,814,944.07
McHenry	4,854,369.07	701,212.81	5,555,581.88	15,089,763.82	2,177,465.26	17,267,229.08	22,822,810.96
McLean	1,451,053.11	209,600.91	1,660,654.02	9,305,143.53	1,344,103.49	10,649,247.02	12,309,901.04
Menard	475,628.47	68,703.29	544,331.76	417,139.95	60,254.54	477,394.49	1,021,726.25
Mercer	547,702.09	79,114.13	626,816.22	664,749.53	96,020.76	760,770.29	1,387,586.51
Monroe	746,404.97	107,816.28	854,221.25	1,361,461.29	196,659.35	1,558,120.64	2,412,341.89
Montgomery	721,093.43	104,160.07	825,253.50	1,476,363.53	213,256.01	1,689,619.54	2,514,873.04
Morgan	580,664.31	83,875.44	664,539.75	2,037,437.03	294,302.17	2,331,739.20	2,996,278.95
Moultrie	407,129.96	58,808.84	465,938.80	614,412.70	88,750.00	703,162.70	1,169,101.50
Ogle	1,664,931.44	240,452.72	1,905,384.16	1,983,936.57	286,616.37	2,270,552.94	4,175,937.10
Peoria	2,612,381.85	377,351.95	2,989,733.80	10,688,924.25	1,540,553.19	12,229,477.44	15,219,211.24
Perry	642,584.68	92,819.70	735,404.38	1,008,672.46	145,699.86	1,154,372.32	1,889,776.70
Piatt	366,302.57	52,911.44	419,214.01	804,106.37	116,150.74	920,257.11	1,339,471.12
Pike	425,362.88	61,442.53	486,805.41	817,262.04	118,050.48	935,312.52	1,422,117.93
Pope	252,686.53	36,499.89	289,186.42	62,849.78	9,078.41	71,928.19	361,114.61
Pulaski	238,457.73	34,444.57	272,902.30	286,935.47	41,446.73	328,382.20	601,284.50
Putnam	187,977.60	27,152.85	215,130.45	247,180.62	35,704.36	282,884.98	498,015.43
Randolph	713,156.75	103,013.64	816,170.39	1,710,245.53	247,039.90	1,957,285.43	2,773,455.82
Richland	436,445.63	63,043.41	499,489.04	718,233.11	103,746.71	821,979.82	1,321,468.86
Rock Island	1,402,217.53	202,546.74	1,604,764.27	9,316,655.61	1,345,766.78	10,662,422.39	12,267,186.66
Saline	636,936.08	92,003.76	728,939.84	1,274,515.38	184,100.13	1,458,615.51	2,187,555.35
Sangamon	2,670,512.64	385,748.78	3,056,261.42	10,839,996.19	1,565,808.84	12,405,805.03	15,462,066.45
Schuyler	254,045.08	36,696.11	290,741.19	259,979.50	37,553.17	297,532.67	588,273.86
Scott	154,800.88	22,360.55	177,161.43	241,102.91	34,826.36	275,929.27	453,090.70
Shelby	748,836.05	108,167.43	857,003.48	888,049.00	128,275.87	1,016,324.87	1,873,328.35
St Clair	4,116,236.52	594,739.69	4,710,976.21	14,385,533.48	2,077,451.66	16,462,985.14	21,173,961.35
Stark	178,324.89	25,758.55	204,083.44	274,422.85	39,639.44	314,062.29	518,145.73
Stephenson	1,068,233.64	154,303.62	1,222,537.26	2,433,841.82	351,561.85	2,785,403.67	4,007,940.93
Tazewell	1,783,535.49	257,627.17	2,041,162.66	7,479,881.32	1,079,563.09	8,559,444.41	10,600,607.07
Union	637,651.07	92,107.05	729,758.12	670,326.98	96,826.72	767,153.70	1,496,911.82
Vermilion	1,663,341.32	240,265.43	1,903,606.75	4,338,214.49	626,643.14	4,964,857.63	6,868,464.38
Wabash	277,283.09	40,052.79	317,335.88	647,732.59	93,563.13	741,295.72	1,058,631.60
Warren	446,813.34	64,541.01	511,354.35	892,768.50	128,957.92	1,021,726.42	1,533,080.77
Washington	493,074.86	71,223.38	564,298.24	590,030.26	85,227.68	675,257.94	1,239,556.18
Wayne	640,225.14	92,478.86	732,704.00	586,097.91	84,659.86	670,757.77	1,403,461.77
White	415,996.17	60,089.55	476,085.72	683,054.05	98,664.91	781,718.96	1,257,804.68
Whiteside	1,508,611.90	217,915.14	1,726,527.04	2,828,030.01	408,501.25	3,236,531.26	4,963,058.30
Will	6,711,852.13	969,483.59	7,681,335.72	33,912,042.93	4,894,208.01	38,806,250.94	46,487,586.66
Williamson	1,353,238.95	195,471.91	1,548,710.86	3,029,521.21	437,605.87	3,467,127.08	5,015,837.94
Winnebago	4,404,202.97	636,301.18	5,040,504.15	15,579,057.59	2,249,704.71	17,828,762.30	22,869,266.45
Woodford	1,049,071.20	151,535.65	1,200,606.85	1,508,896.97	217,955.54	1,726,852.51	2,927,459.36
Total	\$122,816,315.04	\$17,741,404.28	\$140,557,719.32	\$777,955,704.03	\$82,434,784.17	\$860,390,488.20	\$1,000,948,207.52



Disbursements to Local Governments (Continued)

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.

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: The Regional Transportation Authority (RTA) receives a distribution equal to 4 percent of the total general merchandise sold anywhere in Cook County and 4 percent on out-of-state purchases of titled or registered general merchandise for which the title or registration address of record is within Cook County.

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

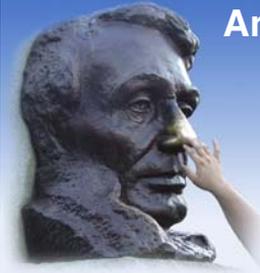
Collections from motor fuel taxes (excluding the Underground Storage Tank Tax and the Environmental Impact Fee) are divided among state and local governments according to a formula set by law. The 2.5 cents additional tax on diesel fuel goes directly into the State Construction Account Fund. The Grade 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.

Disbursements to Local Governments (Continued)

Table 53: 2005 Municipal and County Share of State Sales and Use Taxes

County	Unincorporated	Incorporated	Total	County	Unincorporated	Incorporated	Total
Adams	525,953.99	7,520,289.49	8,046,243.48	Livingston	515,702.30	3,396,113.08	3,911,815.38
Alexander	86,174.91	201,627.52	287,802.43	Logan	113,445.43	2,295,474.85	2,408,920.28
Bond	98,624.01	995,686.20	1,094,310.21	Macon	302,771.98	13,201,608.63	13,504,380.61
Boone	761,179.04	3,217,562.53	3,978,741.57	Macoupin	1,136,298.57	3,048,339.93	4,184,638.50
Brown	73,277.97	259,856.93	333,134.90	Madison	888,057.84	28,221,644.85	29,109,702.69
Bureau	355,541.92	2,616,562.45	2,972,104.37	Marion	182,028.28	2,891,416.25	3,073,444.53
Calhoun	85,658.87	181,082.15	266,741.02	Marshall	91,096.01	661,857.72	752,953.73
Carroll	456,566.27	930,094.26	1,386,660.53	Mason	85,803.60	823,962.20	909,765.80
Cass	66,477.61	1,057,990.82	1,124,468.43	Massac	52,791.45	774,692.29	827,483.74
Champaign	962,754.74	21,033,308.28	21,996,063.02	McDonough	102,256.56	2,814,719.74	2,916,976.30
Christian	314,698.44	83,047,814.99	3,362,513.43	McHenry	2,091,661.66	30,126,957.85	32,218,619.51
Clark	143,283.97	962,600.17	1,105,884.14	McLean	637,948.14	20,376,108.44	21,014,056.58
Clay	112,402.53	889,809.32	1,002,211.85	Menard	103,278.04	352,116.60	455,394.64
Clinton	367,091.37	3,140,915.27	3,508,006.64	Mercer	123,804.88	767,835.67	891,640.55
Coles	265,540.97	5,844,806.15	6,110,347.12	Monroe	180,669.91	3,080,037.19	3,260,707.10
Cook	5,225,776.19	551,197,303.46	556,423,079.65	Montgomery	94,641.57	3,145,298.33	3,239,939.90
Crawford	209,389.54	1,349,561.52	1,558,951.06	Morgan	145,547.07	3,339,026.21	3,484,573.28
Cumberland	23,898.76	353,048.63	376,947.39	Moultrie	297,058.36	786,544.39	1,083,602.75
DeKalb	440,061.94	13,490,620.29	13,930,682.23	Ogle	375,904.89	3,298,043.55	3,673,948.44
DeWitt	142,504.39	1,328,585.67	1,471,090.06	Peoria	1,161,307.20	22,941,935.29	24,103,242.49
Douglas	284,759.13	1,799,848.86	2,084,607.99	Perry	79,276.50	1,442,216.81	1,521,493.31
DuPage	4,429,983.67	163,978,705.01	168,408,688.68	Piatt	79,010.37	857,986.66	936,997.03
Edgar	127,776.02	1,347,855.05	1,475,631.07	Pike	77,016.61	1,075,709.84	1,152,726.45
Edwards	67,590.90	366,596.29	434,187.19	Pope	37,555.15	78,198.76	115,753.91
Effingham	293,856.38	6,461,691.19	6,755,547.57	Pulaski	39,242.87	199,947.85	239,190.72
Fayette	141,372.59	1,630,438.83	1,771,811.42	Putnam	56,209.36	2,017,061.07	2,073,270.43
Ford	24,838.39	1,126,496.97	1,151,335.36	Randolph	940,395.01	2,968,811.18	3,909,206.19
Franklin	285,925.14	2,876,929.29	3,162,854.43	Richland	115,615.79	1,460,504.03	1,576,119.82
Fulton	160,735.27	2,473,858.37	2,634,593.64	Rock Island	456,803.93	15,767,109.01	16,223,912.94
Gallatin	74,126.96	182,738.31	256,865.27	Saline	115,541.16	2,170,636.57	2,286,177.73
Greene	60,851.64	630,831.62	691,683.26	Sangamon	2,249,791.60	25,359,986.90	27,609,778.50
Grundy	412,910.98	9,695,849.55	10,108,760.53	Schuyler	47,106.42	332,186.49	379,292.91
Hamilton	82,826.07	287,090.26	369,916.33	Scott	42,993.21	185,431.30	228,424.51
Hancock	130,632.68	851,953.44	982,586.12	Shelby	153,196.38	954,554.88	1,107,751.26
Hardin	49,801.21	100,415.29	150,216.50	St Clair	1,126,847.97	28,037,084.02	29,163,931.99
Henderson	67,202.50	213,591.16	280,793.66	Stark	59,087.46	268,733.35	327,820.81
Henry	196,771.82	4,294,563.11	4,491,334.93	Stephenson	468,980.35	4,216,336.13	4,685,316.48
Iroquois	180,190.06	3,089,124.25	3,269,314.31	Tazewell	477,135.26	15,724,801.69	16,201,936.95
Jackson	448,934.90	6,583,172.66	7,032,107.56	Union	113,465.15	1,321,217.54	1,434,682.69
Jasper	73,275.06	574,027.49	647,302.55	Vermilion	458,727.72	7,084,311.88	7,543,039.60
Jefferson	584,457.46	4,876,319.84	5,460,777.30	Wabash	71,230.54	859,320.30	930,550.84
Jersey	123,006.01	2,102,565.29	2,225,571.30	Warren	212,221.36	1,012,384.74	1,224,606.10
Jo Daviess	343,595.30	1,881,721.79	2,225,317.09	Washington	124,148.80	1,360,657.13	1,484,805.93
Johnson	120,445.83	436,189.05	556,634.88	Wayne	201,932.70	1,066,499.70	1,268,432.40
Kane	2,168,941.62	53,303,918.19	55,472,859.81	White	154,348.67	1,145,872.71	1,300,221.38
Kankakee	713,495.64	31,234,303.95	31,947,799.59	Whiteside	386,855.85	5,563,222.85	5,950,078.70
Kendall	793,677.67	8,321,350.11	9,115,027.78	Will	5,525,711.16	55,850,103.69	61,375,814.85
Knox	270,350.49	4,982,148.93	5,252,499.42	Williamson	541,025.07	7,322,963.73	7,863,988.80
Lake	3,925,491.30	99,070,816.78	102,996,308.08	Winnebago	1,021,410.05	35,706,701.90	36,728,111.95
LaSalle	897,647.25	13,048,508.07	13,946,155.32	Woodford	354,631.87	2,331,706.63	2,686,338.50
Lawrence	242,295.12	701,771.81	944,066.93	Total	\$53,419,279.95	\$1,420,245,974.26	\$1,473,665,254.21
Lee	455,069.38	2,015,464.95	2,470,534.33				



Disbursements to Local Governments (Continued)

Table 54: Countywide Share of State Sales Taxes

County	2004 Amount	2005 Amount	County	2004 Amount	2005 Amount
Adams	\$ 1,666,020.27	\$ 1,699,949.72	Livingston	797,760.46	814,978.47
Alexander	64,666.89	63,641.73	Logan	477,640.04	482,334.92
Bond	230,239.98	234,166.73	Macon	2,735,589.07	2,803,422.31
Boone	739,452.26	856,991.47	Macoupin	901,729.67	912,709.50
Brown	58,700.24	63,303.27	Madison	5,862,762.30	5,975,858.63
Bureau	581,699.42	622,714.91	Marion	623,703.06	639,467.75
Calhoun	54,296.02	57,416.96	Marshall	141,458.36	147,845.13
Carroll	280,995.52	308,776.88	Mason	179,924.33	185,485.32
Cass	214,121.02	222,342.34	Massac	168,851.11	169,316.06
Champaign	4,441,844.96	4,548,472.98	McDonough	572,496.95	584,766.58
Christian	670,034.71	681,822.65	McHenry	6,254,335.04	6,625,135.49
Clark	233,771.09	230,969.65	McLean	4,375,682.89	4,475,343.93
Clay	189,418.85	202,866.76	Menard	90,057.54	95,054.01
Clinton	740,530.15	730,090.28	Mercer	177,715.29	188,228.38
Coles	1,238,209.44	1,264,360.24	Monroe	669,352.80	660,845.83
Cook*	0.00	0.00	Montgomery	647,428.54	667,278.50
Crawford	314,484.61	319,151.06	Morgan	714,323.42	712,584.76
Cumberland	78,768.20	80,492.47	Moultrie	216,685.87	229,544.45
DeKalb	2,649,593.77	3,076,283.74	Ogle	761,136.83	768,611.66
DeWitt	295,246.59	305,149.69	Peoria	4,978,817.11	5,063,661.25
Douglas	449,655.17	455,385.50	Perry	313,811.25	300,237.04
DuPage	35,075,290.80	36,442,292.73	Piatt	196,918.76	199,889.98
Edgar	290,557.99	289,638.54	Pike	228,257.74	233,623.66
Edwards	92,354.64	90,037.08	Pope	24,288.46	23,587.45
Effingham	1,383,520.35	1,466,430.88	Pulaski	51,079.26	53,537.78
Fayette	336,964.97	366,344.68	Putnam	342,674.39	508,804.54
Ford	227,604.77	233,496.40	Randolph	865,002.03	837,410.00
Franklin	629,565.85	629,601.24	Richland	316,465.15	311,052.07
Fulton	511,031.91	522,139.29	Rock Island	3,243,649.57	3,326,671.18
Gallatin	55,203.57	57,622.11	Saline	462,522.85	445,416.51
Greene	137,147.75	138,540.59	Sangamon	5,587,246.74	5,844,886.71
Grundy	1,891,747.34	2,224,331.01	Schuyler	85,002.12	77,876.13
Hamilton	78,964.70	79,408.31	Scott	47,751.46	51,170.82
Hancock	208,600.63	212,037.54	Shelby	234,653.88	231,722.37
Hardin	28,320.38	28,631.88	St Clair	6,046,578.70	6,216,430.14
Henderson	62,155.23	63,410.29	Stark	80,913.30	75,916.07
Henry	876,874.21	933,588.45	Stephenson	909,100.34	952,775.99
Iroquois	746,000.49	726,343.24	Tazewell	3,261,026.47	3,367,751.00
Jackson	1,459,011.67	1,488,700.88	Union	266,383.84	273,339.92
Jasper	141,860.51	137,194.36	Vermillion	1,539,304.22	1,518,235.75
Jefferson	1,154,804.46	1,167,520.72	Wabash	214,180.28	193,962.80
Jersey	436,513.59	436,596.15	Warren	221,613.65	257,902.78
Jo Daviess	465,719.74	488,527.93	Washington	332,981.31	339,608.56
Johnson	124,441.00	124,015.14	Wayne	245,969.76	261,819.55
Kane	10,771,119.65	11,671,615.22	White	266,958.57	262,156.47
Kankakee	5,577,612.09	7,100,937.54	Whiteside	1,189,751.75	1,225,702.42
Kendall	1,679,108.85	1,806,116.04	Will	11,960,218.90	12,893,929.04
Knox	1,064,706.70	1,072,470.33	Williamson	1,709,077.12	1,653,818.65
Lake	21,041,025.56	21,893,500.48	Winnebago	7,555,745.87	7,736,146.14
LaSalle	2,881,612.11	2,958,409.83	Woodford	570,491.51	580,605.47
Lawrence	195,748.27	193,552.84	Total	\$ 185,042,476.86	\$194,035,843.95
Lee	508,466.99	509,983.58			

* In Cook County, this portion of tax collections is allocated to the Regional Transportation Authority (RTA), rather than to the county. See Table 46.

Disbursements to Local Governments (Continued)

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.) The only credit allowed is the Replacement Tax Investment Credit allowed to manufacturers, retailers, and miners of coal or fluorite.

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.

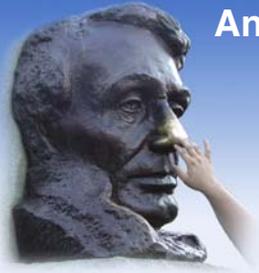
A state **telecommunications infrastructure maintenance fee** (TIMFs) of 0.5 percent of gross charges is imposed on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services in Illinois for compensation (*i.e.*, telecommunications retailers).

Distribution

Net collections from these taxes are deposited into the Personal Property Tax Replacement Fund (30 ILCS 115/12) 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.



Disbursements to Local Governments (Continued)

Collections and Payments

In FY 2004, the department collected \$1,111,676,029, of which \$933,215,716 came from income taxes, \$178,460,313 came from the invested capital taxes.

The Refund Fund percentage for replacement tax collections was 32.0 percent for FY 2004. Distributions to local governments (reflecting collections from May 2003 through April 2004) totaled \$847,283,470. Another \$258,782,569 was allocated to refunds.

In FY 2005, the department collected \$1,246,743,092 of which \$1,070,446,107 came from income taxes and \$176,296,985 came from invested capital taxes.

The Refund Fund percentage for Replacement Tax collections was 24.0 percent for FY05. Distributions to local governments (reflecting collections from May 2004 through April 2005) totalled \$992,142,974. Another \$141,049,737 was allocated to refunds.

Table 55: 2004 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	\$ 73,179,987.86	8.64%	\$ 32,575,091.32	7.46%	\$ 8,259,037.98	7.82%	\$ 32,345,858.56	10.61%
Municipality	171,743,495.41	20.28%	115,611,304.35	26.48%	12,515,194.20	11.85%	43,616,996.86	14.31%
Township	15,280,031.20	1.80%	3,737,449.10	0.86%	2,668,145.77	2.53%	8,874,436.33	2.91%
Park	45,209,741.92	5.34%	33,393,547.99	7.65%	4,512,373.44	4.27%	7,303,820.49	2.40%
Sanitary	31,986,665.57	3.78%	25,230,306.50	5.78%	2,357,559.21	2.23%	4,398,799.86	1.44%
Fire Protection	6,055,203.37	0.71%	1,097,781.46	0.25%	2,139,751.96	2.03%	2,817,669.95	0.92%
Public Health	366,209.48	0.04%	189,033.40	0.04%	0	0.00%	177,176.08	0.06%
Hospital	922,066.97	0.11%	0	0.00%	0	0.00%	922,066.97	0.30%
T. B. Sanitarium	409,516.35	0.05%	406,151.76	0.09%	0	0.00%	3,364.59	0.00%
Mosquito Abatement	375,829.82	0.04%	313,567.57	0.07%	26,253.45	0.02%	36,008.80	0.01%
Airport Authority	1,928,780.13	0.23%	0	0.00%	36,532.56	0.03%	1,892,247.57	0.62%
Public Library	2,073,286.83	0.24%	922,559.49	0.21%	666,583.15	0.63%	484,144.19	0.16%
Water Authority	11,004.12	0.00%	0	0.00%	0	0.00%	11,004.12	0.00%
Cemetery	16,888.12	0.00%	0	0.00%	351.36	0.00%	16,536.76	0.01%
Forest Preserve	7,796,217.55	0.92%	5,009,117.00	1.15%	2,103,677.28	1.99%	683,423.27	0.22%
Street Lighting	3,286.30	0.00%	566.52	0.00%	683.32	0.00%	2,036.46	0.00%
Mass Transit	494,792.17	0.06%	0	0.00%	0	0.00%	494,792.17	0.16%
River Conservation	154,362.59	0.02%	17,023.15	0.00%	0	0.00%	137,339.44	0.05%
Soil and Water Cons	960.92	0.00%	0	0.00%	0	0.00%	960.92	0.00%
Conservation	440,122.95	0.05%	0	0.00%	117,734.36	0.11%	322,388.59	0.11%
Junior College	30,705,316.14	3.63%	13,281,240.19	3.04%	4,089,773.73	3.87%	13,334,302.22	4.37%
Road District	15,034,182.00	1.78%	1,443,553.00	0.33%	2,556,807.29	2.42%	11,033,821.71	3.62%
School (K-12)	442,795,581.94	52.28%	203,345,263.71	46.58%	63,538,846.73	60.18%	175,911,471.50	57.71%
Total	\$ 846,983,529.71		\$ 436,573,556.51		\$ 105,589,305.79		\$ 304,820,667.41	
Percent of state total		100.00%		51.54%		12.47%		35.99%

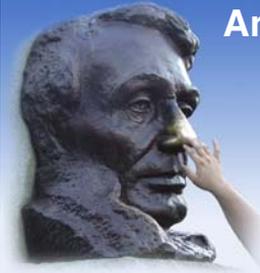
Note: Percentages for each category may not add to 100 due to rounding.

Disbursements to Local Governments (Continued)

Table 55: 2005 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	\$ 85,721,874.28	8.64%	38,157,944.14	7.46%	9,674,505.51	7.82%	37,889,424.63	10.61%
Municipality	201,180,571.48	20.28%	135,425,244.06	26.48%	14,660,105.83	11.85%	51,095,221.59	14.31%
Township	17,898,802.38	1.80%	4,377,988.48	0.86%	3,125,423.64	2.53%	10,395,390.26	2.91%
Park	52,957,978.99	5.34%	39,116,671.27	7.65%	5,285,721.50	4.27%	8,555,586.22	2.40%
Sanitary	37,465,965.01	3.78%	29,554,387.45	5.78%	2,761,604.18	2.23%	5,149,973.38	1.44%
Fire Protection	7,092,768.61	0.71%	1,285,923.72	0.25%	2,506,471.59	2.03%	3,300,373.30	0.92%
Public Health	428,971.99	0.04%	221,430.73	0.04%	0	0.00%	207,541.26	0.06%
Hospital	1,080,094.55	0.11%	0	0.00%	0	0.00%	1,080,094.55	0.30%
T. B. Sanitarium	479,700.93	0.05%	475,759.71	0.09%	0	0.00%	3,941.22	0.00%
Mosquito Abatement	440,230.33	0.04%	367,308.07	0.07%	30,742.14	0.02%	42,180.12	0.01%
Airport Authority	2,259,342.40	0.23%	0	0.00%	42,793.66	0.03%	2,216,548.74	0.62%
Public Library	2,428,625.56	0.24%	1,080,671.48	0.21%	780,824.99	0.63%	567,129.09	0.16%
Water Authority	12,890.04	0.00%	0	0.00%	0	0.00%	12,890.04	0.00%
Cemetery	19,790.55	0.00%	0	0.00%	411.58	0.00%	19,378.97	0.01%
Forest Preserve	9,132,365.29	0.92%	5,867,600.02	1.15%	2,464,214.13	1.99%	800,551.14	0.22%
Street Lighting	3,829.95	0.00%	663.61	0.00%	797.8	0.00%	2,368.54	0.00%
Mass Transit	579,591.69	0.06%	0	0.00%	0	0.00%	579,591.69	0.16%
River Conservation	180,817.71	0.02%	19,940.65	0.00%	0	0.00%	160,877.06	0.05%
Soil and Water Cons	1,124.11	0.00%	0	0.00%	0	0.00%	1,124.11	0.00%
Conservation	515,553.03	0.05%	0	0.00%	137,912.16	0.11%	377,640.87	0.11%
Junior College	35,967,719.05	3.63%	15,557,433.62	3.04%	4,790,695.87	3.87%	15,619,589.56	4.37%
Road District	17,610,793.95	1.78%	1,690,955.10	0.33%	2,995,003.40	2.42%	12,924,835.45	3.62%
School (K-12)	518,683,709.20	52.28%	238,195,409.40	46.58%	74,428,393.78	60.18%	206,059,906.02	57.71%
Total	\$992,143,111.08		\$511,395,331.51		\$123,685,621.76		\$357,062,157.81	
Percent of state total		100.00%		51.54%		12.47%		35.99%

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



Disbursements to Local Governments (Continued)

Table 56: Replacement Tax Payments by County

County	2004 Amount	2005 Amount	County	2004 Amount	2005 Amount
Adams	7,036,858.44	8,242,861.05	Livingston	2,609,537.16	3,127,029.34
Alexander	495,507.15	580,438.73	Logan	1,707,391.76	1,999,997.60
Bond	524,352.29	614,228.13	Macon	5,635,999.13	6,601,919.54
Boone	2,643,712.37	3,096,811.54	Macoupin	1,173,462.27	1,374,591.99
Brown	159,448.53	186,775.42	Madison	24,811,746.88	29,064,074.20
Bureau	1,598,687.08	1,872,676.92	Marion	3,246,649.21	3,803,073.38
Calhoun	69,425.76	81,324.23	Marshall	622,590.56	729,281.95
Carroll	764,009.18	894,948.17	Mason	1,763,484.53	2,065,717.79
Cass	576,922.42	675,786.16	Massac	1,323,923.88	1,550,823.35
Champaign	7,899,503.83	9,253,348.62	McDonough	910,171.70	1,066,169.68
Christian	1,649,060.73	1,931,682.28	McHenry	6,575,732.09	7,702,715.81
Clark	588,710.30	689,605.91	McLean	8,584,974.88	9,901,223.94
Clay	686,126.76	803,728.44	Menard	339,822.96	398,063.20
Clinton	1,043,730.88	1,222,598.97	Mercer	1,087,624.27	1,274,025.75
Coles	2,597,526.81	3,042,701.54	Monroe	811,316.48	950,361.23
Cook	436,573,556.51	511,395,331.51	Montgomery	1,838,839.20	2,153,985.37
Crawford	1,437,883.67	1,684,314.20	Morgan	2,725,716.45	3,192,859.76
Cumberland	310,972.51	364,268.25	Moultrie	358,993.68	420,516.20
DeKalb	3,459,546.84	4,052,457.58	Ogle	2,935,274.69	3,438,332.35
DeWitt	1,346,700.28	1,577,512.62	Peoria	23,119,217.95	27,081,484.34
Douglas	1,891,637.02	2,215,833.47	Perry	1,142,514.17	1,338,322.93
DuPage	27,989,046.80	32,785,910.88	Piatt	7,046,968.66	8,254,706.67
Edgar	836,702.82	980,100.43	Pike	565,364.49	662,281.13
Edwards	212,125.04	248,479.98	Pope	62,162.18	72,813.90
Effingham	1,202,231.52	1,408,283.92	Pulaski	518,678.94	607,571.42
Fayette	813,967.99	953,467.80	Putnam	2,190,822.77	2,566,295.04
Ford	864,210.04	1,012,321.93	Randolph	2,787,029.53	3,264,680.49
Franklin	1,322,438.39	1,549,083.19	Richland	1,044,043.99	1,222,964.90
Fulton	5,957,302.12	6,978,326.57	Rock Island	17,672,762.91	20,701,593.32
Gallatin	349,909.39	409,878.17	Saline	849,456.21	995,050.34
Greene	358,052.12	419,415.67	Sangamon	10,697,621.56	12,531,021.60
Grundy	2,924,944.66	3,426,235.94	Schuyler	130,414.94	152,764.79
Hamilton	305,441.35	357,778.07	Scott	217,128.05	254,349.36
Hancock	502,230.49	588,303.60	Shelby	690,213.15	808,501.60
Hardin	296,972.37	347,868.71	St Clair	13,184,531.35	15,444,150.40
Henderson	221,644.68	259,631.03	Stark	284,102.48	332,793.13
Henry	2,192,477.26	2,568,241.88	Stephenson	2,487,761.66	2,914,124.36
Iroquois	1,175,839.78	1,377,360.09	Tazewell	14,503,348.77	16,988,990.42
Jackson	2,957,279.22	3,464,128.57	Union	738,833.38	865,459.90
Jasper	895,433.76	1,048,894.93	Vermilion	7,111,347.53	8,330,119.39
Jefferson	2,155,556.09	2,524,983.28	Wabash	767,344.63	898,855.35
Jersey	550,483.42	644,834.52	Warren	834,949.75	978,036.04
Jo Daviess	935,220.96	1,095,513.16	Washington	694,885.54	813,977.09
Johnson	631,561.52	739,778.75	Wayne	560,715.78	656,812.09
Kane	16,642,821.02	19,495,136.02	White	566,933.58	664,095.15
Kankakee	5,932,857.38	6,949,654.73	Whiteside	6,263,435.37	7,336,885.41
Kendall	3,119,664.80	3,654,325.73	Will	28,945,995.34	33,906,877.28
Knox	2,957,031.01	3,463,819.20	Williamson	1,950,407.13	2,284,675.68
Lake	25,435,710.54	29,794,981.77	Winnebago	34,866,053.40	37,327,398.72
LaSalle	10,612,841.42	12,431,715.17	Woodford	1,345,717.56	1,661,164.45
Lawrence	368,452.91	431,610.61			
Lee	3,005,184.95	3,520,233.92			
			Total	846,983,529.71	\$992,143,111.08

Disbursements to Local Governments (Continued)

Tax Increment Financing (TIF)

Statutory Reference

Tax Increment Allocation Redevelopment Act 65 ILCS 5/11-74.4-1

Illinois Tax Increment Fund

IDOR distributes state sales tax collections to municipalities that have tax 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.

Table 57: Tax Increment Financing Allocations

Sales Tax TIF district	2004 Amount	2005 Amount
Aledo	36,403.59	33,470.15
Antioch	41,727.50	10,436.40
Arlington Heights #1	189,316.24	218,758.30
Arlington Heights #2	9,378.55	18,978.35
Aurora	33,776.89	26,151.88
Bartlett	14,490.92	9,571.42
Belleville #3	165,940.39	88,475.68
Belvidere	8,814.43	2,204.56
Bloomington Market Square	296,252.87	338,309.25
Bourbonnais	629,120.88	607,227.66
Breese	118,430.64	135,404.96
Buffalo Grove	164,212.77	182,387.04
Carbon Cliff	0.00	2,046.46
Champaign #2	0.00	1,785.51
Chicago Chatham Ridge	913,412.39	963,231.94
Chicago Edgewater	32,296.06	31,824.76
Chicago Ridge #2	2,679.59	6,685.98
Chicago Ryan/Garfield	182,740.68	186,416.72
Chicago W. Ridge/Peterson	52,199.03	13,055.42
Cicero	1,573,877.37	1,658,385.89
Collinsville	529,958.59	572,770.85
Creve Coeur	141,841.75	111,923.01
DeKalb	538,270.39	535,158.76
East Peoria #2	196,570.34	216,481.94
East St. Louis	15,460.50	15,472.60
Effingham	1,044,394.77	1,200,555.94
Elgin #1	134,984.13	148,857.23
Elgin #2	39,982.23	20,960.18
Elmhurst	95,054.78	62,382.17
Elmwood Park	163,066.89	178,694.26
Galena	88,443.96	72,169.73
Galesburg #1	101,903.39	100,535.41
Galesburg #2	38,977.40	33,482.09
Galva	0.00	1,703.10
Gardner	61,630.47	49,970.74
Geneva	25,667.61	20,113.16
Granite City	58,809.85	68,521.29
Harvey	264.45	66.14
Havana	62,617.69	63,677.63
Heyworth	18,739.47	15,399.95
Hodgkins	2,472,578.57	2,636,793.84
Hoffman Estates	13,679.99	13,255.51
Justice	4,019.38	5,194.35
La Grange	68,382.32	84,430.35

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.

Sales Tax TIF district	2004 Amount	2005 Amount
Le Roy	106,584.05	94,795.29
Libertyville	65,667.48	44,360.32
Manteno	27,959.36	29,352.91
Mendota	191,749.02	201,415.54
Moline	143,604.63	173,016.23
Morris	427,508.32	451,418.75
Mt. Zion	5,500.21	8,737.44
Niles Lawrencewood	816,259.78	797,575.99
North Pekin	350,867.07	360,154.59
Oak Park	286,882.96	132,694.86
Oglesby	175,001.62	183,972.93
Palos Heights	52.90	26.96
Pekin #1	137,372.65	154,730.98
Peoria Campustown	126,910.12	112,830.80
Peoria Southtown	52,110.90	63,576.98
Pontiac #1	0.00	38,731.78
Pontiac #2	172,745.14	142,328.15
River Forest	266,944.72	366,210.72
Rock Island	54,860.99	48,099.08
Rosemont #2	154,129.07	168,602.60
Rosemont #3	271,907.43	324,693.64
Round Lake Beach	562,386.68	609,328.15
Salem	284,459.17	269,543.00
Silvis	175,477.61	191,700.98
Springfield	209,607.07	229,945.14
Sterling	8,990.71	4,597.29
Sullivan	240,598.58	207,850.94
Summit	144,591.86	77,697.30
Tuscola	220,836.64	208,663.13
University Park	4,072.27	2,034.88
Urbana #2	326,380.58	297,992.85
Warrenville	231,872.31	322,825.18
Watseka	442,448.97	465,715.26
Wood River	552,858.46	587,892.82
Total Sales Tax TIFs	17,619,569.04	18,136,492.02
Utility Tax TIF District		
Canton Utility TIF 4a	2,150.72	1,307.05
Canton Utility TIF 4b	370.21	353.55
Colana Utility TIF	117.01	0.00
East St. Louis Utility TIF	828.55	742.88
University Park Utility TIF	5,817.52	4,902.41
Total Utility Tax TIFs	9,284.01	7,305.89
Total for all TIF Districts	17,628,853.05	18,143,797.91



Report on Areas of Recurrent Non-compliance

Areas of Recurrent Non-compliance

The Illinois Department of Revenue is the major tax collector for the State of Illinois. The enforcement programs used to collect these debts are identified in Table 58.

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 has three years from the filing date of the return to assess a liability against the officers or responsible party. 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

The Audit Bureau helps promote voluntary compliance from taxpayers who are expected to self-assess taxes administered by the department. Auditors deter tax evasion at a minimal cost through the systematic selection of taxpayer accounts and the use of efficient verification techniques. Auditors not only identify deficiencies and delinquencies but also overpayments and refunds, which may be applied to taxpayers' accounts. Through auditor contacts, taxpayer education is provided to ensure returns are completed properly, on time and taxes are remitted appropriately.

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 scofflaws. 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 scofflaws assists the Department of Revenue in encouraging 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 58:

2004 Major Enforcement Program Totals

Program Area	Number of cases	Amount collected
Audits*	21,697	\$ 160,926,547
Attorney General Referrals	71	**
Bureau of Criminal Investigations	880	***
Certificate of Registration Revocation	6,294	34,821,046
Chicago City License Revocation	10,557	11,528,570
Comptroller Offsets	4,718	13,479,614
Corporate Officer 100 Percent Penalty	135	6,989,222
Delinquent Child Support	29,140	13,276,752
Field Compliance	35,520	41,301,954
Levies (Asset and Wage)	22,496	20,685,916
Liens	16,722	5,440,654
Liquor License Programs	5,012	24,557,904
Outside Collection Agencies	47,833	20,230,167
Payment Agreements	3,584	16,694,459
Pub. of Delinquent Taxpayer Names	0	0
Seizure	67	434,015
Service and Call Unit	91,260	34,620,045

* Represents amount collected when audits were closed. Total audit amount established was \$432,395,572.

** Amount collected is not reported.

*** Amount not reported. Total estimated liability is \$3,457,991.

2005 Major Enforcement Program Totals

Program Area	Number of cases	Amount collected
Audits*	38,760	\$ 205,616,197
Attorney General Referrals	104	**
Bureau of Criminal Investigations	791	***
Certificate of Registration Revocation	6,358	35,534,390
Chicago City License Revocation	9,336	8,292,139
Comptroller Offsets	9,735	15,205,649
Corporate Officer 100 Percent Penalty	131	4,173,924
County Clerk Child Support Fees	345	37,059
Delinquent Child Support	29,100	23,363,144
Field Compliance	28,909	58,612,899
Levies (Asset and Wage)	12,074	12,443,764
Liens	13,912	5,921,321
Liquor License Programs	3,066	28,598,056
Outside Collection Agencies	46,433	24,451,169
Payment Agreements	2,893	14,813,723
Pub. of Delinquent Taxpayer Names	15,305	5,978,935
Seizure	58	1,265,087
Service and Call Unit	97,763	37,399,675

* Represents amount collected when audits were closed. Total audit amount established was \$478,086,073.

** Amount collected is not reported.

*** Amount not reported. Total estimated liability is \$6,578,286.

Report on Areas of Recurrent Non-compliance (Continued)



Tax Shelter Voluntary Compliance Law

Statutory Reference

35 ILCS 20/35-1 to 99-99

Definition

The Tax Shelter Voluntary Compliance Program was conducted from October 15, 2004, to January 31, 2005, and applied to tax liabilities under Section 201 of the Illinois Income Tax Act and applicable to taxable years beginning before January 1, 2004. Taxpayers who underreported their taxable income by participating in tax shelters were encouraged to come forward and pay the associated income tax liability without incurring any of the new penalties that have been put into effect for participating in tax shelters. Taxpayers participating in and promoters of tax shelter activities are mandated to follow specific filing procedures and registration requirements.

Table 59: Voluntary Compliance Program Receipts

Payments with VCP application	\$	70 million
Additional penalty and interest on payments		22 million
Atypical business income tax payments from shelter users		28 million
Atypical individual income tax payments from shelter users		12 million
Received after legislation passed but before program began		8 million
Total for VCP	\$	140 million

Tax Delinquency Amnesty Act

Statutory Reference

35 ILCS 745/1 to 999

Definition

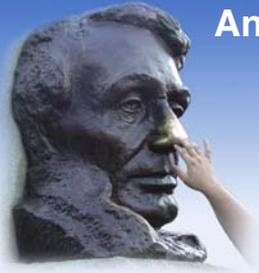
The Illinois Tax Delinquency Amnesty Act provided an opportunity for taxpayers to pay outstanding tax liabilities and to have penalties and interest forgiven. Only taxpayers that had an outstanding tax liability for a period ending after June 30, 1983, and prior to July 1, 2002, and were not a party to a criminal investigation or pending litigation for any tax collected by the Illinois Department of Revenue were eligible. Taxpayers were required to make a full payment of tax liabilities during the amnesty payment period of October 1, 2003, through November 17, 2003. Taxpayers that were eligible but failed to participate in the Amnesty Program were subject to a 200 percent increase of all penalty and interest charges for each year of eligibility.

Distribution

All money collected under the Tax Delinquency Amnesty Act that would otherwise be deposited into the General Revenue Fund is deposited as follows: (i) one-half into the Common School Fund; (ii) one-half into the General Revenue Fund. Two percent of all money collected under the Act is deposited by the State Treasurer into the Tax Compliance and Administration Fund, and, subject to appropriation, shall be used by the Department of Revenue to cover costs associated with the administration of the Tax Delinquency Amnesty Act.

Table 60: 2004 Amnesty Program Comptroller Received Deposits

Tax Source	Total Received Deposits
Automobile Renting Tax	13,267.32
Bingo Tax	506.20
Business Income Tax	353,162,632.63
Cigarette Tax	26.40
Electricity Excise Tax	11,888,463.79
Hotel Operators' Tax	319,179.74
Individual Income Tax	40,140,818.36
Liquor Gallonage Tax	17,009.66
Motor Fuel Tax	1,497,509.92
Private Vehicle Use Tax	187,334.58
Pull Tabs/Jar Games	977.75
Replacement Vehicle Tax	2,225.04
Retailers Occupational Tax	\$105,415,180.23
Underground Storage Tank	507,345.18
Total	\$513,151,499.05



Legislation Recap for Calendar Year 2004

Miscellaneous / Tax Administration

P.A. 93-0742

Public Act 93-0742 amends the Bingo License and Tax Act to allow a bingo license applicant to apply for a 1-year or a 3-year license. The fee for a 3-year license shall be 3 times the fee for a 1-year license.

P.A. 93-0813

Public Act 93-0813 creates the Social Security Number Protection Task Force Act and establishes the Social Security Number Protection Task Force to examine the procedures used by the State to protect an individual against the unauthorized disclosure of his or her social security number when the State requires the individual to provide his or her Social Security Number to an officer or agency of the State. A report by the first day of the 2004 fall veto session is required.

P.A. 93-0875

Public Act 93-0875 amends the School Code's State aid formula calculation of Available Local Resources. It shall exclude tax amnesty funds received as a result of Public Act 93-0026.

P.A. 93-0951

Public Act 93-0951 amends the Taxpayers' Bill of Rights by requiring in cases of an audit, where no violations are found, the Department of Revenue shall provide the taxpayer a closing letter acknowledging this and thanking the taxpayer for his, her, or its cooperation. If there are changes, the auditor is required to provide in writing the audit findings and unless the taxpayer declines, the audit methods and procedures except for audit selection methods. At the request of the taxpayer, the auditor must also provide written information as to what records constitute the minimum requirements for record-keeping. If the auditor recommends changes in the record-keeping process, these recommendations must be provided in writing to the taxpayer.

P.A. 93-0960

Public Act 93-0960 creates the Prevention of Cigarette Sales to Minors Act to provide that it is illegal for anyone selling cigarettes to ship cigarettes into Illinois unless the person is licensed in Illinois as a distributor or wholesaler, or unless the cigarettes are being shipped to an Illinois licensed distributor or wholesaler. Common or contract carriers may only transport cigarettes to an individual person in the State if the carrier reasonably believes such cigarettes have been received from a licensed distributor. The Department will publish a list of licensed distributors and wholesalers. Carriers are required to

obtain official identification from the individual to which the cigarettes are being delivered in order to ensure that the individual is at least 18 years of age. If cigarettes are shipped in any packaging other than the cigarette manufacturer's original container or wrapping, the container or wrapping must be plainly and visibly marked with the word "cigarettes". A violation of the Act is a Class A misdemeanor. A second or subsequent violation is a Class 4 felony. The Department of Revenue shall also impose a civil penalty up to \$5,000. An individual is allowed to transport up to 1,000 cigarettes into the State.

Income Tax

P.A. 93-0776

Public Act 93-0776 amends the Illinois Income Tax Act to create a tax check-off for the Illinois Veterans' Homes Fund. Appropriations from the fund are to be used to purchase needed equipment and supplies to enhance the lives of the residents and to enhance the operations of veterans' homes in Illinois.

P.A. 93-0812

Public Act 93-0812 amends the Income Tax Act for taxable years beginning on or after January 1, 2005, by placing a limit of \$10,000 on the deduction allowed for contributions to a College Savings Pool account or to the Illinois Prepaid Tuition Trust Fund.

P.A. 93-0822

Public Act 93-0822 amends the Economic Development for a Growing Economy Tax Credit Act to provide that a business that has 100 employees or fewer may qualify for Credits under the Act if the applicant's project involves an investment of at least \$1,000,000 in capital improvements to be placed in service and to employ at least 5 new employees within the State as a direct result of the project.

P.A. 93-0835

Public Act 93-0835 amends the Illinois Income Tax Act to provide certain confidentiality provisions of the Illinois Income Tax Act do not apply to information furnished to the Department of Public Aid, State's Attorneys, and the Attorney General for child support enforcement purposes. If it is necessary to file information obtained pursuant to the Illinois Income Tax Act in a child support proceeding, the information shall be filed under seal.

Legislation Recap for Calendar Year 2004 (continued)



P.A. 93-0836

Public Act 93-0836 provides that the Department of Revenue may enter into an agreement with the Clerk of the Circuit Court to establish a pilot program to intercept State income tax refunds in order to collect fees owed to the Clerk of the Circuit Court. State debt will take priority over these claims.

P.A. 93-0840

Public Act 93-0840 amends the Income Tax Act to clarify the definition of business income and provides for recapture of business expenses if income later is determined to be non-business income. It also requires addition modifications for interest and intangible expenses deducted from base income if paid to an 80/20 company. "United States" is defined for purposes of the 80/20 test. The Research & Development credit is reinstated. The film production credit is extended for one year. Tax shelters are required to be reported and a voluntary compliance program for tax shelters is established. Investment partnerships are exempt from replacement tax for years ending on or after December 31, 2004. Public Act 93-0840 also amends the Retailers Occupation Tax Act and related acts to create the Watercraft Use Tax. It also restores the Manufacturer's Purchase Credit and the Graphic Arts exemption.

P.A. 93-0871

Public Act 93-0871 amends the Illinois Income Tax Act to retroactively reinstate the replacement tax investment credit, which expired December 31, 2003, and extend the credit until December 31, 2008.

Property Tax / Local Government

P.A. 93-0715

Public Act 93-0715 amends the Property Tax Code by increasing the senior citizens homestead exemption to \$3,000 for all counties beginning with taxable year 2004. The annual household income limit is increased to \$45,000 for the senior citizens assessment freeze beginning with taxable year 2004. The maximum reduction for the general homestead exemption is increased to \$5,000 in all counties for taxable years 2004 and after unless a county has elected to make itself subject to provisions of a new alternative general homestead exemption. For the first year only after the alternative general homestead exemption has expired, an additional homestead exemption of \$5,000 is granted to owners with a household income of \$30,000 or less who have not been granted a senior citizens assessment freeze homestead exemption for the taxable year and the property's assessed valuation has increased by more than 20 percent over the previous assessment year.

Public Act 93-0715 also requires a taxpayer applying for an additional general homestead exemption to submit an application containing an affidavit with required eligibility information to the chief county assessment officer. The Department of Revenue is directed to issue guidelines establishing a method for verifying the accuracy of such affidavits. The alternative general homestead exemption is established for a three-year period, which any county board may authorize within 6 months of the effective date of the bill. The amount of the exemption is the EAV of the property for the current tax year minus the adjusted homestead value (the lesser of the property's base homestead value increased by 7 percent for each year after the base year or the property's EAV for the current tax year minus \$4,500 in Cook or \$3,500 in all other counties for tax year 2003 or \$5,000 in all counties in tax year 2004 and after). The maximum exemption is \$20,000.

The homestead improvement exemption is increased to \$75,000 per year beginning January 1, 2004.

The Department of Revenue is required to add to the EAV of all taxable property of a school district (i) the total amount by which the new alternative general homestead exemption exceeds the total that would have been allowed if the maximum reduction was limited to the amount of the general homestead exemption applicable in the county for the particular tax year and (ii) an amount equal to the aggregate amount for the tax year of all additional general homestead exemptions.

P.A. 93-0753

Public Act 93-0753 amends the veterans organization assessment freeze provisions of the Property Tax Code. Beginning with taxable years 2004 and thereafter, the assessed value of real property owned by a veterans organization and used by its members and guests for parking at the principal building for the post, camp, or chapter is eligible for the assessment freeze. The State Mandates Act requires implementation without reimbursement.

P.A. 93-0759

Public Act 93-0759 amends the Property Tax Code to provide that if a county assessor revises an assessment after the complete assessment list is published, then the county assessor must publish a subsequent list of all the revised assessments for that year.



Legislation Recap for Calendar Year 2004

(continued)

P.A. 93-0761

Public Act 93-0761 amends the Property Tax Code by changing the date by which township or multi-township assessors must return the assessment books to the supervisor of assessments. The new dates are (i) on or before April 15th in counties with less than 600,000 inhabitants; (ii) on or before October 15th in counties with 600,000 or more but no more than 700,000 inhabitants; and (iii) on or before November 15th in counties with less than 3,000,000 inhabitants but more than 700,000.

P.A. 93-0855

Public Act 93-0855 amends the Property Tax Code to provide that in any tax objection based on the apportionment of an overlapping taxing district, if a court enters a final judgment that there was an over extension of taxes for an overlapping taxing district based on the apportionment for the year for which the objection was filed, the county clerks of each county in which there was an under extension shall proportionately increase the levy of that taxing district by an amount specified in the court order in the year following the final judgment of the court. The increase in the levy is to be set forth as a separate item on the tax bills.

P.A. 93-0899

Public Act 93-0899 amends the Property Tax Code and the Mobile Home Local Services Tax Enforcement Act to provide that notice of application for judgment and sale of property may, in the alternative, be mailed to the current owner of record.

P.A. 93-0961

Public Act 93-0961 amends the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code to provide that redevelopment project areas designated on or after the effective date of this Act, a public library district's increased costs attributable to assisted housing units located within the redevelopment project area (where the developer is receiving financial assistance through an agreement with the municipality or the municipality incurs the cost of necessary infrastructure improvements) is to be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received. This only applies if the library district is located in a county subject to PTELL or the library district is prohibited by any other law from increasing its tax levy rate without a prior voter referendum.

P.A. 93-1013

Public Act 93-1013 amends the Property Tax Code providing additional requirements for notifications concerning the levy or imposition of a tax in a special service area, the establishment of a special service area, tax liens in a special service area, boundary alterations of a special service area, and the issuance of bonds in a special service area.

P.A. 93-1049

Public Act 93-1049 provides that stormwater management in Cook County shall be under the general supervision of the Metropolitan Water Reclamation District (MWRD). The District is authorized to implement a stormwater management plan in Cook County by adoption of an ordinance. The MWRD is allowed to provide other organizations and agencies with funding on a contractual basis for information and services; enter into agreements with agencies in adjoining counties and intergovernmental agreements with other units of local government for accommodating, planning activities and implementing the plan by providing services in areas outside the District; prescribe rules and regulations by ordinance consistent with standards for floodplain management established by DNR and FEMA for participation in the National Flood Insurance Program; impose fees on areas outside the District but within Cook County to finance activities to mitigate effects of urban stormwater runoff; authorize a tax levy for stormwater management purposes; issue bonds for funding stormwater management projects; assume responsibility for maintaining any stream within Cook County; enter upon any lands or waters within the county for inspection purposes or to remove obstructions to an affected watercourse after 10 days written notice to owner and; make an annual report on its activities and expenditures.

Sales and Excise Tax

P.A. 93-0724

Public Act 93-0724 amends the Use Tax Act to provide that "gasohol" means motor fuel that is a blend of denatured ethanol and gasoline that contains no more than 1.25 percent water by weight. The blend must contain 90 percent gasoline and 10 percent denatured ethanol. A maximum of one percent error factor in the amount of denatured ethanol used in the blend to compensate for blending equipment variations.

Legislation Recap for Calendar Year 2004 (continued)

P.A. 93-0920

Public Act 93-0920 amends the Counties Code and the Illinois Municipal Code to provide that neither a county nor a municipality may enter into agreements to share or rebate any portion of retailers' occupation taxes generated by retail sales of tangible personal property. A unit of local government denied retailers' occupation tax revenue because of an agreement to share or rebate any portion of retailers' occupation taxes may file an action in circuit court against "only" the municipality or "only" the county that has entered into such an agreement.

P.A. 93-0939

Public Act 93-0939 amends the Retailers' Occupation Tax Act. All information received by the Department of Revenue from returns filed under the Act, or from any investigation conducted under the Act, shall be confidential, except for official purposes. An official purpose is furnishing of financial information to a non-home rule unit that has imposed a tax similar to that imposed by this Act pursuant to the successful passage of a public referendum by a majority of the registered voters of the community if the chief executive of the unit requests the information and the non-home rule unit with referendum approval agrees in writing to the requirements of the confidentiality provisions of the Act.

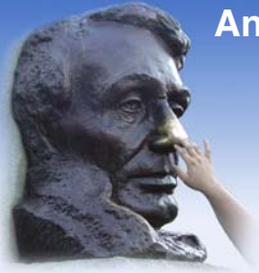
P.A. 93-1033

Public Act 93-1033 amends the Illinois Income Tax Act by repealing the authorization of a transportation employee credit. Public Act 93-1033 also amends the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailers' Occupation Tax Act providing that, beginning July 1, 2004, through June 30, 2005, the use in this State certain motor vehicles of the second division primarily used for commercial purposes is exempt from the taxes imposed by these Acts. Public Act 93-1033 defines "used for commercial purposes". Beginning July 1, 2004, "rolling stock moving in interstate commerce" allows certain motor vehicles and trailers that carry persons or property for hire in interstate commerce for greater than 50 percent of its total trips or for greater than 50 percent of its total miles during a 12-month period. The person claiming the exemption at time of purchase can choose to use the trip or mileage method to determine eligibility for the exemption. Procedures for determining the number of qualifying trips or miles for motor vehicles and for trailers is established. The exemption for rolling stock moving in interstate commerce applies only for motor vehicles whose gross vehicle weight rating exceeds 16,000 pounds. The definition of "rolling stock moving in

interstate commerce" applies to all property purchased for the purpose of being attached to the rolling stock. Public Act 93-1033 amends the Illinois Vehicle Code to provide that the amount of taxes and fees incurred under certain provisions of the Illinois Vehicle Code shall be equal to: (i) 36 percent for a registration year beginning on or after July 1, 2003, and before July 1, 2005; (ii) 21.5 percent for a registration year beginning on or after July 1, 2005, and before July 1, 2006; and (iii) 14.35 percent for a registration year beginning on or after July 1, 2006.

P.A. 93-1053

Public Act 93-1053 amends the Illinois Municipal Code by authorizing a municipality carrying out a business district development or redevelopment plan to impose a retailers' occupation tax, a service occupation tax, and a hotel operators' occupation tax. The municipal retailers' occupation tax and service occupation tax may not be imposed on food for human consumption that is to be consumed off the premises of where the food is sold. A municipality imposing these taxes is required to follow certain additional procedures in applying for designation as a business district and approval of a business district development or redevelopment plan. The revenue generated by the tax is required to be deposited into the municipality's Business District Tax Allocation Fund. A municipality is authorized to issue obligations in one or more series bearing interest at rates determined by the corporate authorities of the municipality by ordinance and secured by the Business District Tax Allocation Fund. The ordinance is required to pledge any amounts in and to be deposited into the Business District Tax Allocation Fund for the payment of business district costs and obligations and to contain certain recitals. The public or private sale of the obligations and the issuance of obligations to refunded previously issued obligations are authorized. Upon payment of all business district costs, all surplus funds are required to be deposited into the general corporate fund. The corporate authorities of the municipality are required to adopt an ordinance immediately rescinding the tax when all business district costs and obligations have been paid.



Legislation Recap for Calendar Year 2005

Miscellaneous / Tax Administration

P.A. 94-0005

Public Act 94-0005 amends the Liquor Control Act of 1934 to allow an elected official to have a direct interest in the manufacture, sale, or distribution of alcoholic liquor if he or she is not a law enforcing public official, a mayor, a village board president, or president of a county board. An elected official with a direct interest is prohibited from participating in any meeting, hearing, or decision on any matter affecting the manufacture, sale, or distribution of alcoholic liquor.

P.A. 94-0041

Public Act 94-0041 amends the Department of Revenue Law of the Civil Administrative Code of Illinois to require the Department of Revenue to notify an individual if the Department discovers or reasonably suspects that another person has used that individual's Social Security Number.

P.A. 94-0091

Public Act 94-0091 creates the FY 2006 Budget Implementation Act by amending various Acts to make changes in State programs that are necessary to implement the Governor's FY2006 budget recommendation concerning finance.

P.A. 94-0109

Public Act 94-0109 amends the State Employees Group Insurance Act of 1971. Beginning July 1, 2005, the Director of Central Management Services may establish a program of financial incentives to encourage annuitants receiving a retirement annuity from the State Employees Retirement System, but who are not eligible for benefits under the federal Medicare health insurance program, to elect not to participate in the program of health benefits provided under the Act. Public Act 94-0109 establishes requirements for the election by an annuitant not to participate under the program. The State Employees Article of the Illinois Pension Code is amended to provide for a new alternative retirement cancellation payment.

P.A. 94-0282

Public Act 94-0282 amends the Liquor Control Act of 1934 by repealing provisions allowing a township board to authorize the local liquor control commissioner to issue a specific special event retailer's license in any township that has voted to prohibit the retail sale of alcoholic liquor.

P.A. 94-0289

Public Act 94-0289 amends the Liquor Control Act of 1934 to allow an elected official to have a direct interest in the manufacture, sale, or distribution of alcoholic liquor if he or she is not a law enforcing public official, a mayor, a village board president, or president of a county board. An elected official with a direct interest is prohibited from participating in any meeting, hearing, or decision on any matter affecting the manufacture, sale, or distribution of alcoholic liquor.

P.A. 94-0300

Public Act 94-0300 amends the Liquor Control Act of 1934 to allow a restaurant that is operated by a commercial tenant in the North Campus Parking Deck building located at 1201 West University Avenue, Urbana, Illinois owned by the Board of Trustees of the University of Illinois to serve and take deliveries of alcoholic liquor.

P.A. 94-0346

Public Act 94-0346 amends the Illinois Vehicle Code. Beginning July 1, 2006, all diesel powered vehicles, other than vehicles designed or retrofitted to operate on ultra low sulfur fuel, owned or operated by the State, any county or unit of local government, any school district, any community college or public college or university, or any mass transit agency must, when refueling at a bulk central fueling facility, use a blend containing 2 percent biodiesel fuel, where available. This provision does not prohibit any unit of government from using a biodiesel blend that contains a higher percentage of biodiesel.

P.A. 94-0381

Public Act 94-0381 amends the Liquor Control Act of 1934 to permit the issuance of a license to a limited liability company if its members would be eligible to receive a license and if it is organized in Illinois or qualified under the Limited Liability Company Act. Corporations and limited liability companies are allowed to submit proof to the Illinois Liquor Control Commission of good standing and qualification to transact business in Illinois.

P.A. 94-0382

Public Act 94-0382 amends the Liquor Control Act of 1934 to allow alcoholic liquor to be delivered to and sold at the Pavilion Facility at the University of Illinois at Chicago during Chicago Storm and WNBA professional women's basketball games up to one and a half hours before the start of the game and not after the end of the third quarter of Chicago Storm games or the 10-minute mark of the second half of WNBA games.

Legislation Recap for Calendar Year 2005

(continued)

P.A. 94-0462

Public Act 94-0462 amends the Department of Professional Regulation Law of the Civil Administrative Code of Illinois to provide that the Department shall deny any license application or renewal authorized under any licensing Act administered by the Department to any person who has failed to file a return, or to pay the tax, penalty, or interest shown in a field return, or to pay any final assessment of tax, penalty, or interest as required by any tax Act administered by the Illinois Department of Revenue, until the requirements of any such tax Act are satisfied, or until the person establishes a satisfactory repayment record as determined by the Department of Revenue. A complaint filed with the Department of Revenue meeting certain requirements and attesting to the amount of the unpaid tax liability or the years for which a return was not filed, or both, is prima facie evidence of the licensee's failure to comply with the tax laws administered by the Department of Revenue. Enforcement of the suspensions of licenses for non-compliance with tax laws is also provided.

P.A. 94-0463

Public Act 94-0463 amends the Liquor Control Act of 1934 to provide that alcoholic liquors may be delivered to and sold at the building located at 446 East Hickory Avenue in Apple River, Illinois, owned by the Apple River Fire Protection District, and occupied by the Apple River Community Association if the alcoholic liquor is sold or dispensed only in connection with organized functions approved by the Apple River Community Association for which the planned attendance is 20 or more persons and if the person or facility selling or dispensing the alcoholic liquor has provided dram shop liability insurance in maximum limits so as to hold harmless the Apple River Fire Protection District, the Village of Apple River, and the Apple River Community Association from all financial loss, damage, and harm.

P.A. 94-0484

Public Act 94-0484 creates the Find Our Children Act which requires each State agency that maintains an Internet website to include a hypertext link to the homepage website maintained and operated by the National Center For Missing And Exploited Children and a hypertext link to any State agency website that posts information concerning AMBER alerts or similar broadcasts concerning missing children.

P.A. 94-0575

Public Act 94-0575 amends the Tobacco Products Manufacturers' Escrow Enforcement Act of 2003 by deleting provisions concerning the Director of Revenue's powers and duties in

relation to the registration of agents by non-participating manufacturers. The Attorney General is authorized to disclose information to the Director of Revenue. Upon a distributor's violation of certain provisions of the Act, the Director of Revenue is authorized to revoke or suspend the license of the distributor and authorizes the Attorney General to seek injunctive relief against a distributor. The administrative decisions of the Attorney General concerning inclusions on the directory of certified manufacturers and brand families are subject to administrative review under the Administrative Review Law.

P.A. 94-0620

Public Act 94-0620 creates the Human Voice Contact Act to provide that a State agency that uses automated telephone answering equipment to answer incoming telephone calls must, during the normal business hours of the agency, provide the caller with the option of speaking to a live operator. Field office telephone lines dedicated as hot lines for emergency services, telephone lines dedicated to providing general information, and systems designed to provide a complete transaction with a State agency solely through touch tone telephone keys and automated prompts are exempt from compliance with the live operator requirement.

P.A. 94-0633

Public Act 94-0633 amends the Department of Revenue Law of the Civil Administrative Code of Illinois to require the Department of Revenue to prepare an annual report listing all revenue and fee collections of the Department for the prior fiscal year. No later than January 1 of each year, the Department must submit the annual report to the Governor and the General Assembly and make an electronic copy of the report available on its Internet website.

P.A. 94-0667

Public Act 94-0667 amends the Riverboat Gambling Act to provide that the 3 licenses authorizing riverboat gambling on the Mississippi River, subject to approval by the municipality in which the riverboat was docked on August 7, 2003, and with Illinois Gaming Board approval, be authorized to relocate to a new location.

P.A. 94-0673

Public Act 94-0673 amends the Riverboat Gambling Act by changing the admission tax rate to \$2 per person admitted for a licensee that admitted 1,000,000 persons or fewer in the calendar year 2004 and \$3 per person admitted for all other licensees. If the current privilege tax is no longer imposed



Legislation Recap for Calendar Year 2005

(continued)

beginning on July 1, 2005, then by June 15 of each year, each licensed owner, other than an owners licensee that admitted 1,000,000 persons or fewer in calendar year 2004, must, in addition to the privilege tax, pay to the Board the amount, if any, by which a specified base amount exceeds the amount of privilege tax paid by the licensed owner in the then current State fiscal year. This obligation terminates on the earliest of: (i) July 1, 2007, (ii) the first day after the effective date of the amendatory Act that riverboat gambling operations are conducted pursuant to a dormant license, (iii) the first day that riverboat gambling operations are conducted under the authority of an owners license that is in addition to the 10 owners licenses initially authorized under the Act, or (iv) the first day that a licensee under the Illinois Horse Racing Act of 1975 conducts gaming operations with slot machines or other electronic gaming devices. The Board must reduce the obligation by an amount the Board deems reasonable for any of the following reasons: (A) an act or acts of God, (B) an act of bioterrorism or terrorism or a bioterrorism or terrorism threat that was investigated by a law enforcement agency, or (C) a condition beyond the control of the owners licensee that does not result from any act or omission by the owners licensee or any of its agents and that poses a hazardous threat to the health and safety of patrons.

Income Tax

P.A. 94-0046

Public Act 94-0046 amends the Illinois Income Tax Act to extend the tax credit for donations to certain affordable housing projects from December 31, 2006, to December 31, 2011.

P.A. 94-0073

Public Act 94-0073 amends the Illinois Income Tax Act to create a checkoff for the Regional Epilepsy Center Grants-in-Aid Fund. The Department of Public Health is required to develop certain standards and programs concerning epilepsy. Subject to the availability of funds, the Department of Public Health shall provide grants-in-aid to 2 newly created regional epilepsy centers for necessary educational activities, research and the development and maintenance of services for victims of epilepsy and their families.

P.A. 94-0107

Public Act 94-0107 amends the Illinois Income Tax Act to create a checkoff for the Diabetes Research Checkoff Fund to allow the Department of Human Services to make grants to public or private entities in Illinois for the purpose of funding research concerning the disease of diabetes.

P.A. 94-0141

Public Act 94-0141 amends the Illinois Income Tax Act to create a checkoff for the Sarcoidosis Research Fund. The Department of Public Health shall make grants for sarcoidosis research from appropriations to the Department from the Fund.

P.A. 94-0142

Public Act 94-0142 amends the Illinois Income Tax Act to create a checkoff for the Vince Demuzio Memorial Colon Cancer Fund. The Department of Public Health in conjunction with the American Cancer Society must establish and maintain public awareness campaigns that target areas in Illinois with high colon cancer mortality rates with appropriations from this Fund.

P.A. 94-0171

Public Act 94-0171 amends the Income Tax Act to provide that the Film Production Services Credit may be transferred in accordance with rules adopted by the Department of Commerce and Economic Opportunity and carried forward 5 years. The Film Production Services Tax Credit Act is amended to provide that for Illinois labor expenditures generated by the employment of residents of geographic areas of high poverty or high unemployment in an accredited production approved by the Department of Commerce and Economic Opportunity after January 1, 2005, the applicant shall receive an enhanced credit of 10 percent in addition to the 25 percent credit. The Act is repealed on January 1, 2007.

P.A. 94-0237

Public Act 94-0237 amends the Unemployment Insurance Act by deleting the provisions that an individual may voluntarily elect to have income tax deducted and withheld from his or her unemployment insurance benefit payments only if the Director of the Department of Employment Security promulgates rules concerning the withholding.

P.A. 94-0247

Public Act 94-0247 amends the Illinois Income Tax Act by establishing a duty days formula to determine the source of income of a nonresident individual who is a member of a professional athletic team.

Legislation Recap for Calendar Year 2005

(continued)

P.A. 94-0442

Public Act 94-0442 amends the Illinois Income Tax Act to create a tax checkoff for the Autism Research Fund. The Department of Human Services shall use moneys appropriated from the fund to make grants to public or private entities in Illinois for the purpose of funding research concerning the disorder of autism.

P.A. 94-0602

Public Act 94-0602 amends the Illinois Income Tax Act to create a checkoff for the Blindness Prevention Fund. The Department of Public Health shall use moneys appropriated from the Fund to make grants to charitable or educational entities in Illinois for the purpose of funding public education on the importance of eye care and the prevention of blindness and the provision of eye care to children, senior citizens, and other needy individuals whose needs are not covered by any other source of funds.

P.A. 94-0639

Public Act 94-0639 amends the Illinois Income Tax Act to create a checkoff for the Pet Population Control Fund. The Department of Public Health is required to use moneys appropriated from the Fund to at least partially reimburse veterinarians for the rabies immunization or sterilization of dogs and cats owned by eligible low-income persons.

P.A. 94-0649

Public Act 94-0649 amends the Illinois Income Tax Act to create a checkoff for the Illinois Brain Tumor Research Fund. Provides that, from appropriations, the Department of Public Health shall make grants to public and private entities for the purpose of research dedicated to the elimination of brain tumors.

Property Tax / Local Government

P.A. 94-0015

Public Act 94-0015 appropriates \$100,000 to the Illinois Department of Revenue to study the effects of the 7 percent solution in Public Act 93-0715.

P.A. 94-0019

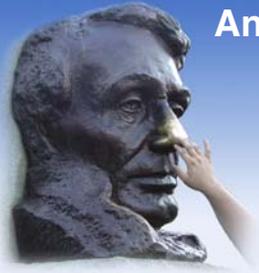
Public Act 94-0019 amends the Mobile Home Local Services Tax Enforcement Act by removing the requirement that the notice for application of judgment and sale of tax-delinquent mobile homes include the mobile home park where the mobile home is sited, if known, the model year of the home, and the square footage of the home. Provides that the vehicle identification number of the mobile home must be listed only if known.

P.A. 94-0050

Public Act 94-0050 amends the Mortgage Escrow Account Act to provide that the definition of “mortgage lender” includes savings banks, credit unions, mortgage bankers, and entities that service mortgage loans, and deletes a provision that “mortgage lender” includes building and loan associations. When any mortgage lender pays the property tax from an escrow account, the mortgage lender must give the borrower written notice within 45 business days after the tax payment.

P.A. 94-0070

Public Act 94-0070 amends the Downstate Public Transportation Act by defining “participant” to include a county serving an urbanized area of over 50,000 inhabitants or serving a nonurbanized area. A nonurbanized area may be a participant without any receipt of federal rural public transportation assistance. A participant that receives an initial appropriation in State fiscal year 2002 or thereafter, the maximum amount of the eligible operating expenses appropriation in subsequent years, except State fiscal year 2006, may not exceed the amount appropriated in the prior year by more than 10 percent. Beginning July 1, 2005, the amount paid by the Department of Revenue into the Downstate Public Transportation Fund each month is increased to 3/32 of 80 percent of the net revenue realized under certain State tax Acts within any municipality or county located within the boundaries of a participant. The Department of Revenue is required to allocate the entire amount paid into the Metro-East Public Transportation Fund to the District serving primarily Madison County. Beginning July 1, 2005, with respect to the District serving primarily the counties of Monroe and St. Clair, the District is no longer included for new appropriation funding purposes as part of the Metro-East Public Transportation Fund and is instead included for new appropriation funding purposes as part of the Downstate Public Transportation Fund, provided that the District remains eligible for previously appropriated funds to which it would otherwise be entitled. The amount transferred from the General Revenue Fund to the Downstate Public Transportation Fund shall be 3/32 of 80 percent of the net revenue realized from within the boundaries of Monroe and St. Clair counties under certain State tax Acts. Certain provisions with respect to allocations to Metro-East Mass Transit Districts of the amount paid into the Metro-East Public Transportation Fund do not apply to the District serving primarily the counties of Monroe and St. Clair with respect to fiscal year 2006 and succeeding fiscal years. The District is authorized to file a request each fiscal year for a monthly payment of 1/12 of the amount appropriated for that fiscal year, except that the total amount of payments in a fiscal year shall not exceed the



Legislation Recap for Calendar Year 2005 (Continued)

lesser of 55 percent of the District's eligible operating expenses for that fiscal year or the total amount appropriated to the District for that fiscal year. Certain requirements on specific units of local government that become participants on or after the effective date of the amendatory Act and on any existing participant that seeks to extend its service by annexation or intergovernmental agreement.

P.A. 94-0118

Public Act 94-0118 creates the Rental Housing Support Program Act to provide for grants from the Illinois Housing Development Authority to local administering agencies to provide subsidies for landlords in order to allow them to charge rent that is affordable for low-income tenants. Public Act 94-0118 also amends the State Finance Act by creating the Rental Housing Support Program Fund, a special fund in the State treasury. The Counties Code is amended to provide that the county recorder shall collect a \$10 surcharge for the recordation of any real estate-related document. A surcharge of \$9 shall be deposited into the Rental Housing Support Program Fund and \$1 shall be deposited into the county's general fund. Half of the surcharge money deposited into a county's general fund shall be used to administer the surcharge and to pay any other lawful expenses of the recorder. The county shall not offset or reduce any appropriation to the recorder because of the surcharge funds received. State agencies, units of local government, and school districts shall not pay the surcharge.

P.A. 94-0260

Public Act 94-0260 amends the Tax Increment Allocation Redevelopment Act of the Illinois Municipal Code to provide that the redevelopment projects in the TIF District created by an ordinance adopted on December 31, 1986, and December 23, 1991, by the City of Sullivan must be completed by December 31 of the 35th year after the year in which the ordinance was adopted.

P.A. 94-0268

Public Act 94-0268 amends the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code by adding to the definition of "municipality" a township that is located in an unincorporated area of Cook County if the County adopted an ordinance that approved the township's redevelopment plan.

P.A. 94-0296

Public Act 94-0296 amends the Property Tax Code in a Section concerning tax abatements for leased, low-rent housing, provides that the percentage limitation on the certification of residential units shall be deemed to be satisfied in the case of a development described in resolutions adopted by the Board of Commissioners of the Chicago Housing Authority on September 19, 2000, December 17, 2002, or September 16, 2003, as amended, approving the disposition of certain land and buildings, if no more than 50 percent of the units in the development are so certified.

P.A. 94-0297

Public Act 94-0297 amends the Tax Increment Allocation Redevelopment Act of the Illinois Municipal Code to provide that the redevelopment project in the TIF District created by an ordinance adopted on December 31, 1986, by the City of Oglesby must be completed by December 31 of the 35th year after the year in which the ordinance was adopted.

P.A. 94-0302

Public Act 94-0302 amends the Tax Increment Allocation Redevelopment Act of the Illinois Municipal Code to provide that the redevelopment project in the TIF District created by an ordinance adopted on May 20, 1985, by the Village of Wheeling must be completed by December 31 of the 33rd year after the year in which the ordinance was adopted.

P.A. 94-0310

Public Act 94-0310 amends the Property Tax Code to provide that property up to an assessed value of \$70,000, (was \$58,000) owned and used exclusively by a disabled veteran, or the spouse or unmarried surviving spouse of the veteran, as a home, is exempt.

P.A. 94-0312

Public Act 94-0312 amends the Property Tax Code to provide that if a member of the Illinois National Guard or a reserve component of the armed forces of the United States who has an ownership interest in property taxed under this Code is called to active duty or deployment outside of the continental United States and is on active duty on the due date of any installment of taxes due under the Code, he or she shall not be deemed delinquent in the payment of the installment and no interest shall accrue or be charged as a penalty on the installment until 180 days after that member returns from active duty. A service member seeking a property tax extension is required to notify the county clerk and county collector upon being deactivated from active duty. Courts are authorized

Legislation Recap for Calendar Year 2005

(continued)

to find a tax sale in error if the owner of property is a member of the armed forces of the United States who has applied for an extension of his or her due date in the required manner. The reservist or guardsperson must make a reasonable effort to notify the county clerk and county collector of his or her activation to active duty. The provisions concerning an amnesty period in Cook County for certain National Guard members for taxes on homestead property due and payable in 1991 or 1992 is deleted.

P.A. 94-0358

Public Act 94-0358 amends the Mobile Home Local Services Tax Act to provide that an abandoned mobile home moved by a mobile home park owner for disposal as scrap or otherwise without further use as a mobile home does not have to comply with certain permit requirements. "Abandoned mobile home" is defined. The Mobile Home Local Services Tax Enforcement Act is amended to provide that when any county acting as trustee for taxing districts has a certificate of purchase and obtains a court order directing the issuance of a tax certificate of title for a mobile home located on a lot in a manufactured home community, the county must remove the mobile home from the lot no later than 30 days after the date of the entry of the court order.

P.A. 94-0362

Public Act 94-0362 amends the Property Tax Code and the Mobile Home Local Services Tax Enforcement Act to provide that any moneys accumulated in the special fund for the payment of interest by the county treasurer in excess of (i) \$100,000 in counties with 250,000 or less inhabitants or (ii) \$500,000 in counties with more than 250,000 inhabitants must be paid each year prior to the commencement of the annual tax sale. The money must first be used to satisfy any existing unpaid judgments. Any funds remaining thereafter must be paid to the general fund of the county.

P.A. 94-0380

Public Act 94-0380 amends the Property Tax Code in provisions concerning the notice of tax sale and redemption rights and the notice of expiration of the period of redemption from the sale, changes the form of the notices with respect to contacting the county clerk for further information about the notices.

P.A. 94-0412

Public Act 94-0412 amends the Property Tax Code to provide that the county collector may transmit the report of the amount of county taxes received to the county clerk in an electronic format. The collector and treasurer are required to keep, in written or electronic format, an account stating the amount of county tax to be collected, and the county tax received by him

or her from sales and redemptions of forfeited property, and any other county funds that come into the collector's hands. The procedures for the operation of these accounts are deleted. All persons paying money into the county treasury, for all purposes except the county taxes, must deposit the money with the treasurer. The provision that requires the lists of errors and inability to collect to be verified by affidavit of the county collector is deleted. Public Act 94-0412 amends the Property Tax Code and the Mobile Home Local Services Tax Enforcement Act to require the county collector to report annually to the county clerk on the condition and income of the fund.

P.A. 94-0417

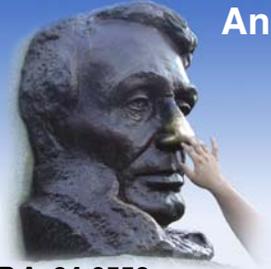
Public Act 94-0417 amends the Property Tax Code in a provision allowing the county board to submit a bill to the township board of trustees for the reasonable costs incurred by the supervisor of assessments in completing certain assessments, provides that the moneys collected from the billing may be used by the supervisor of assessments only for the purpose of recouping costs incurred in completing the assessments.

P.A. 94-0489

Public Act 94-0489 amends the Property Tax Code to provide that transfer declarations must include information concerning any homestead exemptions for the property as reflected on the most recent annual tax bill.

P.A. 94-0529

Public Act 94-0529 amends the Township Code to provide that a township officer of a township from which territory is disconnected shall continue in office until the end of his or her term and until a successor is elected or appointed and qualified, regardless of whether the officer resides in the township or the territory disconnected from the township. Whenever territory is disconnected from a township and connected to a coterminous township on or after the effective date of the amendatory Act, the coterminous city shall provide to the township from which the territory was disconnected, for a period of 10 years, no later than 60 days after the first due date for real estate taxes in that county for that tax year, an amount equal to at least 50 percent of the real estate tax that was collected on the property in the tax year immediately preceding the disconnection and shall provide the remaining 50 percent on or before December 31. The Election Code is amended to provide that the office of a township officer whose township boundaries are changed when territory is disconnected from a township and connected to a coterminous township is not vacant upon disconnection.



Legislation Recap for Calendar Year 2005 (Continued)

P.A. 94-0558

Public Act 94-0558 amends the Property Tax Code to provide that property tax refunds must be paid to the taxpayer at the annual rate of the lesser of 5 percent or the percentage increase in the Consumer Price Index For All Urban Consumers during the 12-month calendar year preceding the levy year for which the refund was made, as published by the federal Bureau of Labor Statistics.

P.A. 94-0578

Public Act 94-0578 amends the Election Code to require that a back door referendum question must appear on the ballot at an election no more than 15 months after the petition initiating the question is filed.

P.A. 94-0606

Public Act 94-0606 amends the Mobile Home Local Services Tax Act to require the owner of a mobile home to pay an annual tax to the county treasurer, unless the owner notifies the local assessing authority, by sworn affidavit, that the mobile home is uninhabited and will no longer be used for human habitation.

P.A. 94-0628

Public Act 94-0628 amends the Park District Code to provide that refunding bonds issued under the Park District Refunding Bond Act that refund or continue to refund bonds approved by referendum do not limit the right of a park district to issue non-referendum bonds in accordance with the Act.

P.A. 94-0662

Public Act 94-0662 amends the Property Tax Code to provide that a county collector has until the expiration of the period of redemption, if taxes were sold at either an annual tax sale or a scavenger tax sale, to discover that a tax sale should not have occurred and notify the owner of the certificate of purchase that the county collector intends to declare an administrative sale in error. If the owner of a certificate of purchase files an objection to the county collector's intention to declare an administrative sale in error and, thereafter, the county collector elects to apply to the circuit court for a sale in error, then, if the circuit court grants the county collector's application for a sale in error, the court may not award interest to the owner of the certificate of purchase for the period after the mailing date of the county collector's notice of intention to declare an administrative sale in error.

P.A. 94-0675

Public Act 94-0675 amends the Counties Code to provide in the counties of Kankakee, Grundy, LaSalle, Madison, St. Clair, Monroe, DeKalb, Kendall, and Boone authorize stormwater planning committees to develop a stormwater management plan for presentation to and approval of the county board. A stormwater management planning committee may enforce rules concerning production of agriculture with respect to impervious paved surfaces. A stormwater committee may make grants to local governments that have each adopted an ordinance consistent with the storm water plan. Neither a county board nor a stormwater committee may regulate land, facilities, or drainage district facilities used for production of agriculture. A county's authority to petition a circuit court to dissolve all drainage districts in the area of the county covered by a stormwater plan and related matters is deleted. In order to implement a stormwater program in the county, a county board may establish occupation and use taxes of 1/10 of one cent. Expenses of staff for regulatory project review is limited to 20 percent of a committee's annual budget. A provision limiting home rule units exercising any power inconsistent with this Section is deleted.

P.A. 94-0679

Public Act 94-0679 amends the Illinois Municipal Code provide that the rates of the Non-Home Rule Municipal Retailers' Occupation Tax Act, the Non-Home Rule Municipal Service Occupation Tax Act, and the Non-Home Rule Municipal Use Tax Act may not exceed 1 percent.

P.A. 94-0682

Public Act 94-0682 amends the Addison Creek Restoration Commission Act to authorize the Addison Creek Restoration Commission to accept loans and advances, to levy taxes, and to borrow money and issue bonds. The total amount levied and extended by the Commission for all purposes, in the aggregate, in any single taxable year, shall not exceed \$10,000,000. Such taxes shall be levied on taxable property within that part of the territory of the Commission that is within the Addison Creek floodplain and sets forth a referendum process for approval of those taxes and of issuance of the bonds by the voters.

P.A. 94-0689

Public Act 94-0689 amends the Special Service Area Tax Law in the Property Tax Code to provide that a municipality may propose a special service area as provided in this Law for the purpose of providing improvements to any one or more buildings if the improvements are required by municipal ordinance in order to protect the health and safety of workers,

Legislation Recap for Calendar Year 2005

(continued)

tenants, and visitors in the buildings and 100 percent of the owners of the real estate that is to be subject to the tax file the petition agreeing to the establishment of the special service area.

P.A. 94-0692

Public Act 94-0692 amends the Illinois Highway Code to validate township road district tax levies after 1980 that were authorized by the electors at an annual or special town meeting during the years 1975 through 1979 for a period not exceeding 5 years, but that were not re-authorized within 5 years due to certain Public Acts that repealed the 5-year limitation for levy approvals. Certain petition requirements do not apply to these tax levy authorizations.

Sales and Excise Tax

P.A. 94-0546

Public Act 94-0546 amends the Retailers' Occupation Tax Act by exempting from the tax imposed under this Act the qualified sale of building materials to be incorporated into real estate in certain redevelopment project areas established under the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code that are within an intermodal terminal facility area. The Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code is amended to authorize a municipality to establish a redevelopment project area within an intermodal terminal facility area for the purpose of establishing a new intermodal terminal facility, rehabilitating an obsolete terminal facility, or both. An intermodal terminal facility area is deemed to be a "blighted area" and that no additional proof of blight need be shown in establishing a redevelopment project area within an intermodal terminal facility area. "Intermodal terminal facility area" and "intermodal terminal facility" is defined.

P.A. 94-0654

Public Act 94-0654 amends the Motor Fuel Tax Law concerning refunds to allow claims for taxes paid for undyed diesel fuel used by tugs and spotter equipment that is owned by a claimant and that is used for shifting vehicles or parcels on private or airport property. Any claim under this provision may be made only by a claimant that owns tugs and spotter equipment and operates that equipment on both private and airport property. A claimant may not receive more than \$100,000 per year from the aggregate of all refunds or credits resulting from claims under this provision. A claim may not be made under this provision by the same claimant more often than once each quarter. "Tug" and "spotter equipment" is defined.

Lottery

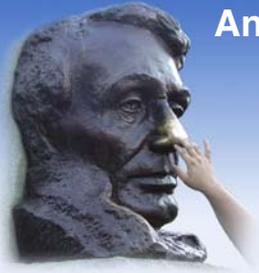
P.A. 94-0120

Public Act 94-0120 amends the Illinois Lottery Law to require the Department of Revenue to offer a special instant scratch-off game, with the title of "Ticket For The Cure", to commence on January 1, 2006, and to be discontinued on December 31, 2011. The net revenue from the game shall be deposited into the Ticket For The Cure Fund for appropriation by the General Assembly solely to the Department of Public Health, in consultation with the Ticket For The Cure Board, for the purpose of making grants to public or private entities in Illinois for the purpose of funding breast cancer research and for funding services for breast cancer victims.

P.A. 94-0585

Public Act 94-0585 amends the Illinois Lottery Law to require the Department of Revenue to offer a special instant scratch-off game for the benefit of Illinois veterans. The net revenue from the game shall be deposited into the Illinois Veterans Assistance Fund for making grants, funding additional services, or conducting additional research projects relating to certain veterans issues.





Court Cases for 2004

Follett Corp. v. Illinois Department of Revenue, et al., Appellate Court (Fourth District), No. 4-02-0938 (November 13, 2003)

The Appellate Court ruled that a taxpayer's sales into states where the taxpayer itself was not subject to tax, but where at least one member of its unitary business group was taxable, were required to be thrown back to Illinois and included in the combined numerator of the group's Illinois sales factor. The Illinois Income Tax Act provides that a sale is considered an Illinois sale for apportionment purposes if the seller is not "taxable" in the state of destination.

The Court ruled that the taxpayer's non-Illinois sales were properly included in the combined numerator of the group's Illinois sales factor even though at least one other member of that group was subject to tax in the destination states. According to the Court, the word "person" as it is used in the throwback provision must be interpreted to mean an individual corporation and not an entire unitary business group.

Zebra Technologies Corp. v. Topinka, Appellate Court (First District), Nos. 1-01-2861 and 1-02-0386 (October 27, 2003) (*Modified upon a denial of rehearing*).

In denying Zebra's request for rehearing, the Appellate Court issued a modified, unpublished opinion affirming the Circuit Court's ruling that the Department of Revenue properly included certain offshore affiliates of the taxpayer in its unitary business group. The taxpayer originally excluded these Bermuda-based affiliates, which held all of the intellectual property of the taxpayer, from its Illinois returns on the grounds that the companies conducted more than 80 percent of their business, as measured by property and payroll, outside the United States and therefore qualified for the statutory exclusion for "80/20" companies in accordance with 35 ILCS 5/1501(a)(27). The Appellate Court, however, focused on the "unitary business" rule under 35 ILCS 5/304(e) and characterized the 80/20 guideline as an "exception" to this rule. The Appellate Court found that the taxpayer failed to show that its Bermuda affiliates were properly excluded from the unitary group, since much of the business activity relating to the protection and control of intellectual property occurred in the U.S. The Appellate Court permitted the Department to impute the taxpayer's domestic payroll to the offshore affiliates, declaring that the economic substance argument would not alter its conclusion under the unitary group rule.

The Appellate Court held that, under *Allied-Signal's* "operational function test," Illinois may apportion income if a "capital transaction serves an operational rather than an investment function." Here, the Appellate Court found that the funds used to acquire a company served an operational function and, therefore, were taxable in Illinois. The Court, however, rejected the Illinois Department of Revenue's assertion that all interest earned by the Delaware-based affiliate was taxable in Illinois.

Finally, the Appellate Court concluded that the taxpayer's Delaware-based affiliate's income was apportionable business income because the "functional test" was met. Courts use the functional test to decide if the income in question results from the "acquisition, management and disposition of property used in the taxpayer's regular trade or business." Here, the Appellate Court found that the functional test was met when the Delaware-based affiliate used its capital in a way consistent with its intended purpose (*i.e.*, to make corporate acquisitions).

Cook Communications Ministries v. IDOR, Appellate Court (Second District), No. 2-03-0006 (January 8, 2004)

The Appellate Court ruled that the David C. Cook Foundation (the "Foundation"), a non-profit corporation, was not eligible for a real property tax exemption on a piece of property that it owned, since the property in question was not "used exclusively for religious purposes" as required by section 15-40 of the Property Tax Code 35 ILCS 200/15-40. Though historically the Foundation printed and distributed "nondenominational Christian educational publications," in 1986 it began to rapidly expand by focusing on greeting cards and gifts. On July 16, 1999, the greeting cards and gifts business was sold to Hallmark, with the Foundation retaining the non-for-profit Christian publication business. In holding for the Department the Court noted that the piece of property in question "was ineligible for the requested tax exemption, because it was not used exclusively for a religious purpose" due to the growth and magnitude of the non-religious greeting card business and the vast majority of profits resulted from the for-profit greeting card business. The Court also noted that, though the Foundation distributed religious publications, it did not use the property for religious services or to perform any kind of religious teaching.

Court Cases for 2004 (continued)

Shakkour v. Bower,

Circuit Court of Cook County, No. 99 L 50548 (March 24, 2004), Department's Reconsideration Motion denied May 6, 2004

The Circuit Court of Cook County granted the taxpayer's summary judgment motion and invalidated the Department's notice of deficiency, which assessed the individual non-resident taxpayer, Leila Shakkour, additional income taxes for the 1994-96 tax years upon reclassifying as business income her pro-rata share of a partnership's installment-sale gain from selling substantially all of its assets in 1992.

The taxpayer held a minority interest in O'Connor Partners, an Illinois general partnership formed in January 1990. In December 1990, O'Connor Partners acquired from O'Connor Associates, an Illinois general partnership of which Shakkour was also a partner, technology for trading stocks and bonds. Then, O'Connor Partners licensed the trading technology to Swiss Bank, as well as to SBC/OC, a limited partnership (O'Connor Partners was the general partner, and Swiss Bank was the limited partner). In September 1992, O'Connor Partners sold to Swiss Bank its general partnership interest in SBC/OC and the trading technology. Those two assets were almost all of O'Connor Partners' assets. Swiss Bank paid the sale amount to O'Connor Partners over a period of years, and O'Connor Partners distributed all of its sale proceeds to its partners, pro rata, except that it retained a small amount of cash in order to satisfy its outstanding liabilities. The court applied the *Blessing/White* decision and ruled in Shakkour's favor.

Wexler v. Wirtz Corp.,

Illinois Supreme Court, Docket Nos. 94127, 94128, 94171 (April 1, 2004)

The Illinois Supreme Court ruled that Wexler lacked standing under the Protest Act. Wexler sought to contest an increase in the Illinois liquor tax. The Court determined that Illinois levied the alcohol tax on importing distributors and manufacturers, not on the retail purchaser. The Court stressed strict conformity with the Protest Act's requirements and held that Wexler lacked the requisite injury needed for standing because as a retail purchaser of alcohol, he was not a "taxpayer" as required by the statute.

The Court also emphasized the importance of strictly complying with the statutory requirements of the Protest Act. The Court noted that the protest payment must be made by the true taxpayer; that the tax under protest must be paid to the

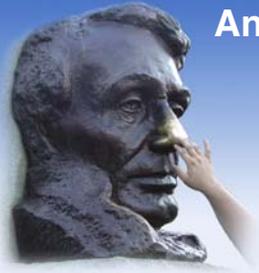
taxing authorities; and that the protest letter must include the specific dollar amount protested, as well as the name and address of the person protesting. When Wexler purchased the Smirnoff vodka and presented a letter of protest to the sales clerk, he failed to meet these requirements: he was not the taxpayer (the importing distributor was); the sales clerk was not the taxing authority; and Wexler's letter lacked the requisite dollar amount, name and address.

Ogden Chrysler Plymouth, Inc. v. Bower,

Illinois Appellate Court (Second District), No. 2-03-0194 (decided May 7, 2004)

Reversing the Circuit Court of DuPage County, the Appellate Court ruled that payments made by Chrysler to a Chrysler dealership as part of Chrysler's employee/retiree new vehicle purchase/lease program are subject to retailers' occupation tax. Chrysler made the payments in question to Ogden Chrysler Plymouth as part of Chrysler's program that enables Chrysler employees and their families to purchase vehicles at reduced prices. As part of the program, Chrysler pays its dealerships a fee equal to 6 percent of the price paid by the employee for a vehicle, plus \$75. The Department argued that these payments were taxable gross receipts to Ogden Chrysler.

Ogden Chrysler argued that the Chrysler payments were a means by which Chrysler reduced the cost of a vehicle to Ogden Chrysler that was subsequently sold pursuant to the employee purchase program. The Appellate Court rejected Ogden Chrysler's arguments. Relying on the Illinois Supreme Court's decision in *Chet's Vending Service, Inc. v. Department of Revenue*, the Appellate Court concluded that the Chrysler payments were taxable gross receipts to Ogden Chrysler because the payments could be tied to a specific sale by Ogden Chrysler. Further, the Appellate Court cited to the Supreme Court ruling in *Chet's Vending* stated that a taxpayer's accounting method is irrelevant in determining whether a payment is taxable gross receipts for ROT purposes. Therefore, the fact that the payments were made in order to reduce Ogden Chrysler's cost of goods sold was not relevant.



Court Cases for 2005

American River Transportation Co. v. Bower,

Illinois Appellate Court (Second District), No. 2-02-1290 (decided July 21, 2004)

The Department sought to assess tax on American River Transportation Company (“ARTCO”) for its use of fuel and supplies purchased out of state, but consumed while on Illinois waters. The Court following *Complete Auto Transit, Inc.* determined that a state tax must meet four criteria to survive a commerce clause challenge. The tax must: 1) have a substantial nexus with the state, 2) be fairly apportioned; 3) not discriminate against interstate commerce; and 4) be fairly related to the services provided.

ARTCO operates a tugboat service on Illinois waterways. It uses two types of boats in its operation: line haul tugboats that move barges through Illinois waters but do not dock in Illinois, and smaller tugboats called harbor service tugs, which move barges between the line haul tugboats and Illinois ports. ARTCO paid Illinois tax on the fuel and supplies used by the harbor service tugs. The court found that ARTCO had sufficient physical presence in Illinois to establish nexus, but that the use tax had no relation to the services provided by the state and thus violated the commerce clause. The court concluded that the navigable waterways are maintained by the United States and not Illinois and since the line haul tugs did not dock in Illinois ARTCO did not receive any benefits from Illinois in relation to its line haul tugboats. The Court found that ARTCO paid for the benefits of a civilized society when it paid use tax on the fuel and supplies consumed by the harbor service tugboats.

American States Insurance Company v. Hamer,

Illinois Appellate Court (First District), No. 1-03-1646 (decided August 27, 2004), PLA denied.

American States, a foreign corporation and Illinois taxpayer, was the designated agent of a group of combined insurance companies and subsidiaries. In 1997, American States was owned by American States Financial Corp. (“ASFC”). Lincoln National Corporation (“Lincoln”) owned more than 80 percent of ASFC’s stock. In October 1997, SAFECO Corporation purchased 100 percent of ASFC’s stock from Lincoln and the minority shareholders, resulting in a cash distribution to all shareholders. SAFECO and Lincoln elected to treat the stock as a “deemed sale of assets” under IRC 338. Lincoln reported the \$1,274,287,783 in gain as nonbusiness income to Illinois.

The Department issued a notice of tax deficiency in the amount of \$7,456,635 in tax and \$2,009,001 in interest for the 1997 tax year, based on the second prong of the business

income definition, which includes “income from tangible and intangible property if the acquisition, management and disposition of the property constitute integral parts of the taxpayer’s regular trade or business operations.” The taxpayer noted that the *Blessing White* Court concluded that *Texaco-Cities* “tacitly recognizes the distinctive nature of corporate liquidations resulting in a discontinuation of business activity and suggests that the functional test will be met in such cases only where the property and the liquidation of the assets (*i.e.*, disposition) are essential to the taxpayer’s regular trade or operations.” The Court concluded that under *Blessing/White* the income at issue in this case was nonbusiness income.

Chicago Plating, Inc. v. Bower,

No. 03 L 51437 (Cook County Sept. 21, 2004)

Chicago Plating reported a net loss deduction on its corporate income tax return for 1989 in the amount of \$152,018. During an audit of the 1996 and 1997 tax years, the Department determined that Chicago Plating could not carry forward the net loss deduction from 1989 to offset future income, because it had reported taxable Illinois income in 1989. The Department issued a \$403 Notice of Deficiency on December 1, 1999, which the taxpayer did not protest. The Notice of Deficiency became final as a matter of law.

Other adjustments were made to Chicago Plating’s returns for the 1998, 1999 and 2000 tax years on Notices of Deficiency issued on February 1, 2001, and July 30, 2002. On October 17, 2003, the Department issued a 10-Day Demand to Chicago Plating in the amount of \$4,408, including \$2,829 in tax and \$1,579 in interest. Chicago Plating paid \$4,411.68 under protest and filed an action under the Protest Monies Act on November 17, 2003. The Department filed a motion to dismiss and argued that a final assessment is conclusive as to all questions affecting its merits and that the circuit court lacked jurisdiction to review a final assessment. Chicago Plating responded that it was not required to exhaust its administrative remedies before filing an action under the Protest Monies Act.

The circuit court agreed with Chicago Plating. The court denied the motion to dismiss and found that the payment of \$4,411.68 into the Protest Fund presented a ripe issue and enabled the court to reach the issue of liability in adjudicating which party is entitled to the funds. The court further determined that pursuing administrative remedies would have been futile, because the Department’s records concerning the 1989 loss have been destroyed. The motion to dismiss was denied.

Court Cases for 2005 (continued)

Hollinger Int'l, Inc. v. Bower,

No. 1-04-0392 (1st Dist. Dec. 27, 2004)

Hollinger claimed that reasonable cause justified abating penalties for underpayment of tax, because its accountant relied on the safe harbor provision in calculating its estimated tax payments. Because overpayments exceeded the estimated liability for the first quarter of 1997, the accountant determined that Hollinger was not required to make an estimated payment for the first quarter of 1998. Similarly, the accountant advised Hollinger to make an estimated payment for the second quarter of 1998 based on the estimated liability for the second quarter of 1997. When the 1997 return was prepared, Hollinger reported a loss, and the accountant realized he should not have used the safe harbor method to calculate the 1998 quarterly payments. The Department assessed penalties for underpayment of the first and second installments. Hollinger paid and filed a claim for refund.

The appellate court found that the safe harbor rule in IITA § 804 is not a method for calculating estimated taxes, which is prescribed in § 803, but a penalty provision for failure to pay estimated taxes. In calculating estimated payments, taxpayers must follow the method in § 803. If an underpayment results, taxpayers may avoid penalties only if the safe harbor rule is satisfied. The Department correctly determined that the accountant did not properly calculate the estimated payments according to the method prescribed in § 803 but erroneously used the safe harbor rule in § 804.

Reliance on the accountant's erroneous calculations did not constitute ordinary business care for a sophisticated taxpayer like Hollinger, which employed other accountants. Testimony in the record reflected that Hollinger knew the accountant was relying on the safe harbor rule when the quarterly installments were due. Hollinger relied on at least two other accountants to supply the financial information used to make the estimated payments. Hollinger bore the sole responsibility for properly paying its estimated taxes. Therefore, Hollinger failed to satisfy its burden of showing that it exercised reasonable business care in relying on the accountant.

State of Illinois ex rel. Beeler, Schad & Diamond, P.C. v. Ritz Camera Centers, Inc., et al.,

No. 02 L 869 (Cook County Jan. 13, 2005).

This and other consolidated *qui tam* actions (60 in all) concern claims filed under the Whistleblower Reward and Protection Act by the relator, Beeler Schad & Diamond P.C., against on-line

and catalog affiliates of Illinois retailers for failure to collect use tax on sales to Illinois customers. The Attorney General intervened, and the retailer defendants moved to dismiss. In a Memorandum Opinion and Order entered on January 13, 2005, Judge Bartkowicz denied each of the grounds for dismissal.

First, the retailer defendants argued that the complaints lacked allegations of the requisite scienter for liability under the Whistleblower Act. The court ruled that knowledge and intent are factual issues that should not be decided on a 2-615 motion to dismiss. Allegations that the retailer defendants were required to collect use tax from Illinois customers and failed to do so contain sufficient facts to support the allegations that the retailer defendants possessed the requisite scienter for liability.

Second, the retailer defendants argued that the complaints failed to state a claim, because they lacked allegations that false statements were made to the State. The court found that failure to record use tax constitutes a false report, because the Department would review those records in an audit.

Third, the Defendants argued that these actions violated their procedural protest rights and constituted an improper use of the Whistleblower Act. The court determined that differences in the statutory procedures between the Use Tax Act and the Whistleblower Act, standing alone, would not justify dismissal. The court found that the two procedures are functionally equivalent and do not deprive or limit any rights of the retailer defendants.

Fourth, the retailer defendants argued that only the Department has authority to enforce the tax statutes. In the absence of specific language, however, the grant of jurisdiction should not be considered exclusive.

Fifth, the retailer defendants argued that the Whistleblower Act should be interpreted consistently with the federal False Claims Act to exclude tax matters. While the Whistleblower Act was drafted almost verbatim from the False Claims Act, the plain language of the statute only excludes income tax matters.

Sixth, the retailer defendants argued that the *qui tam* provisions are unconstitutional, because they allow the relator to usurp the Attorney General's exclusive power to represent the state in litigation. The court held that the Whistleblower Act effects a partial assignment of the State's claim sufficient to confer standing on the relator. The court also determined that the provisions of the Whistleblower Act protect the powers of the Attorney General by permitting her to seek limitations on the relator's participation.



Court Cases for 2005 (continued)

Home Depot U.S.A., Inc. v. IDOR, No. 2-04-0042 (2nd Dist. Feb. 8, 2005).

Home Depot filed a protest action in DuPage County circuit court challenging the inclusion of various subsidiaries in its unitary business group. The Department responded with a motion to transfer venue, arguing that it must be sued only in the county where it maintains a principal office, which would be Sangamon or Cook County. Alternatively, the Department argued that DuPage County would be an improper venue on forum non-conveniens grounds. Home Depot argued that the Department's West Chicago office should be considered a principal office within the meaning of Section 2-103 of the Code of Civil Procedure. Alternatively, Home Depot argued that the location of its stores in DuPage County satisfies that transactional prong of the venue test in the context of an income tax assessment.

The Second District applied a bifurcated standard of review. First, considering that proper venue is mandatory and not discretionary, the appellate court determined that the question of where the Department maintains a principal office was a mixed question of law and fact subject to de novo review. The appellate court rejected the clearly erroneous standard in a non-administrative review case. Second, considering that venue was properly had in more than one county, the appellate court determined that the question of whether the action should be transferred to Sangamon or Cook County was discretionary and reviewable under the abuse of discretion standard.

Reasoning that the purpose of the venue statute is partly to ensure that the case is brought in a forum convenient for the defendants, the appellate court concluded that the Department's principal office should be likened to a corporation's nerve center. This determination is made "by examining where a governmental entity makes its policy decisions, as demonstrated by the location of its director and executive officers, and where the entity has centralized its activities." The appellate court agreed with the parties that the Department could have more than one principal office without defeating the legislative intent.

The appellate court held that the Department satisfied its burden of proving that it does not maintain a principal office in DuPage County. Based on staffing levels and the location of top officials, the appellate court concluded that the Department's activities are centralized in Springfield

(Sangamon County), the state capital, and Chicago (Cook County), the state population center. As for the transactional argument, the appellate court ruled that the income generated by Home Depot's DuPage County stores was too attenuated from the issues alleged in its complaint to satisfy venue requirements.



