

2008 EDITION

**ILLINOIS NATIONAL RANKINGS
IN STATE GOVERNMENT FINANCING**

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
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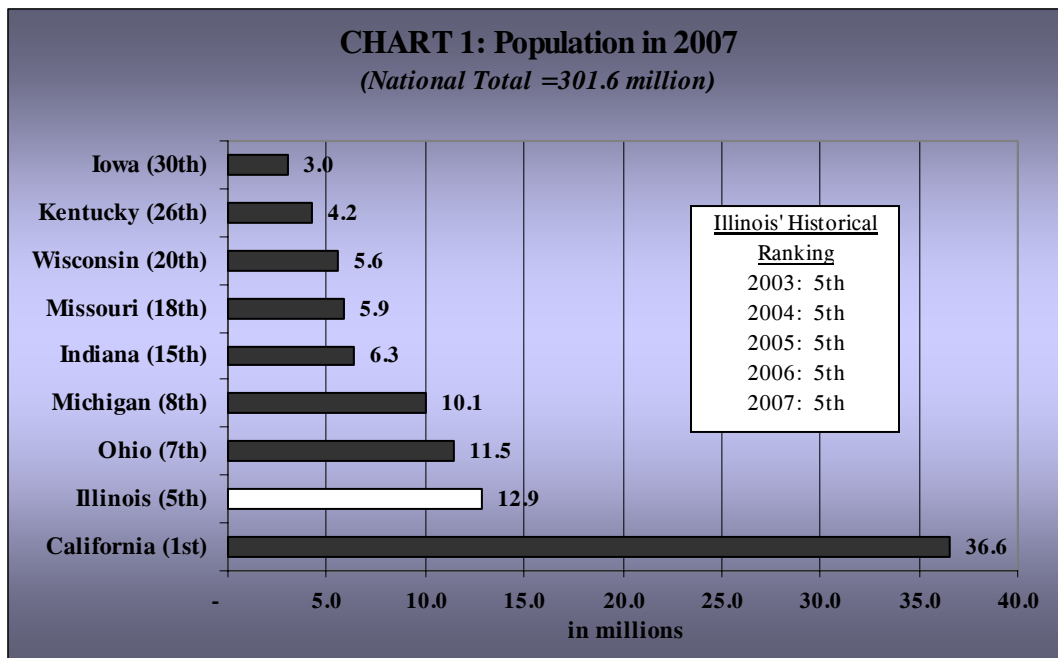
ILLINOIS NATIONAL RANKINGS IN STATE GOVERNMENT FINANCING 2008 UPDATE

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Introduction

A question often raised to the Commission is how the State of Illinois compares nationally in revenue and spending categories. In response, the Commission has created the following report, the 2008 edition of *Illinois National Rankings in State Government Financing*. The report addresses specific State revenue related topics, including current overall tax burdens in Illinois, how these burdens have changed in recent years, and how these burdens compare to other Midwestern industrial states. The report provides a quick guide as to how Illinois stacks up against the other 49 states in the various areas of state government financing. The majority of the information is based upon the publication series *State Rankings: A Statistical View of the 50 United States* and information from the Census Bureau.

Due to its large population size, Illinois ranks high in most areas on a total dollar basis. As shown below in Chart 1, Illinois ranks 5th in the nation in total population in 2007 with 12.9 million people. As a result, Illinois is among the top ten states in nearly every category dealing with total dollars received or spent. Because of this, in order to get a better picture of how Illinois compares to other states, the provided information is in two formats: in total dollars and on a per-capita basis. The per-capita format is useful for comparing a highly populated state, like Illinois, with states with much lower populations, such as neighboring Iowa (ranked 30th with approximately 3.0 million people), to account for the population discrepancy.



Whether it is better for a state to be ranked high or low is open to interpretation. When observing revenue-related rankings on a per-capita basis, some believe that if a state is able to financially survive on tax rates that create relatively low per-capita figures, the better the financial situation for the people of that state. Others, however, would view low per-capita figures as missed opportunities for revenue growth, and subsequent program spending.

A similar argument holds true for the rankings dealing with government spending. Those benefiting from spending in a particular area would likely view the rankings as the higher the better. On the other hand, those who do not benefit from a specific area of spending would likely view a high ranking negatively, as spending for one source prevents monies from being reallocated to other areas.

In all of the charts provided, the highest ranked state is listed, along with the states bordering Illinois: Iowa, Wisconsin, Indiana, Kentucky, and Missouri. Ohio and Michigan are also included due to their proximity to Illinois and because of their similarities to Illinois in population and in demographics. For the purpose of this report, this group of states will be considered the *Midwest Region*.

Listed on the top of each chart ranked in total dollars is the national total amount of revenue for that particular source. For the charts shown on a per-capita basis, the overall national per-capita figure is included. Each chart also includes a history of how Illinois has ranked in a particular area over the past several years. Most of the revenue data are from 2007, unless stated otherwise. Most of the spending data are from 2006.

Included in each category of charts is a short synopsis of Illinois' rankings. In most categories, Illinois ranks near the middle of the pack with revenue on a per-capita basis. However, there are a few charts that show Illinois at the high end of the rankings, while some show Illinois near the low end of the national rankings. Examples of this contrast are highlighted throughout the report.

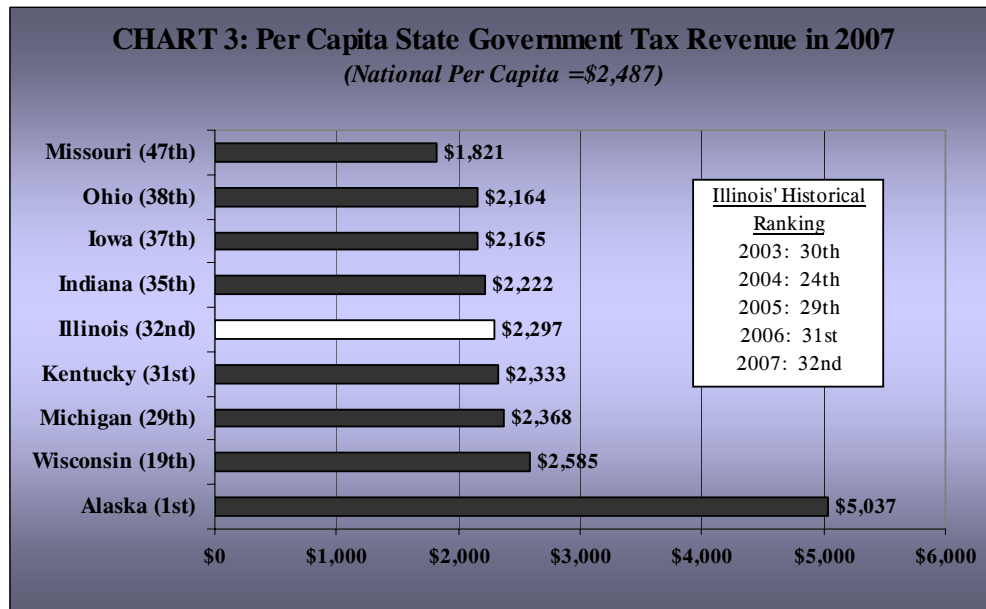
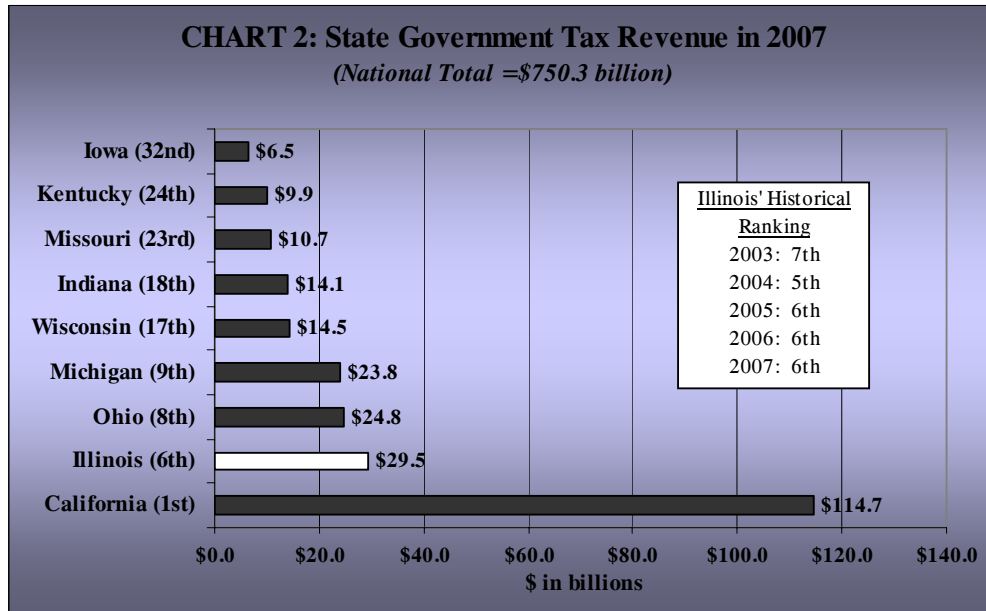
Also included throughout the report are tables displaying pertinent information relative to certain categories. This includes several tables identifying the tax rates of states throughout the nation and how these tax rates compare to Illinois. Also discussed is the State Tax Business Climate Index, an index created by the Tax Foundation which compares Illinois with other states in the ability to attract and retain businesses.

The report concludes by displaying demographic information for Illinois in the areas of population, poverty, and Medicare and shows how Illinois' make-up compares to the U.S. as a whole. The sources for all of the information used in this report are provided in its specific area of use.

Category 1: State Government Tax Revenue

In the category of state government tax revenue, Illinois had the 6th highest amount of revenues collected in 2007 and was the highest ranked state in the Midwest Region in total dollars. California had the highest dollar amount overall. On a per-capita basis, Illinois ranked 32nd in the nation with an amount of \$2,297 per capita. Illinois' ranking in this category has fallen over the last several years from 24th in 2004 to its current ranking of 32nd. The national per-capita rate was \$2,487. Alaska had the highest per-capita ranking with an amount of \$5,037 per capita.

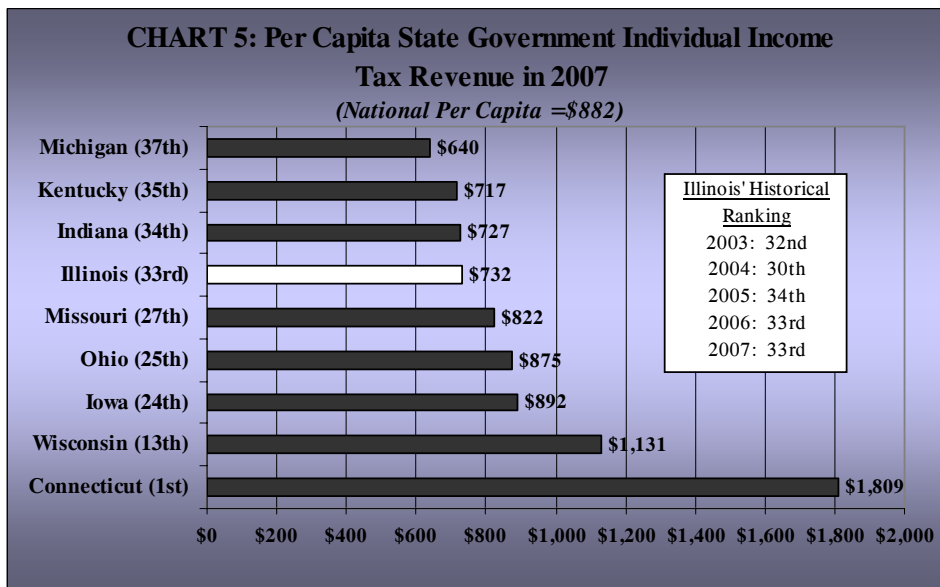
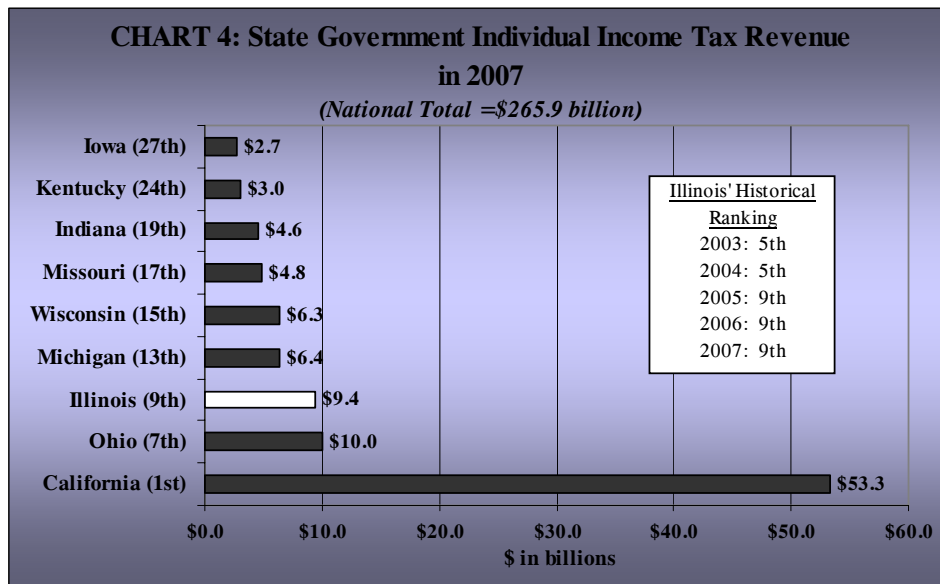
Source: <http://www.census.gov/govs/www/statetax07.html>



Category 2: State Government Individual Income Tax Revenue

Illinois ranked 5th in the nation in the amount collected from state government individual income taxes in 2007 with a total amount of \$9.4 billion. Illinois trailed only Ohio (ranked 7th) among Midwest Region states. On a per-capita basis, Illinois ranked 33rd. Illinois' per-capita rate of \$732 was below the national average of \$882 and well below the 1st ranked state in this category, Connecticut, at \$1,809 per capita. Illinois has had a flat personal income tax rate of 3.0% since it was increased from 2.5% in July 1993. Of the seven states with a flat income tax (most have graduated rates) Illinois' has the lowest rate. Seven states currently have no income tax. A list of the personal income tax rates are shown on the following page.

Source: <http://www.census.gov/govs/www/statetax07.html>



STATE INDIVIDUAL INCOME TAXES

(Tax rates for tax year 2008 -- as of January 1, 2008)

State	---Tax Rates---		# of Brackets	--Income		---Personal Exemption---		
	Low	High		Low	High	Single	Married	Child.
ALABAMA	2.0	- 5.0	3	500	- 3,000	1,500	3,000	300
ALASKA	No State Income Tax							
ARIZONA	2.59	- 4.54	5	10,000	- 150,000	2,100	4,200	2,300
ARKANSAS (a)	1.0	- 7.0	6	3,699	- 31,000	23	46	23
CALIFORNIA (a)	1.0	- 9.3	6	6,827	- 44,815	94	188	294
COLORADO	4.63		1	-----None-----				
CONNECTICUT	3.0	- 5.0	2	10,000	- 10,000	12,750	24,500	0
DELAWARE	2.2	- 5.95	6	5,000	- 60,000	110	220	110
FLORIDA	No State Income Tax							
GEORGIA	1.0	- 6.0	6	750	- 7,000	2,700	5,400	3,000
HAWAII	1.4	- 8.25	9	2,400	- 48,000	1,040	2,080	1,040
IDAHO (a)	1.6	- 7.8	8	1,237	- 24,736	3,500	7,000	3,500
ILLINOIS	3.0		1	-----None-----				
INDIANA	3.4		1	-----None-----				
IOWA (a)	0.36	- 8.98	9	1,379	- 62,055	40	80	40
KANSAS	3.5	- 6.45	3	15,000	- 30,000	2,250	4,500	2,250
KENTUCKY	2.0	- 6.0	6	3,000	- 75,000	20	40	20
LOUISIANA	2.0	- 6.0	3	12,500	- 25,000	4,500	9,000	1,000
MAINE (a)	2.0	- 8.5	4	4,849	- 19,450	2,850	5,700	2,850
MARYLAND	2.0	- 5.5	7	1,000	- 500,000	2,400	4,800	2,400
MASSACHUSETTS (a)	5.3		1	-----None-----				
MICHIGAN (a)	4.35		1	-----None-----				
MINNESOTA (a)	5.35	- 7.85	3	21,800	- 71,591	3,500	7,000	3,500
MISSISSIPPI	3.0	- 5.0	3	5,000	- 10,000	6,000	12,000	1,500
MISSOURI	1.5	- 6.0	10	1,000	- 9,000	2,100	4,200	1,200
MONTANA (a)	1.0	- 6.9	7	2,500	- 14,900	2,040	4,080	2,040
NEBRASKA (a)	2.56	- 6.84	4	2,400	- 27,001	113	226	113
NEVADA	No State Income Tax							
NEW HAMPSHIRE	State Income Tax is Limited to Dividends and Interest Income Only.							
NEW JERSEY	1.4	- 8.97	6	20,000	- 500,000	1,000	2,000	1,500
NEW MEXICO	1.7	- 5.3	4	5,500	- 16,000	3,500	7,000	3,500
NEW YORK	4.0	- 6.85	5	8,000	- 20,000	0	0	1,000
NORTH CAROLINA	6.0	- 7.75	3	12,750	- 60,000	2,000	4,000	2,000
NORTH DAKOTA (a)	2.1	- 5.54	5	31,850	- 349,701	3,500	7,000	3,500
OHIO (a)	0.618	- 6.24	9	5,000	- 200,000	1,450	2,900	1,450
OKLAHOMA	0.5	- 5.5	7	1,000	- 8,701	1,000	2,000	1,000
OREGON (a)	5.0	- 9.0	3	2,900	- 7,300	169	338	169
PENNSYLVANIA	3.07		1	-----None-----				
RHODE ISLAND	25.0% Federal tax liability							
SOUTH CAROLINA (a)	0	- 7	6	2,670	- 13,350	3,500	7,000	3,500
SOUTH DAKOTA	No State Income Tax							
TENNESSEE	State Income Tax is Limited to Dividends and Interest Income Only.							
TEXAS	No State Income Tax							
UTAH	5		1	-----None-----				
VERMONT (a)	3.6	- 9.5	5	32,550	- 357,700	3,500	7,000	3,500
VIRGINIA	2	- 5.75	4	3,000	- 17,000	930	1,860	930
WASHINGTON	No State Income Tax							
WEST VIRGINIA	3	- 6.5	5	10,000	- 60,000	2,000	4,000	2,000
WISCONSIN (a)	4.6	- 6.75	4	9,700	- 145,460	700	1,400	700
WYOMING	No State Income Tax							
DIST. OF COLUMBIA	4	- 8.5	3	10,000	- 40,000	1,675	3,350	1,675

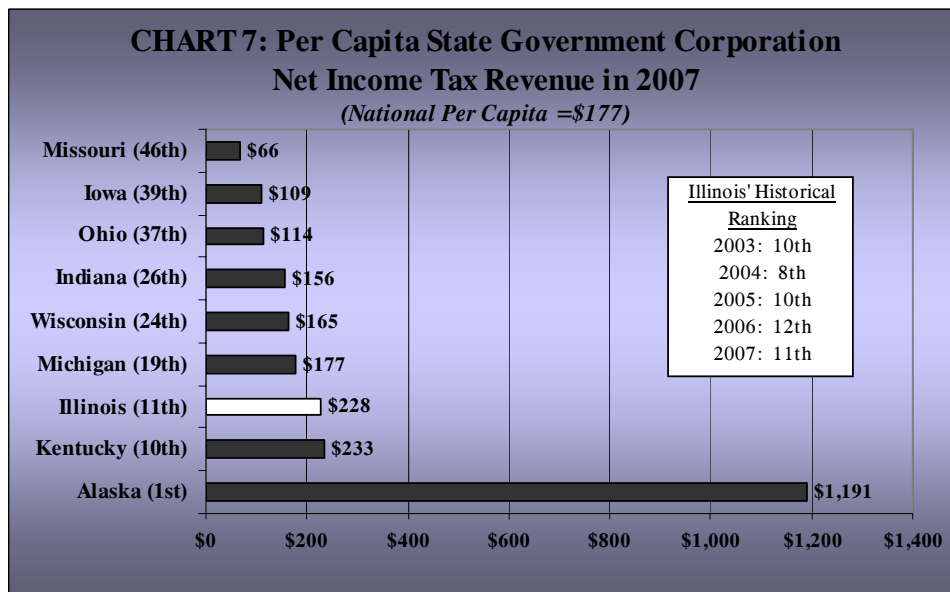
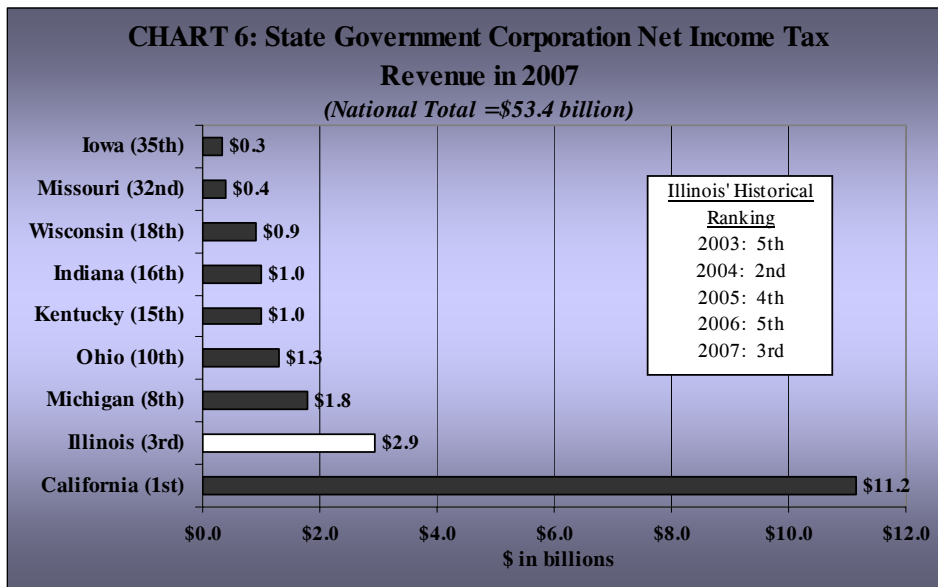
(a) 16 states have statutory provision for automatic adjustment of tax brackets, personal exemption or standard deductions to the rate of inflation. Massachusetts, Michigan, Nebraska and Ohio index the personal exemption amounts only.

Source: The Federation of Tax Administrators from various sources.

Category 3: State Government Corporation Net Income Tax Revenue

Illinois collected \$2.9 billion in corporate income tax receipts in 2007, which ranked them 3rd in the nation in this category. Again, California had the highest total with \$11.2 billion. On a per-capita basis, Illinois ranked 11th with a per-capita rate of \$228, above the national per-capita rate of \$177. In the Midwest Region, only Kentucky (10th) had a higher per-capita rate than Illinois. On the following page is a listing of each state's corporate income tax rate. As shown, Illinois is one of thirty-two states with a flat tax. Illinois' rate of 7.3%, which includes the State's rate of 4.8% and the corporate replacement tax rate of 2.5%, is near the middle of the pack of the rates imposed throughout the country.

Source: <http://www.census.gov/govs/www/statetax07.html>



RANGE OF STATE CORPORATE INCOME TAX RATES

(For tax year 2008 -- as of January 1, 2008)

State	Tax Rates	Tax Brackets	# of Brackets
ALABAMA	6.5	---Flat Rate---	1
ALASKA	1.0 - 9.4	10,000 90,000	10
ARIZONA	6.968	---Flat Rate---	1
ARKANSAS	1.0 - 6.5	3,000 100,000	6
CALIFORNIA	8.84	---Flat Rate---	1
COLORADO	4.63	---Flat Rate---	1
CONNECTICUT	7.5	---Flat Rate---	1
DELAWARE	8.7	---Flat Rate---	1
FLORIDA	5.5	---Flat Rate---	1
GEORGIA	6.0	---Flat Rate---	1
HAWAII	4.4 - 6.4	25,000 100,000	3
IDAHO	7.6	---Flat Rate---	1
ILLINOIS*	7.3	---Flat Rate---	1
INDIANA	8.5	---Flat Rate---	1
IOWA	6.0 - 12.0	25,000 250,000	4
KANSAS	4	---Flat Rate---	1
KENTUCKY	4.0 - 7.0	50,000 100,000	3
LOUISIANA	4.0 - 8.0	25,000 200,000	5
MAINE	3.5 - 8.93	25,000 250,000	4
MARYLAND	8.3	---Flat Rate---	1
MASSACHUSETTS	9.5	---Flat Rate---	1
MICHIGAN	4.95	---Flat Rate---	1
MINNESOTA	9.8	---Flat Rate---	1
MISSISSIPPI	3.0 - 5.0	5,000 10,000	3
MISSOURI	6.25	---Flat Rate---	1
MONTANA	6.75	---Flat Rate---	1
NEBRASKA	5.58 - 7.81	50,000	2
NEW HAMPSHIRE	8.5	---Flat Rate---	1
NEW JERSEY	9	---Flat Rate---	1
NEW MEXICO	4.8 - 7.6	500,000 1 million	3
NEW YORK	7.5	---Flat Rate---	1
NORTH CAROLINA	6.9	---Flat Rate---	1
NORTH DAKOTA	2.6 - 6.5	3,000 30,000	5
OHIO	5.1 - 8.5	50,000	2
OKLAHOMA	6.0	---Flat Rate---	1
OREGON	6.6	---Flat Rate---	1
PENNSYLVANIA	9.99	---Flat Rate---	1
RHODE ISLAND	9	---Flat Rate---	1
SOUTH CAROLINA	5.0	---Flat Rate---	1
SOUTH DAKOTA	6.0-0.25	(banks only)	1
TENNESSEE	6.5	---Flat Rate---	1
TEXAS	**	---	1
UTAH	5	---Flat Rate---	1
VERMONT (b)	6.0 - 8.5	10,000 250,000	3
VIRGINIA	6.0	---Flat Rate---	1
WEST VIRGINIA	8.5	---Flat Rate---	1
WISCONSIN	7.9	---Flat Rate---	1
DIST. OF COLUMBIA	9.975	---Flat Rate---	1

Source: Compiled by the Federation of Tax Administrators (FTA) from various sources

Note: Nevada, Washington, and Wyoming do not have state corporate income taxes.

* Illinois' rate ncludes a 2.5% personal property replacement tax.

** Texas imposes a Franchise Tax, known as the margin tax.

Apportionment of Corporate Income

Prior to tax year 2001, Illinois used a three-part formula in which a company's in-state sales, the value of a corporation's property, and its payroll in Illinois were weighed in determining how much of that company's income was subject to the State's corporate income tax and the personal property replacement tax. Public Act 90-0613 changed the law to state that in tax year 2001 and thereafter, corporate income taxable in Illinois would be determined solely on the basis of a company's in-state sales. Below is a table indicating how each state determines how much of a company's income is subject to their corporate income taxes.

STATE APPORTIONMENT OF CORPORATE INCOME			
(Formulas for tax year 2008 -- as of January 1, 2008)			
ALABAMA *	3 Factor	NEBRASKA	Sales
ALASKA *	3 Factor	NEVADA	No State Income Tax
ARIZONA * (2)	70% Sales, 15% Property & Payroll	NEW HAMPSHIRE	Double wtd. Sales
ARKANSAS *	Double wtd. sales	NEW JERSEY (1)	Double wtd. Sales
CALIFORNIA *	Double wtd. sales	NEW MEXICO *	Double wtd. sales/3 Factor
COLORADO *	3 Factor/Sales & Property	NEW YORK (3)	Sales
CONNECTICUT	Double wtd. sales/Sales	NORTH CAROLINA *	Double wtd. sales
DELAWARE	3 Factor	NORTH DAKOTA *	3 Factor
FLORIDA	Double wtd. sales	OHIO *	60% Sales, 20% Property & Payroll
GEORGIA	Sales	OKLAHOMA	3 Factor
HAWAII *	3 Factor	OREGON *	Sales
IDAHO *	Double wtd. sales	PENNSYLVANIA *	70% Sales, 15% Property & Payroll
ILLINOIS *	Sales	RHODE ISLAND	3 Factor
INDIANA (3)	70% Sales, 15% Property & Payroll	SOUTH CAROLINA (4)	Double wtd. sales/Sales
IOWA	Sales	SOUTH DAKOTA	No State Income Tax
KANSAS *	3 Factor	TENNESSEE *	Double wtd. sales
KENTUCKY *	Double wtd. sales	TEXAS	Sales
LOUISIANA	Sales	UTAH *	3 Factor/Double wtd. sales
MAINE *	Sales	VERMONT	Double wtd. sales
MARYLAND	Double wtd. sales/Sales	VIRGINIA	Double wtd. sales
MASSACHUSETTS	Double wtd. sales	WASHINGTON	No State Income Tax
MICHIGAN	Sales	WEST VIRGINIA *	Double wtd. sales
MINNESOTA (3)	81% Sales, 9.5% Property & Payroll	WISCONSIN *	Sales
MISSISSIPPI	Accounting/3 Factor	WYOMING	No State Income Tax
MISSOURI *	3 Factor/sales	DIST. OF COLUMBIA	3 Factor
MONTANA *	3 Factor		

Source: www.taxadmin.org.

Note: The formulas listed are for general manufacturing businesses. Some industries have special formula different than those reported. A slash separating two formula's indicate taxpayer option.

* State has adopted substantial portions of the Uniform Division of Income for Tax Purposes Act (UDITPA).

(1) A 3-factor formula is used for corporations not subject to the corporation business franchise tax.

(2) Corporations using this formula must release financial data to the Legislative Budget Committee, otherwise use double weighted sales.

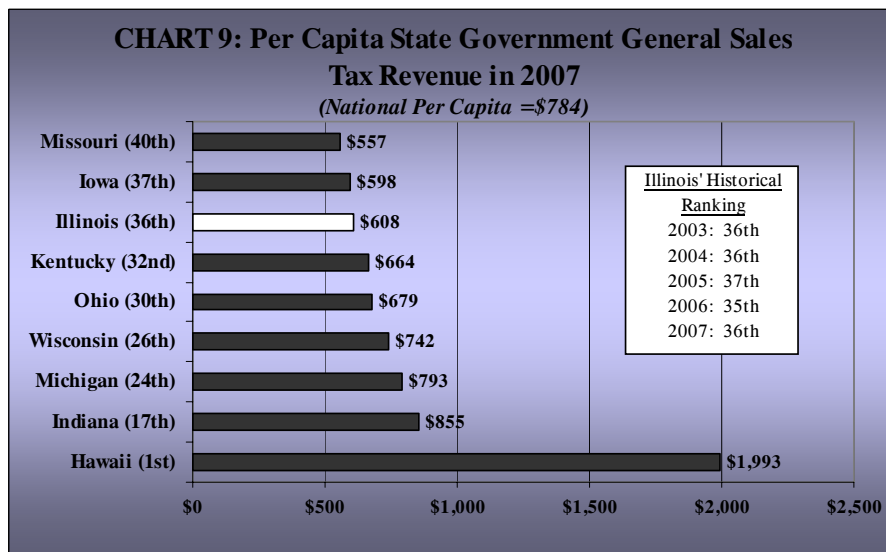
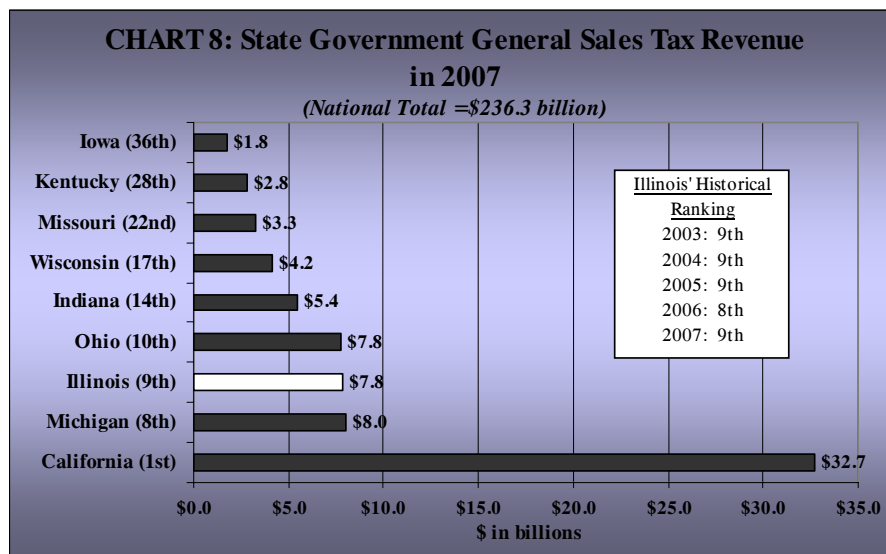
(3) State is phasing in a single sales factor. Weightings will change each year until 100% sales factor in 2011 for Indiana, and 2013 for Minnesota.

(4) Taxpayers are allowed only 40% of the reduced taxes from a single sales factor (60% in 2009).

Category 4: State Government General Sales Tax Revenue

General sales tax revenue, under this category, does not include special sales taxes such as those on sale of alcohol, gasoline, or tobacco. In 2007, Illinois ranked 9th in the amount of sales tax revenue collected with a total of \$7.8 billion. California collected the most, generating \$32.7 billion. On a per-capita basis, Illinois ranked 36th in the nation with a value of \$608 per capita. As shown in Chart 9, in the Midwest Region, only Iowa (37th) and Missouri (40th) were ranked lower than Illinois. Illinois' sales tax rate is 6.25%, in which 5% goes to the State, and the remaining 1.25% goes to local governments. The last State sales tax rate increases (from 4% to 5%) occurred in 1984. Illinois law also authorizes local governments to impose sales taxes. Currently, Chicago has the highest combined sales tax rate for any city in the nation at 10.25%. A list of the sales tax rates for all the states is included on the following page.

Source: <http://www.census.gov/govs/www/statetax07.html>



State Sales Tax Rates

As of January 1, 2008

State	Tax Rates	Food	Exemptions	
			Prescription Drugs	Non-prescription Drugs
ALABAMA	4		*	
ALASKA	none			
ARIZONA	5.6	*	*	
ARKANSAS	6	3% (4)	*	
CALIFORNIA (3)	7.25 (2)	*	*	
COLORADO	2.9	*	*	
CONNECTICUT	6	*	*	*
DELAWARE	none			
FLORIDA	6	*	*	*
GEORGIA	4	* (4)	*	
HAWAII	4		*	
IDAHO	6		*	
ILLINOIS	6.25	1%	1%	1%
INDIANA	6	*	*	
IOWA	5	*	*	
KANSAS	5.3		*	
KENTUCKY	6	*	*	
LOUISIANA	4	* (4)	*	
MAINE	5	*	*	
MARYLAND (5)	6	*	*	*
MASSACHUSETTS	5	*	*	
MICHIGAN	6	*	*	
MINNESOTA	6.5	*	*	*
MISSISSIPPI	7		*	
MISSOURI	4.225	1.225%	*	
MONTANA	none			
NEBRASKA	5.5	*	*	
NEVADA	6.5	*	*	
NEW HAMPSHIRE	none			
NEW JERSEY	7	*	*	*
NEW MEXICO	5	*	*	
NEW YORK	4	*	*	*
NORTH CAROLINA (6)	4.25	* (4)	*	
NORTH DAKOTA	5	*	*	
OHIO	5.5	*	*	
OKLAHOMA	4.5		*	
OREGON	none			
PENNSYLVANIA	6	*	*	*
RHODE ISLAND	7	*	*	*
SOUTH CAROLINA	6	*	*	
SOUTH DAKOTA	4		*	
TENNESSEE	7	5.5%	*	
TEXAS	6.25	*	*	*
UTAH	4.65	1.75% (4)	*	
VERMONT	6	*	*	*
VIRGINIA	5 (2)	2.5% (2)	*	*
WASHINGTON	6.5	*	*	
WEST VIRGINIA	6	4% (8)	*	
WISCONSIN	5	*	*	
WYOMING	4	* (7)	*	

* - indicates exempt from tax, blank indicates subject to general sales tax rate.

(1) Some state tax food, but allow a rebate or income tax credit to compensate poor households. They are: HI, ID, KS, OK, SD, and WY.

(2) Includes statewide local tax of 1.0% in California and 1.0% in Virginia.

(3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.

(4) Food sales are subject to local sales taxes.

(5) Sales tax rate increased from 5% to 6% on 1/3/2008.

(6) Sales tax rate is scheduled to increase to 4.5% on 10/1/2008.

(7) Food sales exempt through 6/30/2008.

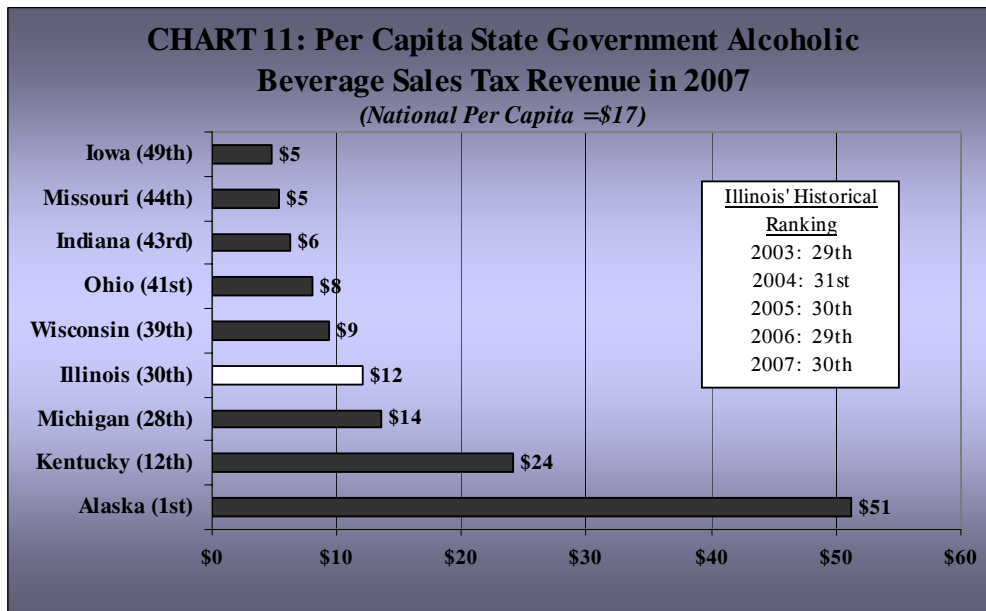
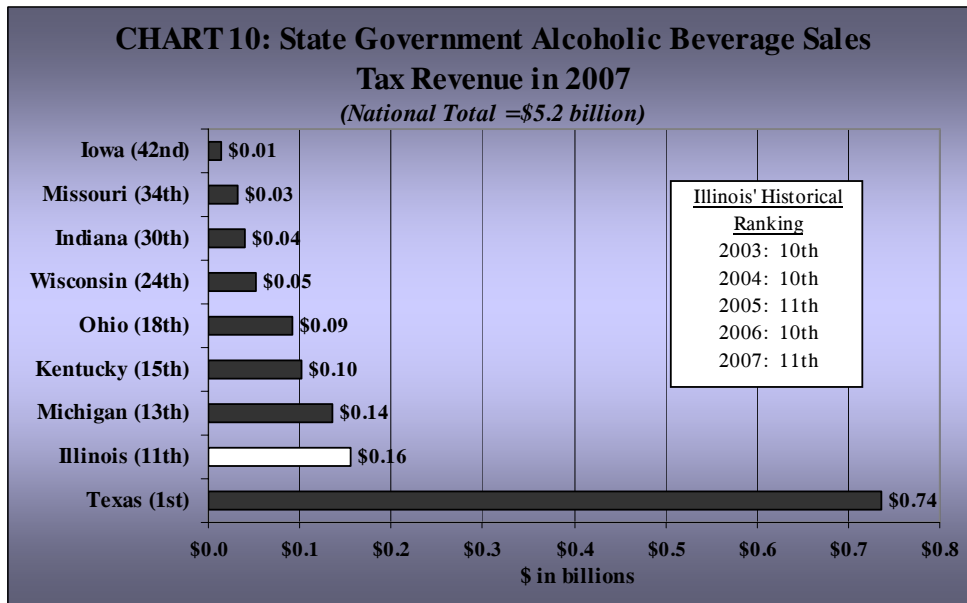
(8) Tax rate on food is scheduled to fall to 3% on 7/1/08. Food subject to local tax.

Source: www.taxadmin.org.

Category 5: State Government Alcoholic Beverage Sales Tax Revenue

In 2007, in the category of State Government Alcoholic Beverage Sales Tax Revenue, Illinois ranked 11th in total sales with a total of \$156 million. Texas ranked 1st generating \$736 million. On a per-capita basis, Illinois ranked 30th in the nation with a value of \$12 per capita. Alaska is the highest ranked state on a per-capita basis with a value of \$51 per capita. The rate and base of Illinois liquor tax is as follows (per gallon): \$0.18 on beer and cider with 0.5% to 7% alcohol; \$0.73 on wine (excluding cider with up to 7% alcohol); \$4.50 on distilled liquor. The last Illinois liquor tax increase occurred in 1999.

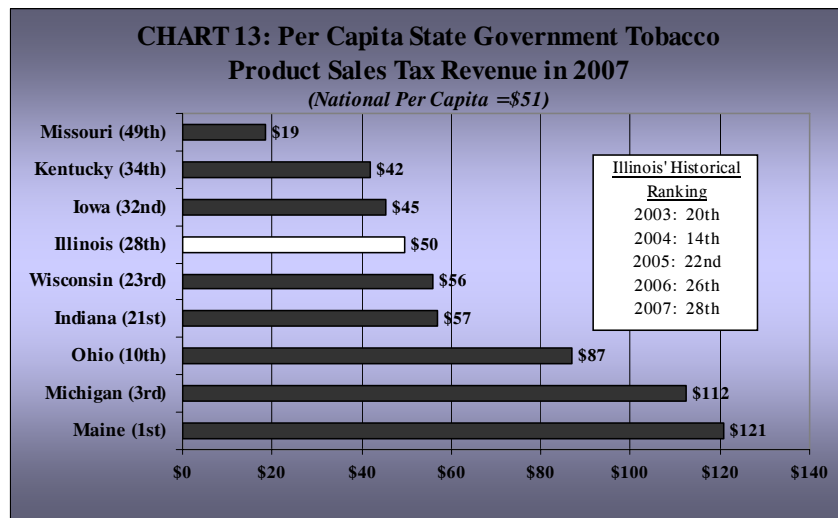
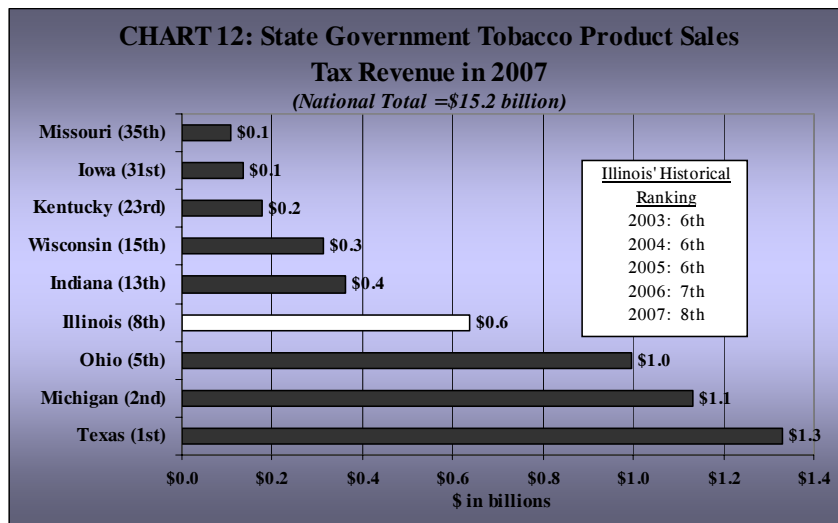
Source: <http://www.census.gov/govs/www/statetax07.html>



Category 6: State Government Tobacco Product Sales Tax Revenue

In the category of State Government Tobacco Product Sales Tax Revenue, Illinois ranked 8th in total sales in 2007 with a total of \$639 million. Texas ranked 1st generating \$1.3 billion. On a per-capita basis, Illinois ranked 28th in the nation with a value of \$50 per capita. Maine is the highest ranked state on a per-capita basis with a value of \$121 per capita. Illinois' per-capita ranking has fluctuated quite a bit over the last decade (ranking as low as 14th in 2004). This is because of the number of states that have chosen the cigarette tax as a source for tax hikes over the last several years. Illinois last raised its cigarette tax in 2002 from \$0.58 to the current rate of \$0.98 per pack of 20 cigarettes. Home rule units can also impose a tax on cigarettes. Combined with the federal rate of \$0.39 cents and the State and local rates, the City of Chicago's combined rate of \$4.05 is currently the second highest combined tax rate of any city in the country, trailing only New York City (\$4.84/pack). A list of the state cigarette tax rates for all the states is included on the following page.

Source: <http://www.census.gov/govs/www/statetax07.html>



STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 2008)

STATE	TAX RATE (¢ per pack)	RANK	STATE	TAX RATE (¢ per pack)	RANK
Alabama (1)	42.5	42	Nebraska	64	35
Alaska	200	4	Nevada	80	32
Arizona	200	4	New Hampshire	108	24
Arkansas	59	38	New Jersey	257.5	1
California	87	30	New Mexico	91	29
Colorado	84	31	New York (1)	150	16
Connecticut	200	4	North Carolina	35	45
Delaware	115	23	North Dakota	44	41
Florida	33.9	46	Ohio	125	20
Georgia	37	43	Oklahoma	103	25
Hawaii (3)	180	10	Oregon	118	22
Idaho	57	39	Pennsylvania	135	19
Illinois (1)	98	28	Rhode Island	246	2
Indiana	99.5	27	South Carolina	7	51
Iowa	136	18	South Dakota	153	14
Kansas	79	33	Tennessee (1) (2)	62	36
Kentucky (2)	30	47	Texas	141	17
Louisiana	36	44	Utah	69.5	34
Maine	200	4	Vermont	179	11
Maryland	200	4	Virginia (1)	30	47
Massachusetts	151	15	Washington	202.5	3
Michigan	200	4	West Virginia	55	40
Minnesota (4)	123	21	Wisconsin	177	12
Mississippi	18	49	Wyoming	60	37
Missouri (1)	17	50	Dist. of Columbia	100	26
Montana	170	13			

U. S. Median 100

Source: www.taxadmin.org

(1) Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; NYC \$1.50; TN, 1¢; and VA, 2¢ to 15¢.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ in TN.

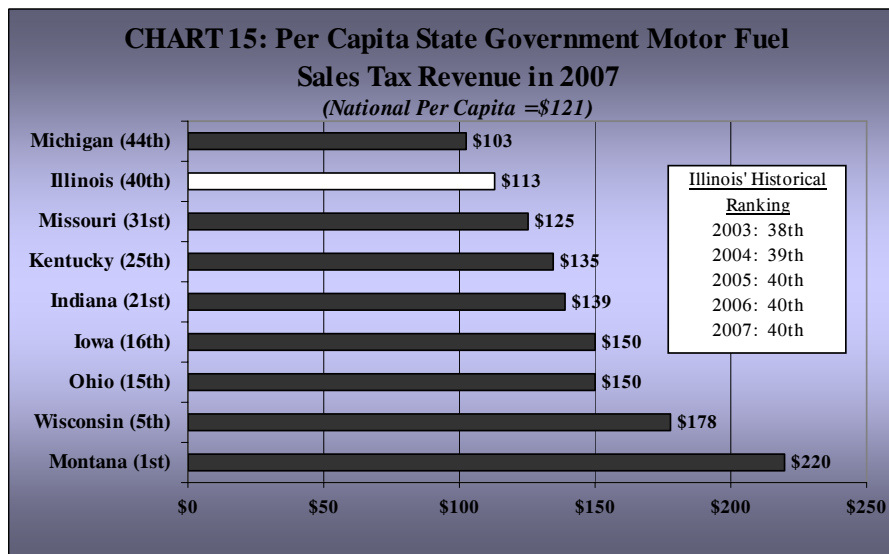
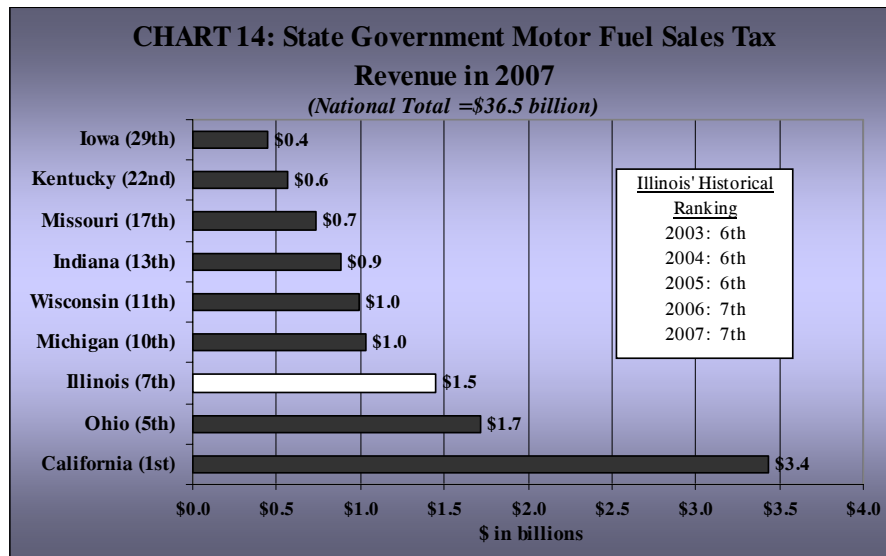
(3) Tax rate is scheduled to increase to \$2.00 per pack on September 30, 2008.

(4) Plus an additional 25.5 cent sales tax is added to the wholesale price of a tax stamp (total \$1.485).

Category 7: State Government Motor Fuel Sales Tax Revenue

In 2007, Illinois ranked 7th in the nation in the amount of motor fuel sales tax revenue collected. Only Ohio collected more in the Midwest Region. On a per-capita basis, Illinois ranked 40th in the nation with a per-capita rate of \$113, which was slightly lower than the national per-capita rate of \$121. Only Michigan (44th) in the Midwest Region had a lower ranking than Illinois on a per-capita basis. As shown on the following page, as of January 1, 2008, Illinois had the 28th highest tax rate on motor fuel at 20.1 cents per gallon (which includes 1.1 cents in environmental fees). Washington had the highest gasoline tax at 36 cents-per-gallon. Alaska had the lowest rate at 8.0 cents-per-gallon. Illinois is among 10 states that collect general sales taxes on motor fuel as well (including Indiana and Michigan in the Midwest).

Source: <http://www.census.gov/govs/www/statetax07.html>



Motor Fuel Excise Tax Rates

as of January 1, 2008

State	---Gasoline---			---Diesel Fuel---			---Gasohol---			Notes
	Excise Tax	Add'l Tax	Total Tax	Excise Tax	Add'l Tax	Total Tax	Excise Tax	Add'l Tax	Total Tax	
Alabama /1	16.0	2.0	18.0	19.0		19.0	16.0	2.0	18.0	Inspection fee
Alaska	8.0		8.0	8.0		8.0	8.0		8.0	
Arizona	18.0		18.0	18.0		18.0	18.0		18.0	/3
Arkansas	21.5		21.5	22.5		22.5	21.5		21.5	
California	18.0		18.0	18.0		18.0	18.0		18.0	Sales tax applicable
Colorado	22.0		22.0	20.5		20.5	22.0		22.0	
Connecticut	25.0		25.0	37.0		37.0	25.0		25.0	
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.5% GRT
Florida /2	4.0	11.6	15.6	16.8	12.2	29.0	4.0	11.6	15.6	Sales tax added to excise /2
Georgia	7.5	11.0	18.5	7.5	12.3	19.8	7.5	11.0	18.5	Sales tax added to excise
Hawaii /1	17.0		17.0	17.0		17.0	17.0		17.0	Sales tax applicable
Idaho	25.0	1.0	26.0	25.0	1.0	26.0	22.5	1.0	23.5	Clean water tax /7
Illinois /1	19.0	1.1	20.1	21.5	1.1	22.6	19.0	1.1	20.1	Sales tax add., env. & LUST fee /3
Indiana	18.0		18.0	16.0		16.0	18.0		18.0	Sales tax applicable /3
Iowa	20.7		20.7	22.5		22.5	19.0		19.0	
Kansas	24.0		24.0	26.0		26.0	24.0		24.0	
Kentucky	19.6	1.4	21.0	16.6	1.4	18.0	19.6	1.4	21.0	Environmental fee /4 /3
Louisiana	20.0		20.0	20.0		20.0	20.0		20.0	
Maine	27.6		27.6	28.8		28.8	27.6		27.6	/5
Maryland	23.5		23.5	24.25		24.25	23.5		23.5	
Massachusetts	21.0		21.0	21.0		21.0	21.0		21.0	
Michigan	19.0		19.0	15.0		15.0	19.0		19.0	Sales tax applicable
Minnesota	20.0		20.0	20.0		20.0	20.0		20.0	
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.55	17.55	17.0	0.55	17.55	17.0	0.55	17.55	Inspection fee
Montana	27.0		27.0	27.75		27.75	27.0		27.0	
Nebraska	23.0	0.9	23.9	23.0	0.3	23.3	23.0	0.9	23.9	Petroleum fee /5
Nevada /1	24.0	0.055	24.055	27.0		27.0	24.0	0.055	24.055	Inspection fee
New Hampshire	18.0	1.625	19.625	18.0	1.625	19.625	18.0	1.625	19.625	Oil discharge cleanup fee
New Jersey	10.5	4.0	14.50	13.5	4.0	17.50	10.5	4.0	14.50	Petroleum fee
New Mexico	17.0	1.875	18.875	21.0	1.875	22.875	17.0	1.875	18.875	Petroleum loading fee
New York	8.0	16.4	24.4	8.0	14.65	22.65	8.0	16.4	24.4	Sales tax applicable, Petrol. Tax
North Carolina	29.9	0.25	30.15	29.9	0.25	30.15	29.9	0.25	30.15	/4 Inspection tax
North Dakota	23.0		23.0	23.0		23.0	23.0		23.0	
Ohio	28.0		28.0	28.0		28.0	28.0		28.0	Plus 3 cents commerial
Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0	16.0	1.0	17.0	Environmental fee
Oregon /1	24.0		24.0	24.0		24.0	24.0		24.0	
Pennsylvania	12.0	19.2	31.2	12.0	26.1	38.1	12.0	19.2	31.2	Oil franchise tax
Rhode Island	30.0	1	31.0	30.0	1	31.0	30.0	1	31.0	LUST tax
South Carolina	16.0		16.0	16.0		16.0	16.0		16.0	
South Dakota /1	22.0		22.0	22.0		22.0	20.0		20.0	
Tennessee /1	20.0	1.4	21.4	17.0	1.4	18.4	20.0	1.4	21.4	Petroleum Tax & Envir. Fee
Texas	20.0		20.0	20.0		20.0	20.0		20.0	
Utah	24.5		24.5	24.5		24.5	24.5		24.5	
Vermont	19.0	1.0	20.0	25.0	1.0	26.0	19.0	1.0	20.0	Petroleum cleanup fee
Virginia /1	17.5		17.5	17.5		17.5	17.5		17.5	/6
Washington /8	36.0		36.0	36.0		36.0	36.0		36.0	0.5% privilege tax
West Virginia	20.5	11.7	32.2	20.5	11.7	32.2	20.5	11.7	32.2	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	/5 Petroleum Inspection fee
Wyoming	13.0	1	14.0	13.0	1	14.0	13.0	1	14.0	License tax
Dist. of Columbia	20.0		20.0	20.0		20.0	20.0		20.0	
Federal	18.3	0.1	18.4	24.3	0.1	24.4	13.0	0.1	13.1	/7 LUST tax

Note: The tax rates listed are fuel excise taxes collected by distributor/supplier/retailers in each state. Additional taxes may apply to motor carriers. Carrier taxes are coordinate by IFTA.

SOURCE: www.taxadmin.org

/1 Tax rates do not include local option taxes. In AL, 1 - 3 cents; HI, 8.8 to 18.0 cent; IL, 5 cents in Chicago & 6 cents in Cook County (gasoline only); NV, 4.0 to 9.0 cents; OR, 1 to 3 cents; SD and TN, one cent; and VA 2%.

/2 Local taxes for gasoline and gasohol vary from 10.2 cents to 18.2 cents. Plus a 2.07 cent per gallon pollution tax.

/3 Carriers pay an additional surcharge equal to AZ-8 cents, IL-6.3 cents (g) 6.0 cents (d), IN-11 cents, KY-2% (g) 4.7% (d).

/4 Tax rate is based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9%; and NC, 17.5c + 7%.

/5 Portion of the rate is adjustable based on maintenance costs, sales volume, cost of fuel to state government, or inflation.

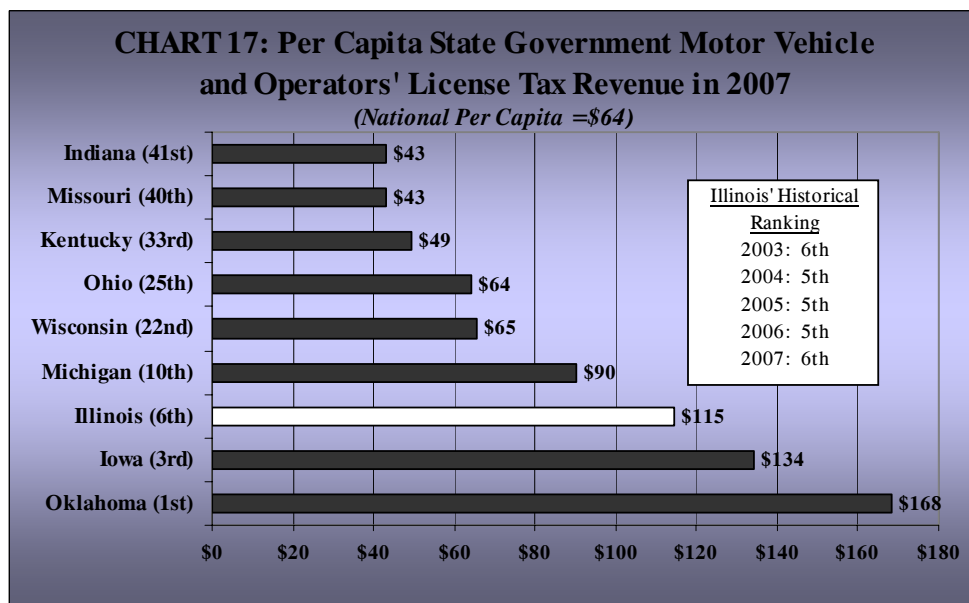
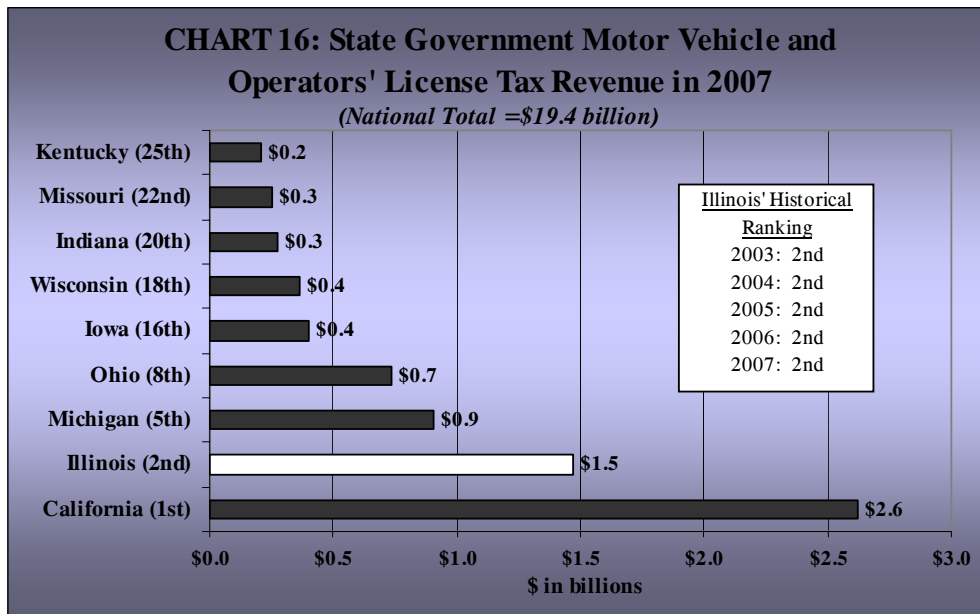
/6 Large trucks pay an additional 3.5 cents.

/7 Tax rate is reduced by the percentage of ethanol used in blending (reported rate assumes the max. 10% ethanol).

/8 Tax rate scheduled to increase to 37.5 cents on July 1, 2008.

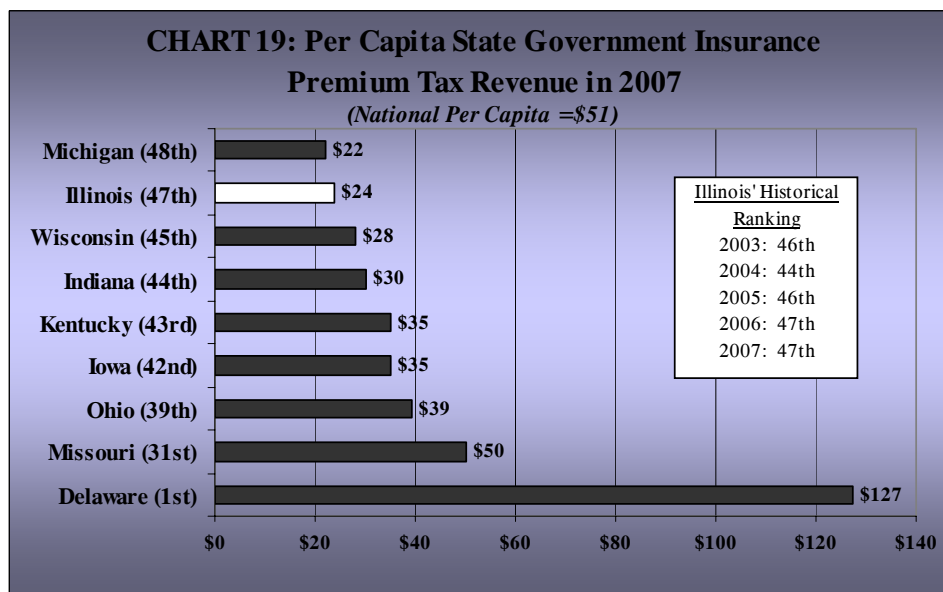
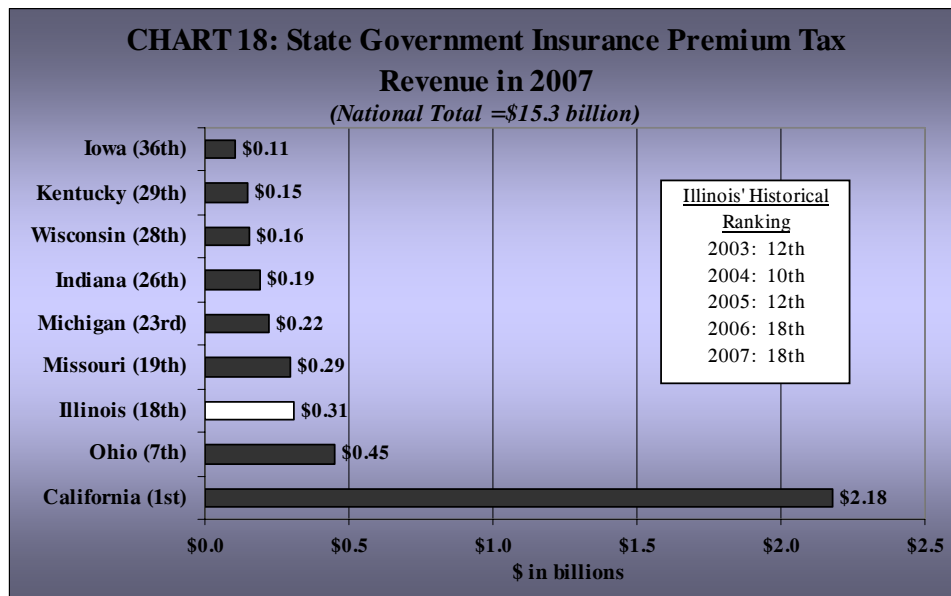
Category 8: State Government Motor Vehicle and Operators' License Tax Revenue

Since 2000, Illinois has collected the 2nd highest amount of tax revenue from motor vehicle and operators' licenses. In 2007, Illinois' total amount of \$1.5 billion trailed only California (\$2.6 billion) in this category. Illinois had the 6th highest per-capita ranking in this category, collecting \$115 per capita, which was well above the national per-capita value of \$64. Only Iowa (ranked 3rd) had a higher ranking than Illinois in the Midwest Region. The highest ranked state was Oklahoma at \$168 per capita. In FY 2000, Illinois increased its vehicle registration fee from \$48 to \$78 with corresponding increases for all vehicle registrations, which is the primary reason for its current high ranking. *Source: <http://www.census.gov/govs/www/statetax07.html>*



Category 9: State Government Insurance Premium Tax Revenue

In 2007, Illinois ranked 18th in the nation in the amount of insurance tax revenue collected. Only Ohio collected more in the Midwest Region. On a per-capita basis, Illinois ranked 47th in the nation with a value of \$24, well below the national average of \$51. Only Michigan, Nebraska, and Oregon had lower per-capita rates. In fact, none of the states in the Midwest region had per-capita rates above the national average. Delaware had the highest per-capita rate of \$127. Illinois imposes a number of taxes and fees on insurance companies, including a privilege tax on foreign companies, fire-marshall taxes, and a surplus line produce tax on nonstandard policies. *Source: Source: <http://www.census.gov/govs/www/statetax07.html>*

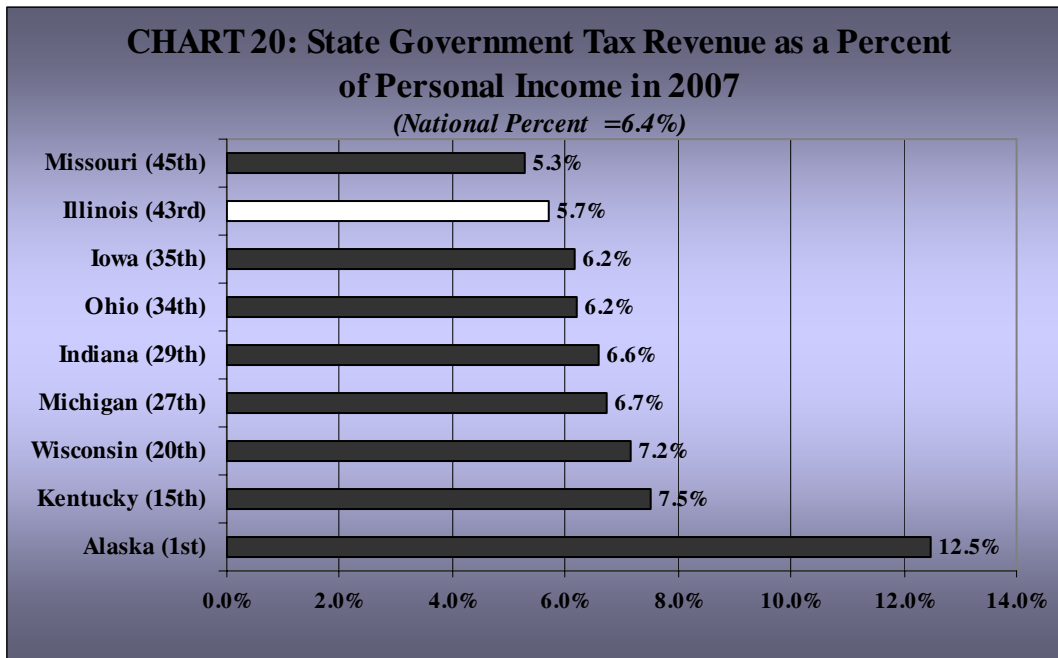


Category 10: State Government Tax Revenue as a Percent of Personal Income

As shown below in Chart 20, Illinois ranked 43rd in the nation in 2007 in the category of state government tax revenue as a percent of personal income. Illinois' percentage of 5.7% was lower than all other Midwest Region states, except for Missouri, which came in at 5.3%. The national average was 6.4%. The highest-ranking state was Alaska at 12.5%.

Source: <http://www.census.gov/govs/www/statetax07.html>

Source: <http://www.bea.gov/bea/regional/spi/drill.cfm>

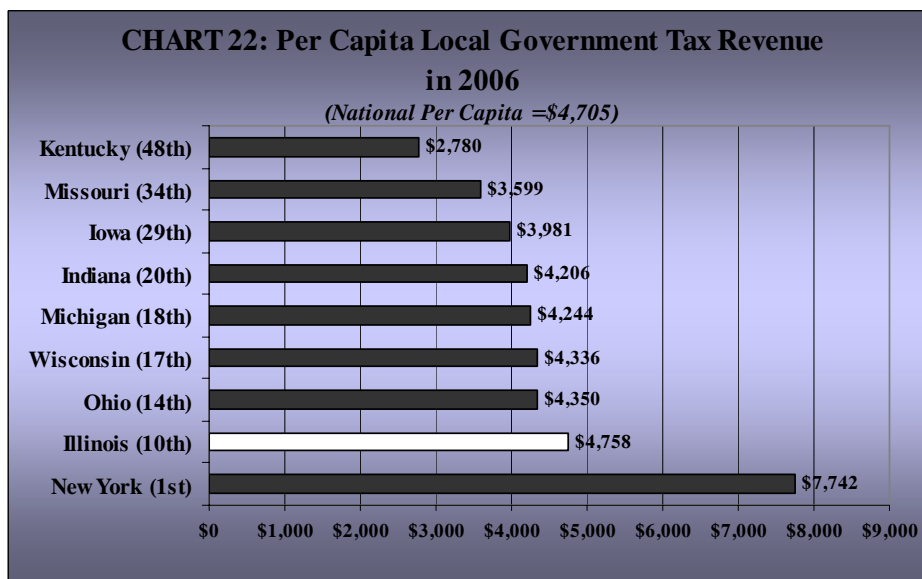
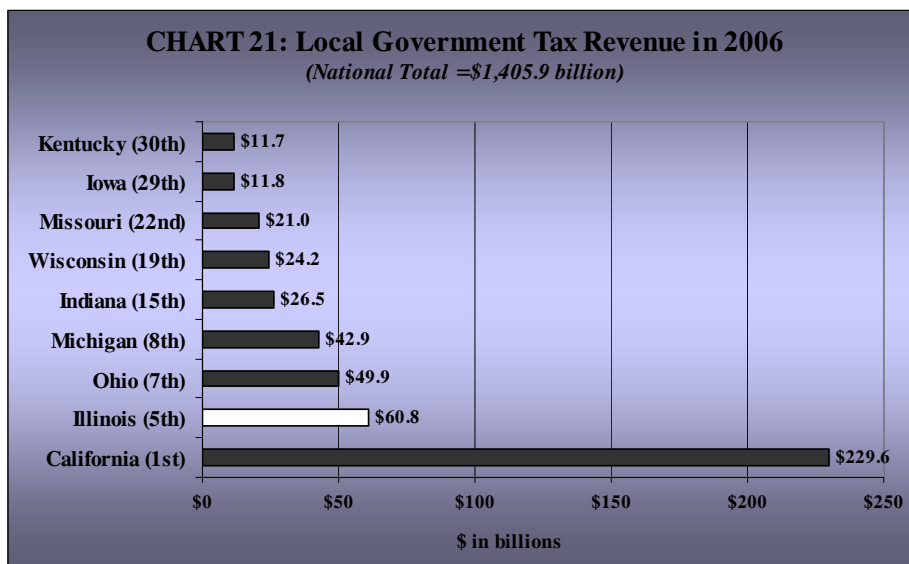


So what does this say about Illinois' state government tax structure? Many would see this low ranking as encouraging as it shows that state government can function without creating too much of a financial burden on the people of Illinois. They would argue that the State's tax structure is very acceptable, especially when compared to other states throughout the nation.

However, others would argue that these numbers show that the State needs to take up a larger role in financing programs and institutions throughout the State, which would lessen the burden on local governments. While Illinois is one of the lowest taxed states in terms of State revenues, it is one of the highest taxed states in terms of local government tax revenues. Charts depicting this revenue source are shown on the following page.

Category 11: Local Government Tax Revenue

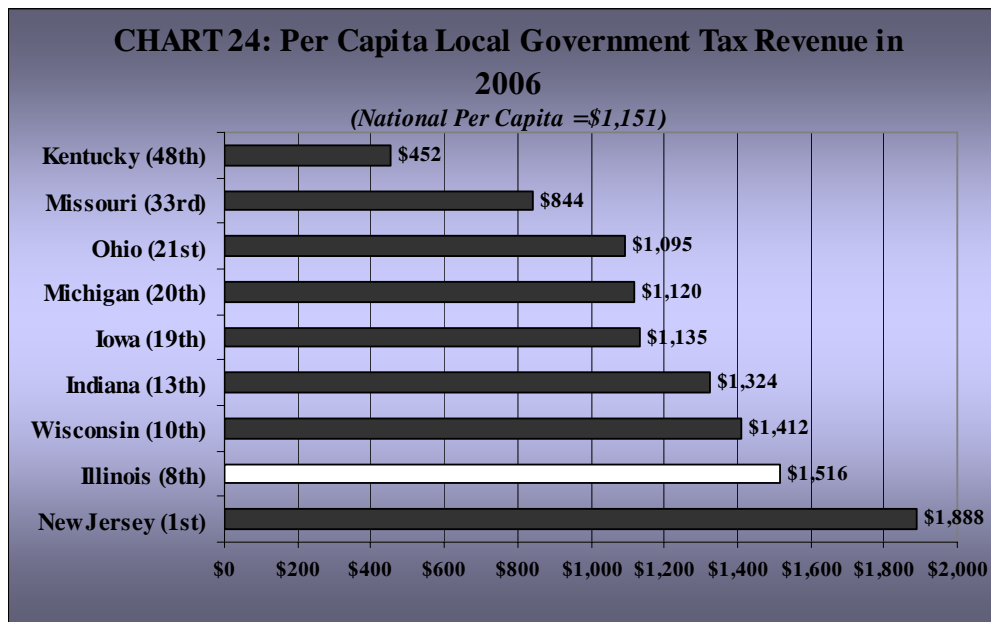
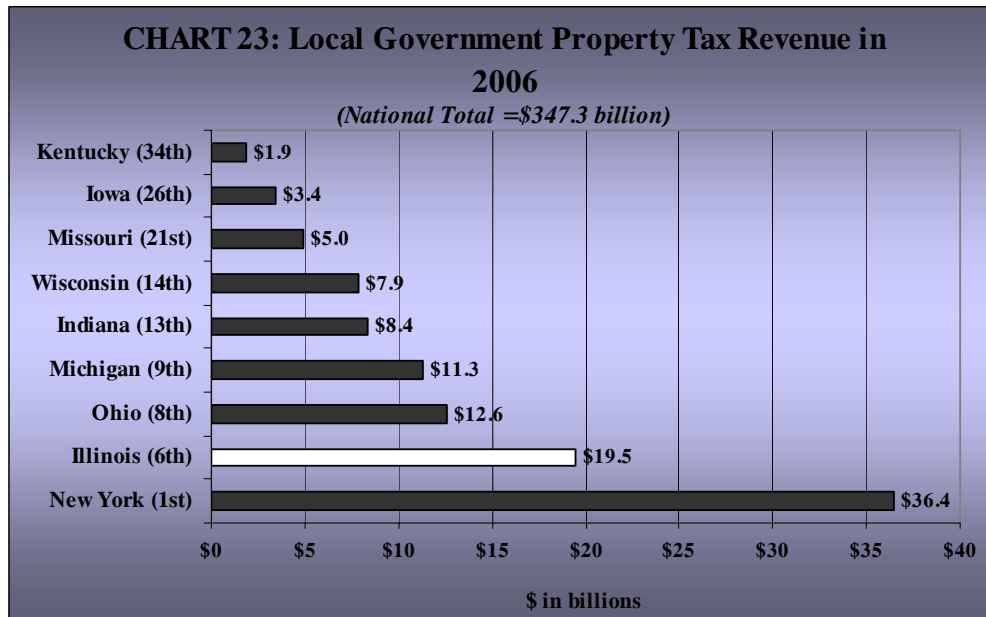
In 2006 (the most recent year available), Illinois ranked 5th in the nation in the category of local government tax revenue collected. On a per-capita basis, Illinois ranked 10th and was the highest ranked state in the Midwest Region. The highest ranked state in total dollars was California. The highest ranked state on a per-capita basis was New York. Because Illinois' ranking in per-capita local government revenue is significantly higher than its ranking in state government revenue, many argue that the State should take a larger role in financing programs. They argue that local taxes need to be lowered, while increasing State tax sources to create a more "equitable" system. Others argue that a reliance on property taxes give local governments more local control and promotes a higher degree of accountability to their community. This debate will continue in the years to come, especially in the area of education funding.



Category 12: Local Government Property Tax Revenue

The majority of local taxes come from the property tax. Illinois has historically been one of the highest taxing states in the nation in the area of property taxes. As shown below in Chart 23, in 2002, Illinois ranked 6th in the nation in the amount of property tax revenue collected. On a per-capita basis, Illinois ranked 8th and was the highest ranked state in this category in the Midwest Region. Illinois' per-capita rate was \$1,516, which was well above the national average of \$1,151.

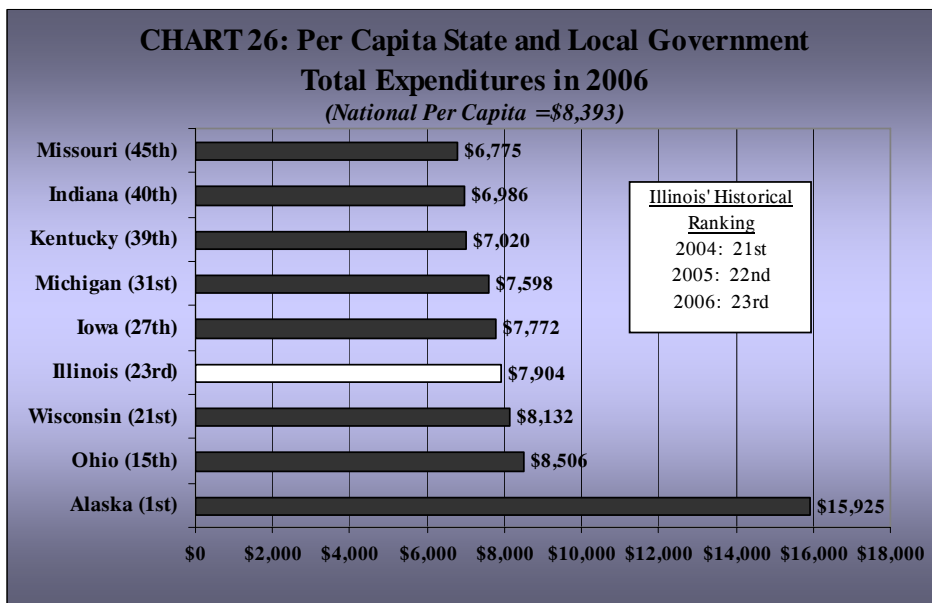
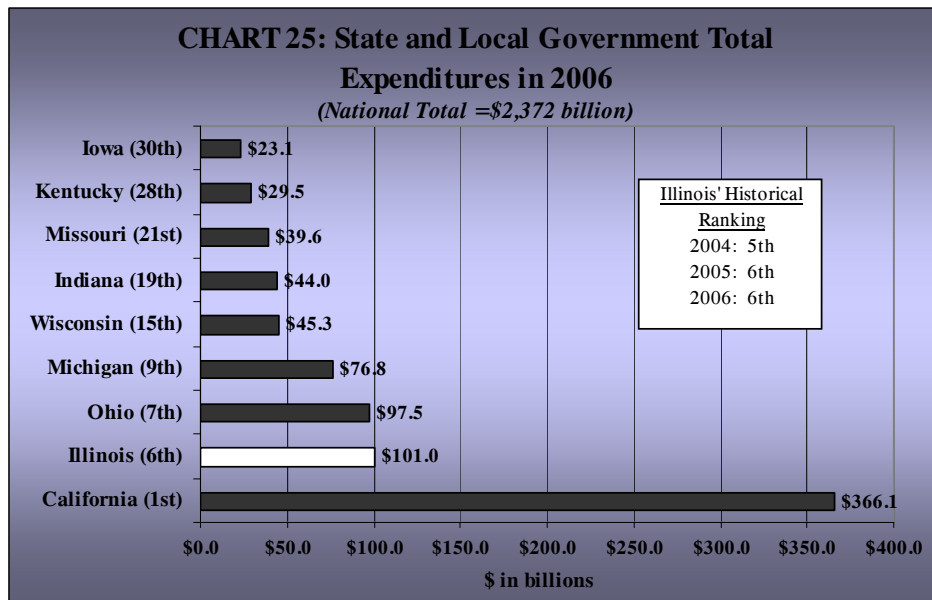
Source: <http://www.census.gov/govs/www/estimate06.html>.



Category 13: State and Local Government Total Expenditures

In terms of total expenditures, Illinois ranks 6th in total dollars and ranks 23rd in terms of per-capita spending. Total expenditures, in this instance, include all money paid other than for retirement of debt and extension of loans. It includes payments from all sources of funds including current revenues and proceeds from borrowing and prior year fund balances. It also includes intergovernmental transfers and expenditures for government owned utilities and other commercial or auxiliary enterprise and insurance trust expenditures. Illinois' per-capita spending rate was \$7,904, which was slightly below the national average rate of \$8,393.

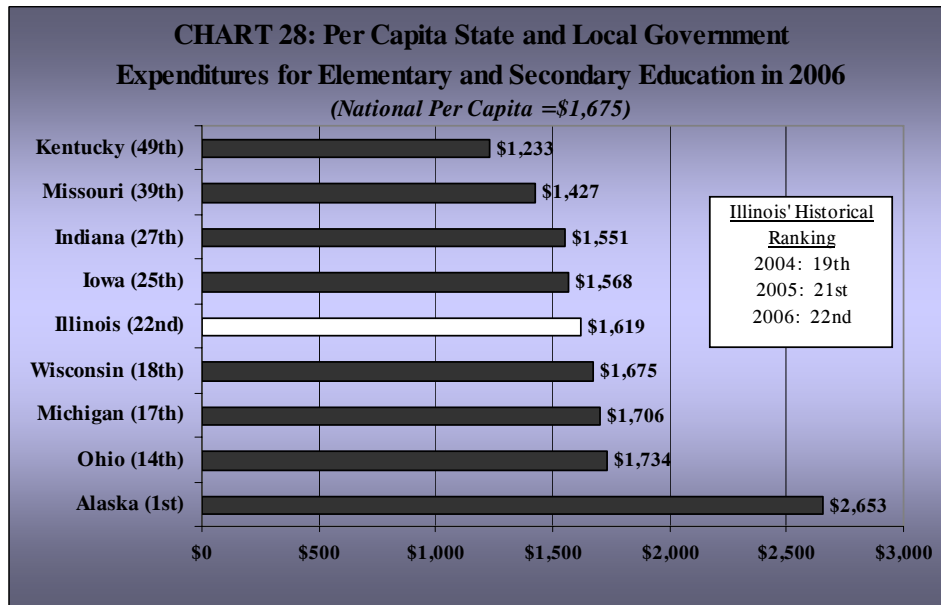
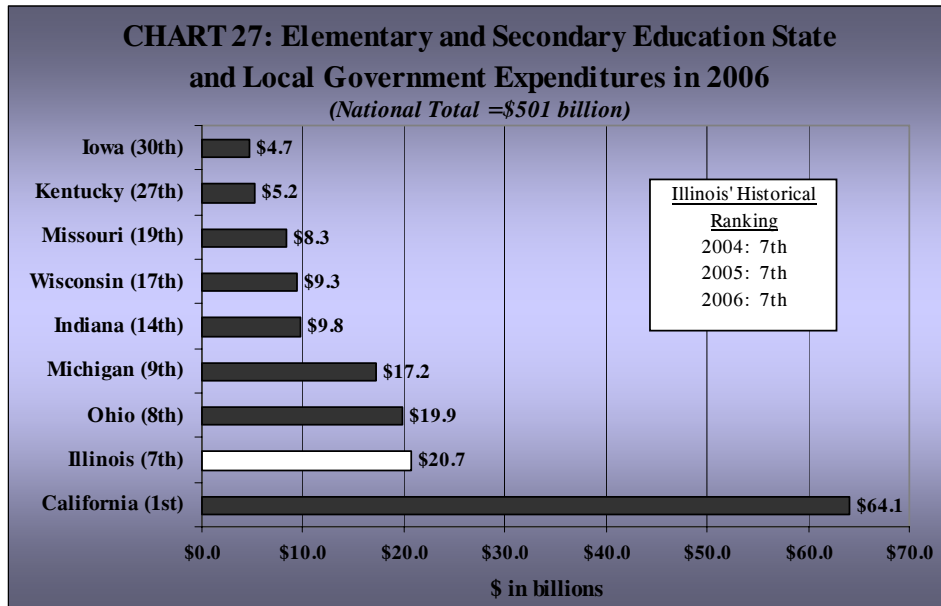
Source: <http://www.census.gov/govs/www/estimate06.html>.



Category 14: Elementary and Secondary Education Expenditures by State and Local Governments

Illinois ranked 7th in the nation in the amount spent on elementary and secondary education in 2006. This includes money from local and state governments. California was the highest ranked state with a total expenditure amount of \$64.1 billion. On a per-capita basis, Illinois ranked 22nd at \$1,619 per capita, which was near the national average of \$1,675. Alaska was the highest ranked state on a per-capita basis at \$2,653. Ohio had the highest per-capita rate in the Midwest at \$1,734 per capita.

Source: <http://www.census.gov/govs/www/estimate06.html>.

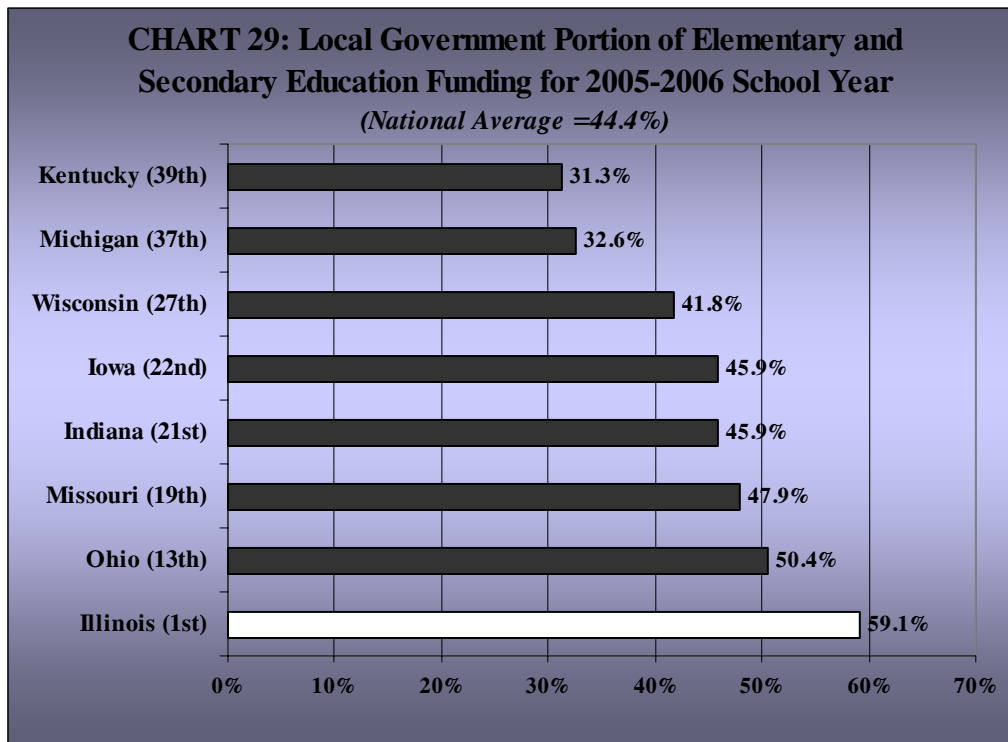


Category 15: Source of Elementary and Education Funding

On the following page is a summary of the amount of revenue that is used for the financing of elementary and secondary education by state. The table shows how much of the education funding comes from federal sources, state sources, and from local sources for the 2005-2006 school-year. A closer look shows that 59.1% of Illinois' portion of education funding comes from local sources, 32.3% comes from State sources, and 8.5% comes from federal sources.

As shown in the below chart, Illinois' local government portion of elementary and secondary education is the highest portion, not only in the Midwest Region, but in the nation as well. The national average portion that comes from local governments is 44.4%. Only Nebraska (31.4%) had a smaller portion from state sources than Illinois (32.3%). These percentages can also be seen on the following page.

Source: <http://www.census.gov/govs/www/school06.html>



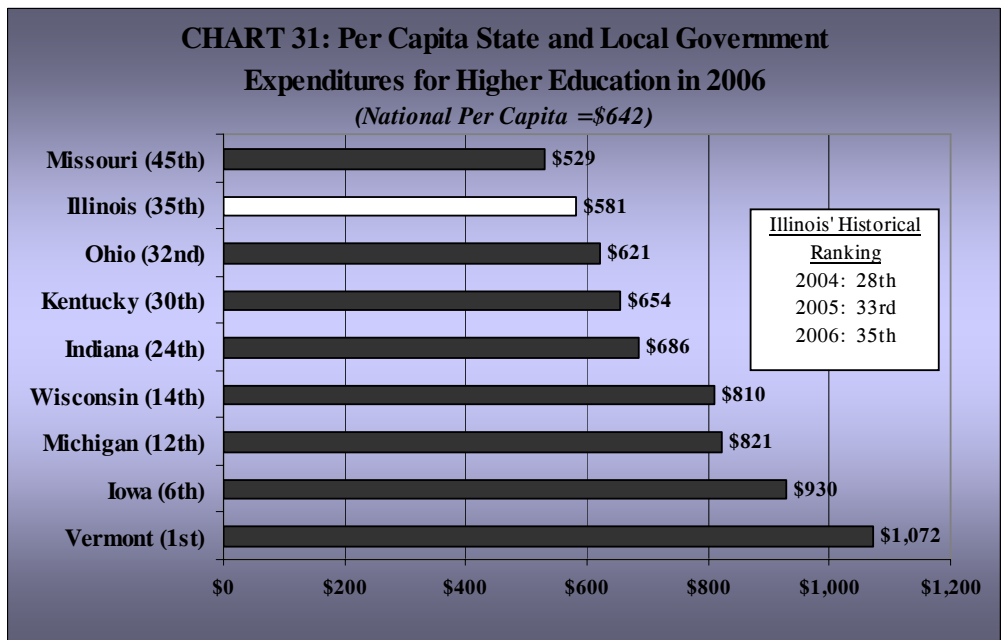
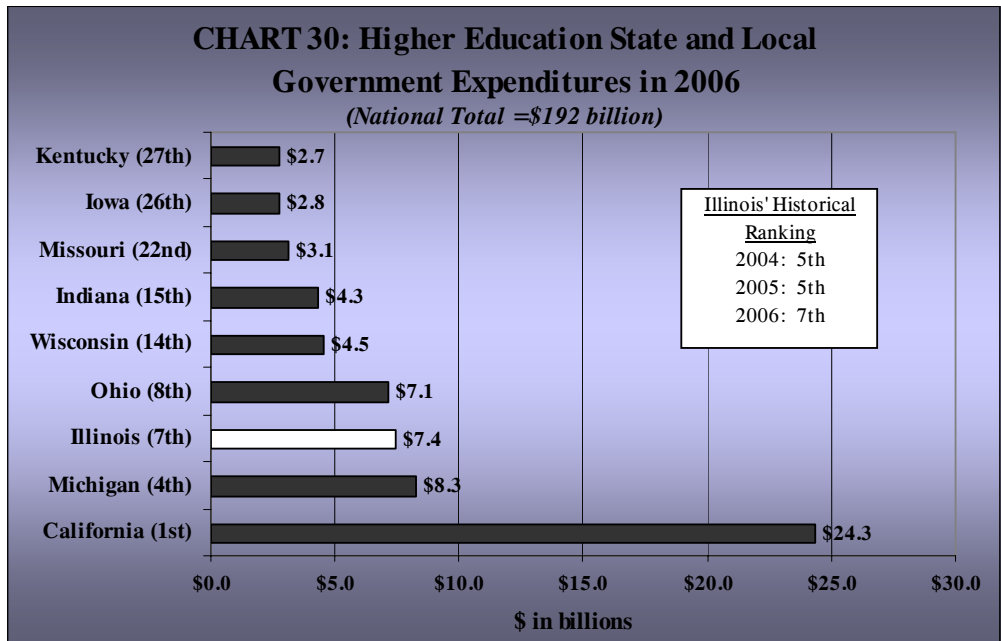
Summary of Public School System Finances for Elementary-Secondary Education by State: 2005-06							
(revenue in thousands of dollars)							
Geographic area	Source of Elementary-Secondary Revenue ¹				Percentage Breakout		
	Total	From Federal sources	From state sources	From local sources	Percent From Federal sources	Percent From state sources	Percent From local sources
United States.....	521,116,397	47,100,781	242,785,457	231,230,159	9.0%	46.6%	44.4%
Alabama.....	6,362,217	730,112	3,540,436	2,091,669	11.5%	55.6%	32.9%
Alaska.....	1,625,138	289,855	918,976	416,307	17.8%	56.5%	25.6%
Arizona.....	8,061,138	963,600	3,635,388	3,462,150	12.0%	45.1%	42.9%
Arkansas.....	4,234,383	482,038	3,108,910	643,435	11.4%	73.4%	15.2%
California.....	64,206,902	7,421,482	37,439,651	19,345,769	11.6%	58.3%	30.1%
Colorado.....	7,237,022	520,673	3,087,795	3,628,554	7.2%	42.7%	50.1%
Connecticut.....	8,287,208	388,080	3,148,507	4,750,621	4.7%	38.0%	57.3%
Delaware.....	1,503,177	109,044	969,809	424,324	7.3%	64.5%	28.2%
Florida.....	25,418,734	2,460,004	10,215,772	12,742,958	9.7%	40.2%	50.1%
Georgia.....	16,157,870	1,455,212	7,136,011	7,566,647	9.0%	44.2%	46.8%
Hawaii.....	2,705,532	225,393	2,431,735	48,404	8.3%	89.9%	1.8%
Idaho.....	1,874,662	201,040	1,046,128	627,494	10.7%	55.8%	33.5%
Illinois.....	22,093,022	1,886,721	7,144,629	13,061,672	8.5%	32.3%	59.1%
Indiana.....	11,317,028	740,036	5,380,185	5,196,807	6.5%	47.5%	45.9%
Iowa.....	4,724,109	397,290	2,158,255	2,168,564	8.4%	45.7%	45.9%
Kansas.....	4,646,910	340,728	2,640,757	1,665,425	7.3%	56.8%	35.8%
Kentucky.....	5,999,705	680,251	3,439,085	1,880,369	11.3%	57.3%	31.3%
Louisiana.....	6,778,539	1,276,913	2,814,302	2,687,324	18.8%	41.5%	39.6%
Maine.....	2,285,272	201,447	947,857	1,135,968	8.8%	41.5%	49.7%
Maryland.....	10,689,764	663,284	4,189,334	5,837,146	6.2%	39.2%	54.6%
Massachusetts.....	14,042,262	749,362	6,175,593	7,117,307	5.3%	44.0%	50.7%
Michigan.....	18,845,848	1,524,718	11,172,247	6,148,883	8.1%	59.3%	32.6%
Minnesota.....	9,006,444	558,287	6,368,364	2,079,793	6.2%	70.7%	23.1%
Mississippi.....	4,269,711	856,762	2,108,733	1,304,216	20.1%	49.4%	30.5%
Missouri.....	8,778,294	740,742	3,830,104	4,207,448	8.4%	43.6%	47.9%
Montana.....	1,365,225	190,226	626,958	548,041	13.9%	45.9%	40.1%
Nebraska.....	3,016,840	301,764	948,001	1,767,075	10.0%	31.4%	58.6%
Nevada.....	3,688,834	258,814	2,137,351	1,292,669	7.0%	57.9%	35.0%
New Hampshire.....	2,362,887	130,088	925,677	1,307,122	5.5%	39.2%	55.3%
New Jersey.....	23,107,783	982,557	9,540,387	12,584,839	4.3%	41.3%	54.5%
New Mexico.....	3,083,986	446,994	2,197,044	439,948	14.5%	71.2%	14.3%
New York.....	46,826,867	3,340,216	20,183,518	23,303,133	7.1%	43.1%	49.8%
North Carolina.....	11,708,667	1,184,622	6,846,954	3,677,091	10.1%	58.5%	31.4%
North Dakota.....	963,559	151,248	348,475	463,836	15.7%	36.2%	48.1%
Ohio.....	20,534,909	1,479,925	8,695,982	10,359,002	7.2%	42.3%	50.4%
Oklahoma.....	5,119,239	654,807	2,570,987	1,893,445	12.8%	50.2%	37.0%
Oregon.....	5,382,038	516,962	2,737,088	2,127,988	9.6%	50.9%	39.5%
Pennsylvania.....	22,772,190	1,794,419	7,973,651	13,004,120	7.9%	35.0%	57.1%
Rhode Island.....	1,993,380	149,493	797,349	1,046,538	7.5%	40.0%	52.5%
South Carolina.....	6,741,029	664,113	3,023,114	3,053,802	9.9%	44.8%	45.3%
South Dakota.....	1,083,723	177,452	355,719	550,552	16.4%	32.8%	50.8%
Tennessee.....	7,164,914	793,477	3,097,824	3,273,613	11.1%	43.2%	45.7%
Texas.....	40,988,805	4,735,208	13,503,141	22,750,456	11.6%	32.9%	55.5%
Utah.....	3,377,212	342,862	1,825,910	1,208,440	10.2%	54.1%	35.8%
Vermont.....	1,323,136	102,791	1,153,104	67,241	7.8%	87.1%	5.1%
Virginia.....	12,952,183	866,982	5,126,114	6,959,087	6.7%	39.6%	53.7%
Washington.....	9,655,800	801,941	5,899,155	2,954,704	8.3%	61.1%	30.6%
West Virginia.....	2,806,752	346,628	1,649,661	810,463	12.3%	58.8%	28.9%
Wisconsin.....	9,704,331	580,810	5,066,552	4,056,969	6.0%	52.2%	41.8%
Wyoming.....	1,148,354	115,937	507,178	525,239	10.1%	44.2%	45.7%

¹Duplicative interschool system transactions are excluded.

Source: <http://www.census.gov/govs/www/school06.html>

Category 16: Higher Education Expenditures by State and Local Governments

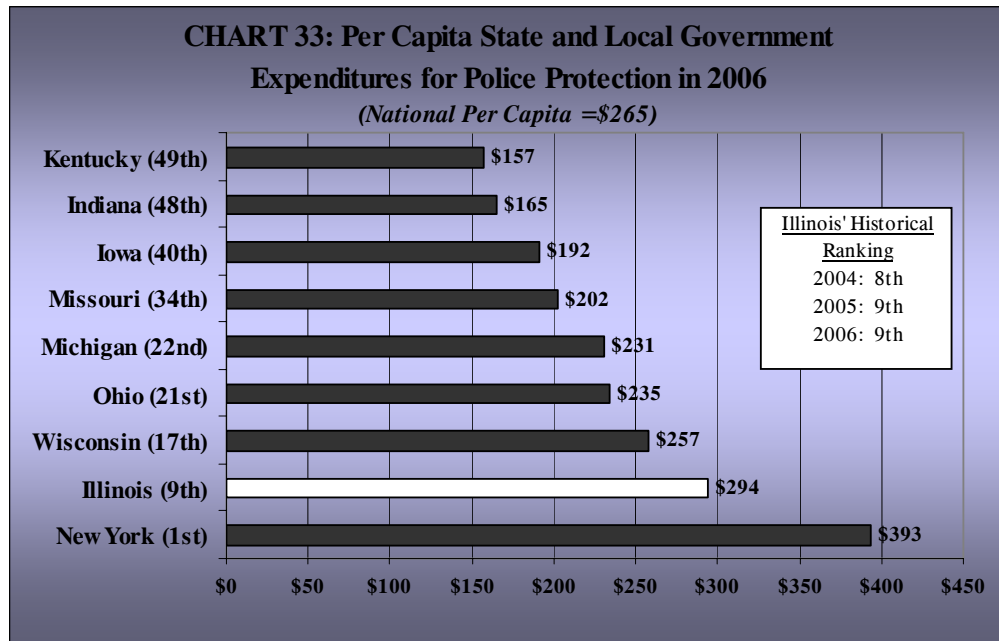
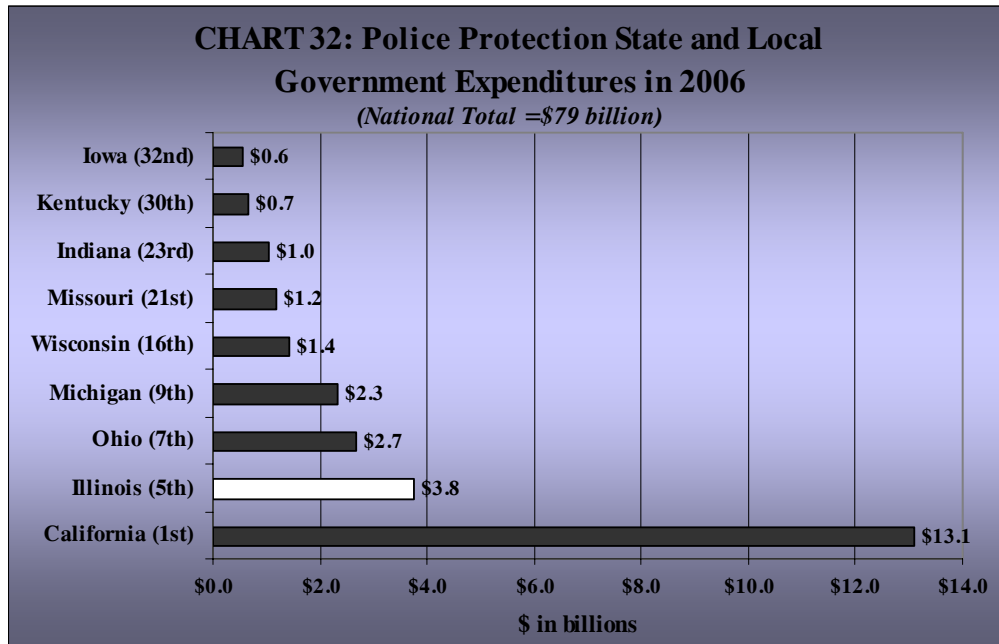
In the category of higher education expenditures, Illinois ranked 7th in the nation, spending \$7.4 billion in 2006. Again, this includes money from local and state governments. California was the highest ranked state with a total expenditure amount of \$24.3 billion. On a per-capita basis, Illinois ranked 35th at \$581 per capita, which was below the national average per-capita value of \$642. Vermont was the highest ranked state on a per-capita basis at \$1,072. In the Midwest Region, only Missouri (45th) had a lower ranking than Illinois. *Source: <http://www.census.gov/govs/www/estimate06.html>.*



Category 17: State and Local Government Expenditures for Police Protection

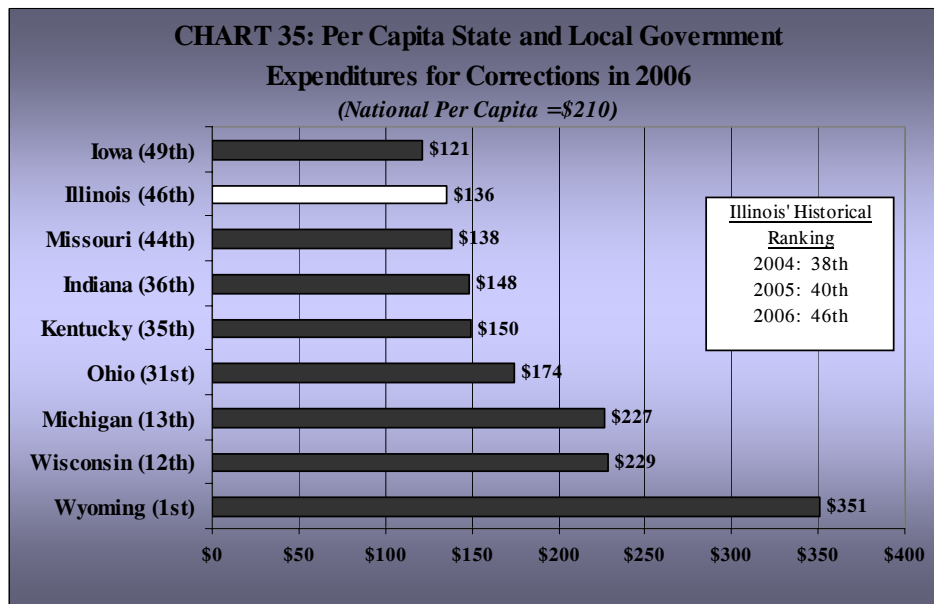
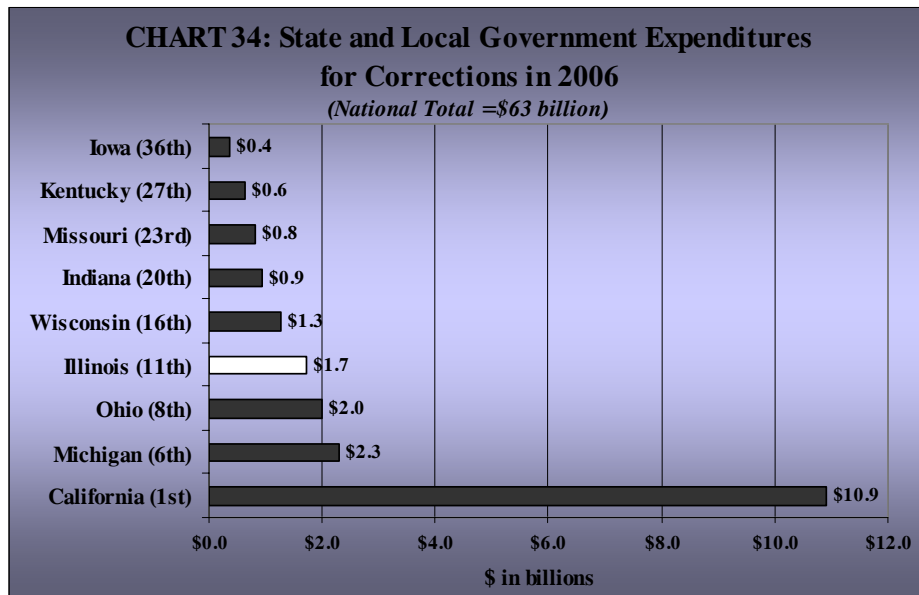
In 2006, Illinois ranked 5th in the nation in the amount of state and local government expenditures for police protection. California ranked 1st. On a per-capita basis, Illinois ranked 9th in the nation with a value of \$294 per capita, above the national average of \$265. Illinois was the highest ranked state in the Midwest Region in total dollars and on a per-capita basis. The highest ranked state on a per-capita basis was New York with a per-capita value of \$393.

Source: <http://www.census.gov/govs/www/estimate06.html>.



Category 18: State and Local Government Expenditures for Corrections

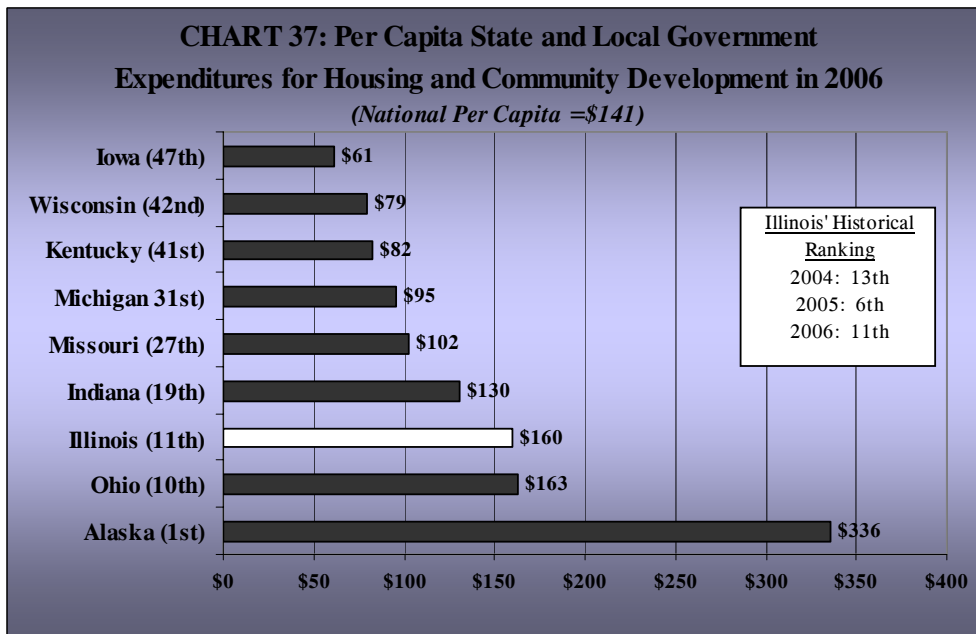
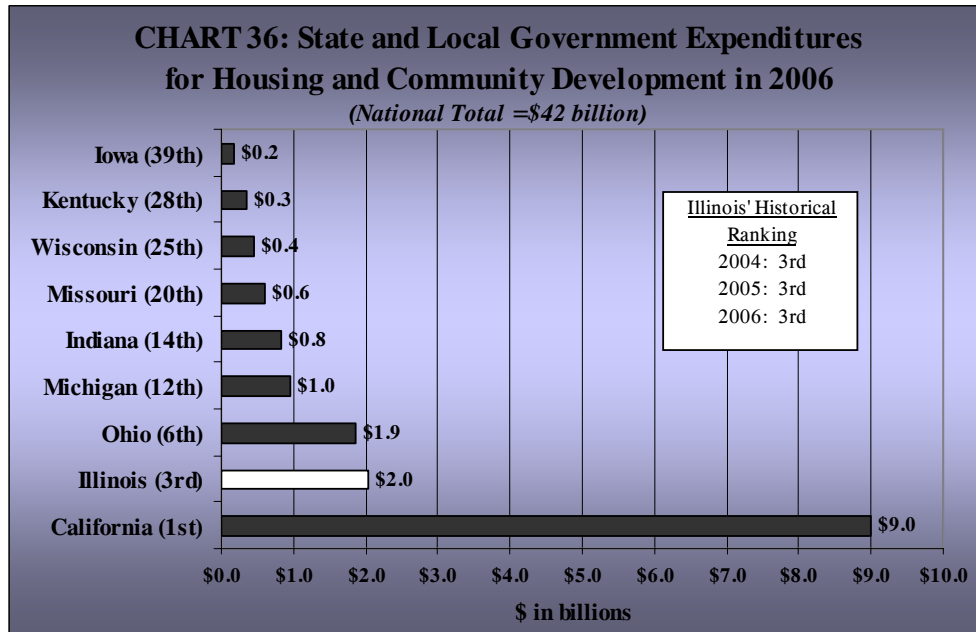
Illinois ranked 11th in the nation in the amount of state and local government expenditures for corrections in 2006, spending \$1.7 billion. California ranked 1st spending \$10.9 billion. On a per-capita basis, Illinois ranked 46th with a value of \$136 per capita. The national average was \$210. The highest ranked state on a per-capita basis was Wyoming with a per-capita value of \$351. Illinois' ranking on a per-capita basis has been on a steady decline over the last several years. In 2004, Illinois was ranked 38th. Illinois ranked 29th in this category in 1997. Budget cuts as well as the closing of the Joliet Correctional Center in 2002 are possible reason for this drop in the rankings. *Source: <http://www.census.gov/govs/www/estimate06.html>.*



Category 19: State and Local Government Expenditures for Housing and Community Development

In 2006, Illinois ranked 3rd in the nation in the category of state and local government expenditures for housing and community development, trailing only California (1st) and New York (2nd). On a per-capita basis, Illinois ranked 11th with a value of \$160, which was above the national average of \$141. Illinois was the second highest ranked state in the Midwest Region, with Ohio slightly higher (ranked 10th).

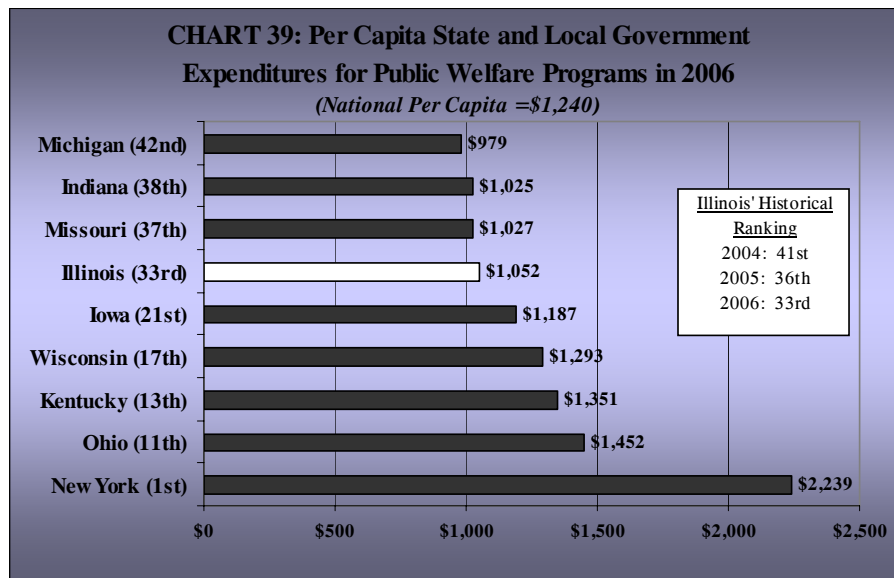
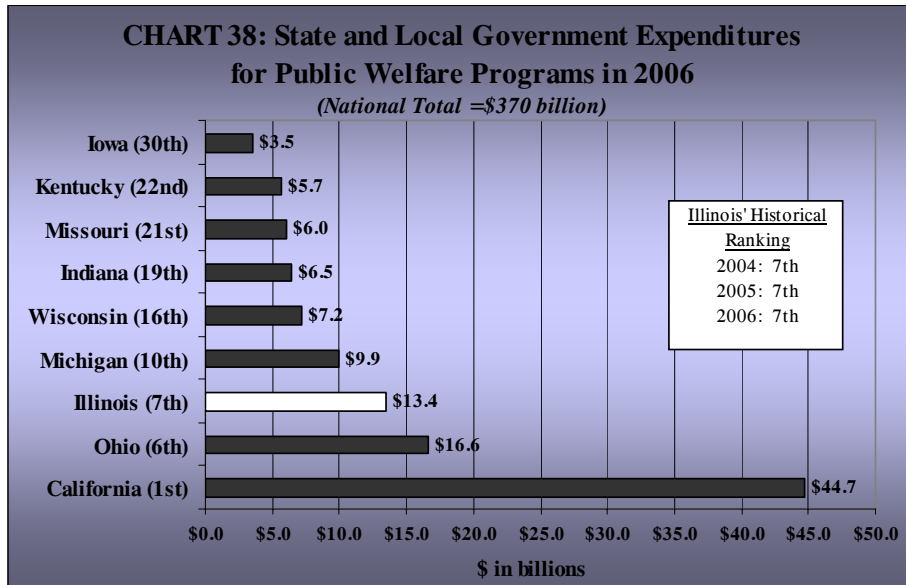
Source: <http://www.census.gov/govs/www/estimate06.html>.



Category 20: State and Local Government Expenditures for Public Welfare Programs

In 2006, in the category of state and local government expenditures for public welfare programs, Illinois ranked 7th in the nation in total dollars. California ranked 1st. Illinois, on a per-capita basis, ranked 33rd with a per-capita value of \$1,052, which was below the national average of \$1,240 per capita. Ohio (11th) was the highest ranked Midwest Region state with a per-capita value of \$1,452. New York had the highest per-capita ranking overall with a value of \$2,239.

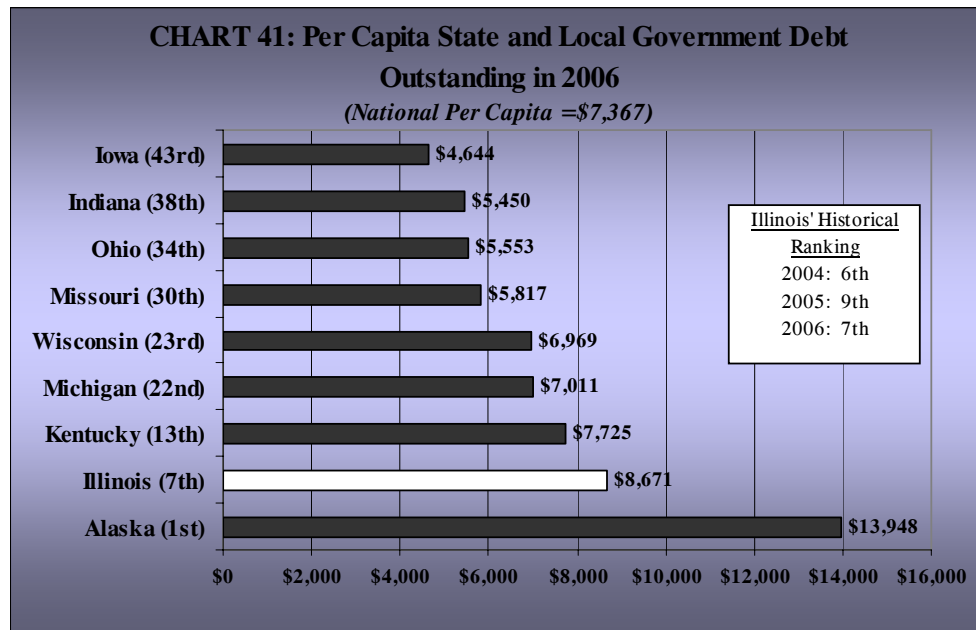
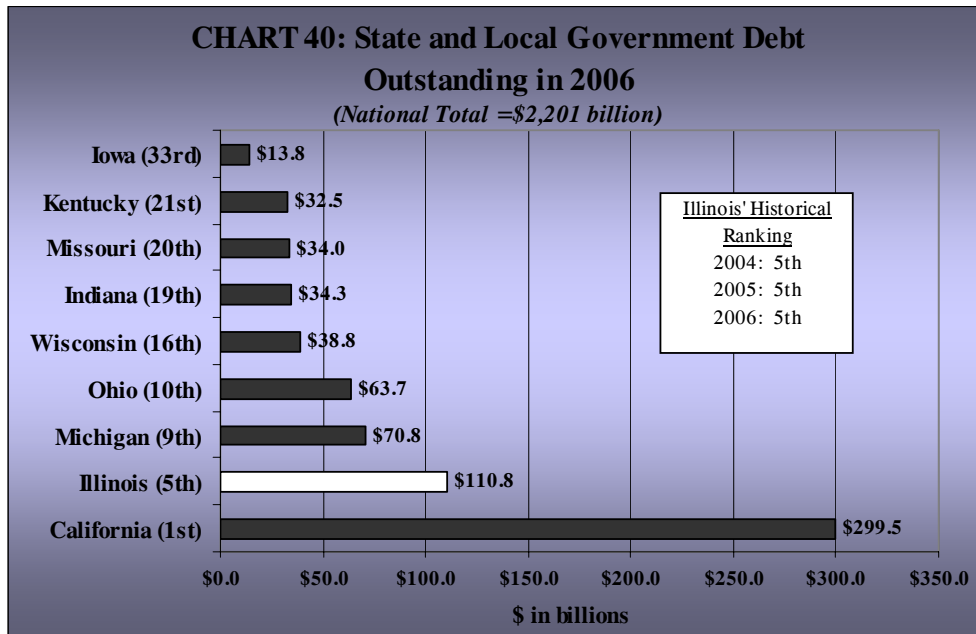
Source: <http://www.census.gov/govs/www/estimate06.html>.



Category 21: State and Local Government Debt Outstanding

In this category, state and local government debt outstanding includes short-term, long-term, full faith and credit, non-guaranteed and public debt for private purposes. In 2006, Illinois ranked 5th in the nation with a total debt of \$110.8 billion. California had the highest level of debt outstanding with \$299.5 billion. On a per-capita basis, Illinois ranked 7th with a value of \$8,671. This amount was above the national average of \$7,367. Illinois was the highest ranked state in the Midwest Region in both total dollars and on a per-capita basis.

Source: <http://www.census.gov/govs/www/estimate06.html>.



State Business Tax Climate Index

For Illinois to succeed in attracting and retaining businesses, Illinois' tax structure and incentives offered must compare favorably with other states. There are numerous factors that go into a company's decision to headquarter in a particular location. An article from *taxfoundation.org* emphasizes this point, "Companies will locate where they have the greatest competitive advantage. States with the best tax systems will be most competitive in attracting new businesses and be the most effective at generating economic and employment growth." For Illinois to be able to land and then keep corporations in Illinois, they must compare favorably with surrounding states.

So how does Illinois compare? While it is difficult to know what each business's deciding factor is for making a decision where to locate, a study by the Tax Foundation attempts to compare the business climate of the fifty states by quantifying several factors into a single index. This index, called the State Business Tax Climate Index (SBTCI), is, in their words, "designed to measure the competitiveness of each state's tax system so lawmakers, the media and the public alike can gauge how their state compares to other states".

The SBTCI places 113 different variables into five component indexes that each measures a different sector of a state's business tax climate. The five component indexes are the Corporate Tax Index, Individual Income Tax Index, Sales Tax Index, Unemployment Tax Index and Property Tax Index. The total score for each state is calculated based on the scores on each of the five component indexes.

The results of the study are shown on the following two pages. **The study ranked Illinois as having the 28th best State Business Tax Climate in the nation for FY 2008.** The highest ranked states were Wyoming, South Dakota, and Nevada. The lowest ranked states were New York, New Jersey, and Rhode Island. Rankings of states surrounding Illinois include Indiana (12th), Missouri (15th), Michigan (29th), Kentucky (36th), Wisconsin (39th), Iowa (45th), and Ohio (46th). Illinois' ranking of 28th was a slight decline from their FY 2007 ranking of 27th.

Looking at each component of the index individually, Illinois ranked in the top half in the individual income tax index (12th), but was in the lower half of the rankings for the corporate tax index (30th), sales tax index (35th), unemployment insurance tax index (38th), and property tax index (39th). For more information regarding the findings of this study, please see the Tax Foundation's website at www.taxfoundation.org.

**State Business Tax Climate Index Rankings
2008**

State	Overall Rank	Corporate	Individual	Sales Tax	Unemployment	Property
		Tax Index Rank	Income Tax Index Rank	Index Rank	Insurance Tax Index Rank	Tax Index Rank
Alabama	21	21	19	25	12	12
Alaska	4	26	1	5	47	22
Arizona	25	24	26	45	3	10
Arkansas	35	35	29	37	18	16
California	47	40	50	42	15	5
Colorado	13	15	13	11	20	15
Connecticut	38	17	18	30	19	50
Delaware	9	48	32	2	7	7
Florida	5	14	1	19	2	18
Georgia	20	6	24	16	22	33
Hawaii	22	9	43	17	23	4
Idaho	31	19	34	34	44	2
Illinois	28	29	12	32	42	40
Indiana	12	22	10	12	10	17
Iowa	45	45	45	20	37	31
Kansas	33	38	25	24	9	38
Kentucky	36	39	31	10	48	20
Louisiana	32	18	28	47	8	21
Maine	41	43	38	13	40	41
Maryland	24	7	37	7	30	39
Massachusetts	34	46	15	8	49	45
Michigan	29	49	14	14	45	25
Minnesota	42	44	39	40	39	19
Mississippi	18	8	16	35	5	32
Missouri	15	10	23	22	4	9
Montana	6	16	20	3	21	8
Nebraska	43	33	33	46	17	42
Nevada	3	1	1	43	41	13
New Hampshire	7	50	9	1	38	36
New Jersey	49	41	49	44	24	49
New Mexico	23	36	17	41	13	1
New York	48	23	41	49	46	43
North Carolina	40	25	44	39	6	34
North Dakota	30	27	36	29	26	6
Ohio	46	37	48	36	11	44
Oklahoma	19	13	22	31	1	24
Oregon	10	20	35	4	32	14
Pennsylvania	27	42	11	26	25	47
Rhode Island	50	34	47	33	50	48
South Carolina	26	11	27	18	43	29
South Dakota	2	1	1	38	33	11
Tennessee	16	12	8	48	31	35
Texas	8	47	7	28	14	27
Utah	17	5	30	27	28	3
Vermont	44	32	46	15	16	46
Virginia	14	4	21	6	29	23
Washington	11	31	1	50	36	28
West Virginia	37	28	40	21	35	26
Wisconsin	39	30	42	23	27	37
Wyoming	1	1	1	9	34	30

Note: Rankings do not average across to total. States without a given tax rank equally as number 1.

Source: Tax Foundation's State Business Tax Climate Index, available at <http://www.taxfoundation.org/publications/show/22658.html>.

Illinois Demographic Information:

Population Demographics for Illinois

Population Distribution by Age

	IL #	IL %	US #	US %
Children 18 and under	3,405,682	27%	78,204,774	26%
Adults 19-64	7,734,149	61%	181,817,020	61%
65+	1,462,792	12%	36,035,042	12%
65-74	690,566	5%	18,997,864	6%
75+	772,227	6%	17,037,177	6%

Population Distribution by Citizenship Status

	IL #	IL %	US #	US %
Citizen	11,716,491	93%	273,330,291	93%
Non-Citizen	963,517	8%	22,726,545	8%
Total	12,602,623	100%	296,056,836	100%

Population Distribution by Family Structure

	IL #	IL %	US #	US %
Adults with Children	6,910,051	55%	158,905,493	54%
Adults with No Children	5,692,572	45%	137,151,343	46%
Total	12,602,623	100%	296,056,836	100%

Population Distribution by Race/Ethnicity

	IL #	IL %	US #	US %
White	8,383,547	67%	195,720,465	66%
Black	1,856,569	15%	35,877,972	12%
Hispanic	1,549,117	12%	44,772,587	15%
Other	813,391	6%	19,685,812	7%
Total	12,602,623	100%	296,056,836	100%

Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey (CPS: Annual Social and Economic Supplements). <http://www.statehealthfacts.org/profileind.jsp?cat=1&sub=1&rgn=15>

Demographics of People in Poverty in Illinois

Distribution of Total Population by Federal Poverty Level

	IL #	IL %	US #	US %
Under 100%	1,946,740	15%	50,107,136	17%
100-199%	2,168,239	17%	55,558,201	19%
--Low Income Subtotal	4,114,979	33%	105,665,337	36%
200% +	8,487,644	67%	190,391,499	64%
Total	12,602,623	100%	296,056,836	100%

Poverty Rate by Age

	IL #	IL %	US #	US %
Children 18 and under	666,631	20%	17,478,440	22%
Adults 19-64	1,107,033	14%	27,997,213	15%
Elderly 65+	173,076	12%	4,631,482	13%

Poverty Rate by Gender

	IL #	IL %	US #	US %
Female	737,339	15%	18,662,629	17%
Male	542,770	12%	13,966,066	13%

Poverty Rate by Family Structure

	IL #	IL %	US #	US %
Adults with Children	1,148,231	17%	29,555,329	19%
Adults with No Children	798,509	14%	20,551,807	15%

Poverty Rate by Race/Ethnicity

	IL #	IL %	US #	US %
White	792,737	11%	22,278,378	12%
Black	671,082	38%	11,352,348	33%
Hispanic	373,986	24%	12,654,058	29%
Other	108,934	16%	3,822,351	20%

Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey (CPS: Annual Social and Economic Supplements). <http://www.statehealthfacts.org/profileind.jsp?cat=1&sub=2&rgn=15>

Medicare Population Demographics for Illinois

Distribution of Medicare Enrollees by Age

	IL #	IL %	US #	US %
Adults 19-64	222,897	14%	6,107,588	15%
Elderly 65-74	629,466	39%	17,317,222	43%
Elderly 75-84	546,044	34%	12,660,647	31%
Elderly 85+	202,397	13%	3,827,657	10%
Total	1,600,804	100%	39,913,114	100%

Distribution of Medicare Enrollees by Federal Poverty Level

	IL #	IL %	US #	US %
Under 100%	243,529	15%	6,361,853	16%
100-199%	497,822	31%	12,083,215	30%
Subtotal	741,351	46%	18,445,068	46%
200%+	867,516	54%	21,898,276	54%
Total	1,608,867	100%	40,343,344	100%

Distribution of Medicare Enrollees by Gender

	IL #	IL %	US #	US %
Female	945,703	59%	22,916,122	56%
Male	663,164	41%	17,427,221	44%
Total	1,608,867	100%	40,343,343	100%

Distribution of Medicare Enrollees by Race/Ethnicity

	IL #	IL %	US #	US %
White	1,297,000	81%	31,859,568	79%
Black	209,521	13%	3,946,888	10%
Hispanic	NSD	NSD	275,658	7%
Other	NSD	NSD	1,780,330	4%
Total	1,506,521	100%	40,343,344	100%

Notes: Illinois data (2005-2006), U.S. (2006). Percentages may not sum to 100% due to rounding effects and the exclusion of a small percentage of Medicare enrollees under the age of 19. Includes beneficiaries dually enrolled in Medicare and Medicaid.

Sources: Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2006 and 2007 Current Population Survey (CPS: Annual Social and Economic Supplements).

<http://www.statehealthfacts.org/profileind.jsp?cat=6&sub=75&rgn=15>

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans;
- 5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
- 6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- 7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The "Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees' Group Insurance Program; and Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

<http://www.ilga.gov/commission/cgfa2006/home.aspx>