

***ILLINOIS ECONOMIC
AND
FISCAL COMMISSION***

**ILLINOIS NATIONAL RANKINGS IN
STATE GOVERNMENT FINANCING
*2001 Edition***



July 2001
703 Stratton Building
Springfield, Illinois 62706

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INTRODUCTION

A common question raised at many IEFCE meetings is how Illinois compares nationally in revenue-related areas and in spending. In response, the IEFCE has taken a closer look at these rankings to provide a quick guide as to how Illinois stacks up against the other 49 states in many areas of state government financing. The information used comes from the latest issues of *State Rankings 2000: A Statistical View of the 50 United States*.

Illinois ranks high in most total collection lists due to its large population. As of 2000, Illinois ranked 5th in the U.S. in total population with 12.4 million people. 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 large state, like Illinois, with smaller states, such as Rhode Island, without population becoming an issue.

An example of this can be seen in Charts 1 and 2. In 1998, in the area of “State Government Own Source Revenue” (which includes taxes, current charges, and miscellaneous general revenue) Illinois ranks 7th nationally with \$24.8 billion collected. But on a per capita basis, Illinois only ranks 39th with \$2,057 per capita, well below number one ranked Alaska which collected \$11,205 per capita. (In the amount collected in this area, Alaska ranks 30th at \$6.4 billion).

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 would likely view a high ranking negatively, as spending for one source prevents monies from being allocated to other areas.

In all of the charts provided, the highest ranked state is listed, along with other states in the Great Lakes region, which include Indiana, Michigan, Ohio, and Wisconsin. 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 data are from 1999, unless stated otherwise.

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 discussed below.

The first chart that shows Illinois near the extreme is in the category of “Per Capita State Corporate Net Income Tax Revenue in 1999”, which is shown in Chart 8. Here, Illinois ranks 6th at \$173 per capita. The highest ranked state in this category is Alaska at \$342 per capita, while Hawaii ranks 46th at \$44 per capita. (Nevada, Texas, Washington, and Wyoming do not have a corporate income tax).

In Chart 14, entitled, “State Government Tax Revenue as a Percent of Personal Income in 1999”, Illinois ranks 42nd in the nation with only 5.6% of their personal income going towards state government tax revenue. The highest ranked state is Hawaii at 9.7%. The lowest ranked state is New Hampshire at 2.9%.

In the area of “Per Capita State Government Motor Vehicle and Operators’ License Tax Revenue in 1999,” Illinois ranks 10th at \$69.24 per capita. This can be seen on Chart 16. It should be noted that Illinois FIRST raised motor vehicle and operators’ license tax rates in FY 2000. Under these new tax laws, Illinois’ per capita rate is expected to increase to approximately \$80 to \$90 per capita. If all other state’s per capita remain the same, Illinois will then be ranked 6th behind Oklahoma, Minnesota, Iowa, Oregon, and Wyoming.

Chart 20 shows Illinois ranked 43rd in the category of “Per Capita State Government Alcoholic Beverage Sales Tax Revenue in 1999” at \$4.72 per capita. Ranked 1st was Florida at \$38.17 per capita. The national per capita in 1999 was \$14.33. However, as was true with motor vehicle revenue, Illinois FIRST will have had an effect on the per capita ranking for the 2000 numbers. In FY 1999, liquor gallonage taxes amounted to \$61 million. Under the new increased rates, Illinois brought in approximately \$129 million in liquor taxes in FY 2001. This increase will raise the per capita to approximately \$10.45. If all other states keep their same per capita rate, Illinois will then be ranked 29th.

A wide range of rankings also holds true in the areas of state government spending. For example, in Chart 34 in the category of “Per Capita State and Local Government Expenditures for Police Protection in 1997”, Illinois’ ranking of 7th shows that the State spends more money on police protection than most of the other States in the nation on a per capita basis.

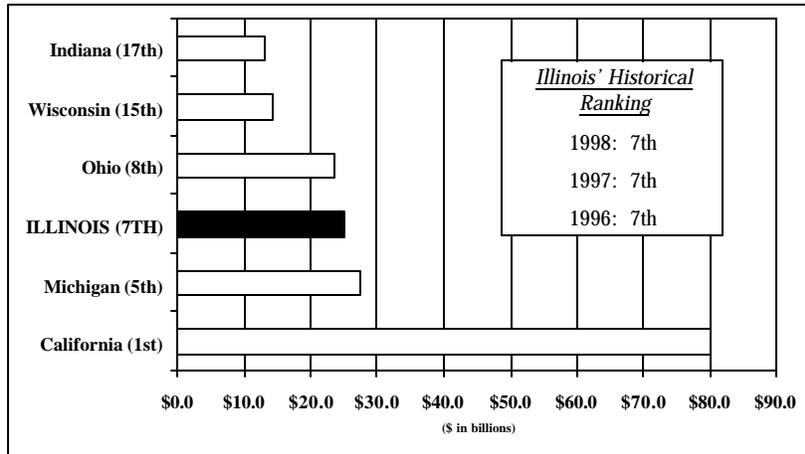
On the other hand, Illinois’ ranking of 42nd in the area of “Per Capita State and Local Government Expenditures for Higher Education in 1997” (Chart 32), and its ranking of 33rd in “Per Capita State and Local Government Expenditures for Elementary and Secondary Education in 1997” (Chart 30), show that the majority of states spend more

money on education than Illinois does on a per capita basis. However, as updated information becomes available, these rankings will likely see much improvement, as legislators have upheld Governor Ryan's promise to send 51% of all new revenue towards education.

The pre-mentioned examples highlight only a small portion of the 40 charts that are included in this report. Hopefully, these charts provide a clearer picture of how Illinois ranks nationally in State finance related areas. These charts will be updated, as more information becomes available. Any questions regarding the data used in this study can be addressed through the data source mentioned earlier.

Chart 1: State Government Own Source Revenue in 1998

National Total = \$624.1 billion

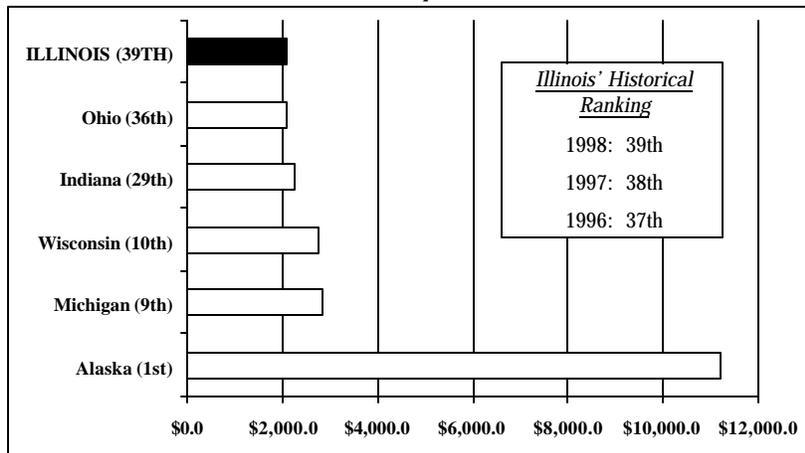


Own source revenue includes taxes, current charges and miscellaneous general revenue. Excluded are intergovernmental transfers, insurance trust revenue and revenue from government owned utilities and other commercial or auxiliary enterprise.

Source: State Rankings: 2001

Chart 2: Per Capita State Government Own Source Revenue in 1998

National Per Capita = \$2,314

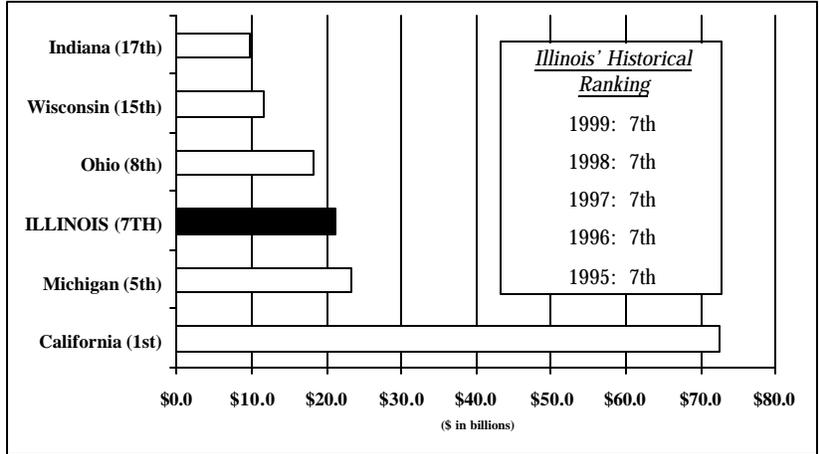


Own source revenue includes taxes, current charges and miscellaneous general revenue. Excluded are intergovernmental transfers, insurance trust revenue and revenue from government owned utilities and other commercial or auxiliary enterprise.

Source: State Rankings: 2001

Chart 3: State Government Tax Revenue in 1999

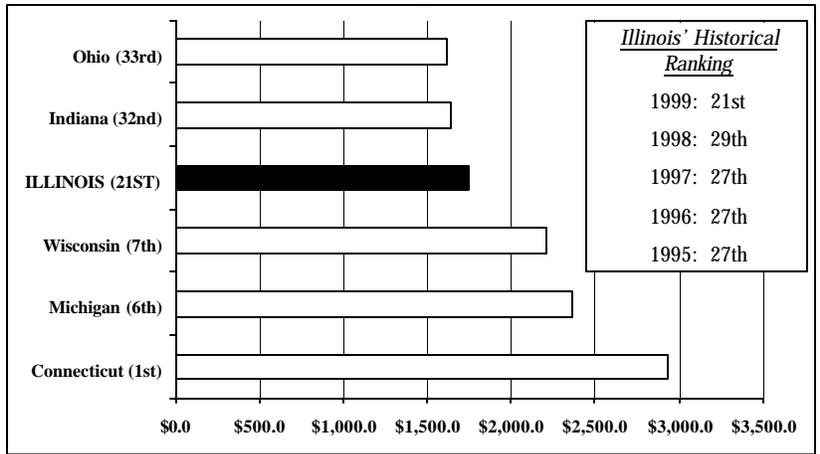
National Total = \$499.5 billion



Source: State Rankings: 2001

Chart 4: Per Capita State Government Tax Revenue in 1999

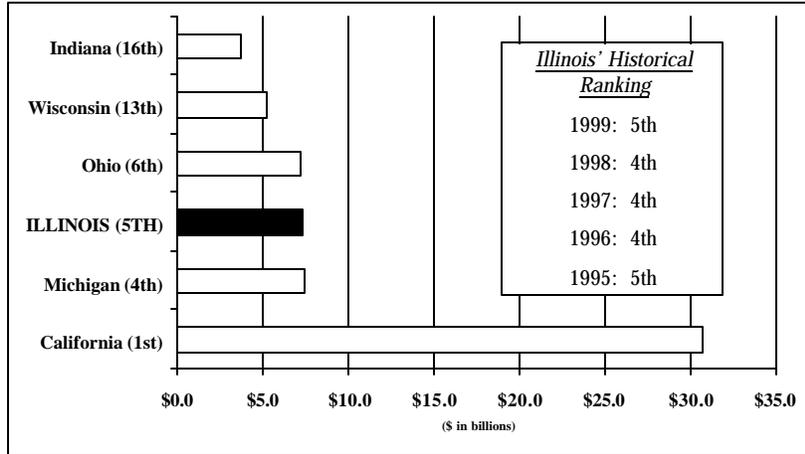
National Per Capita = \$1,835



Source: State Rankings: 2001

Chart 5: State Government Individual Income Tax Revenue in 1999

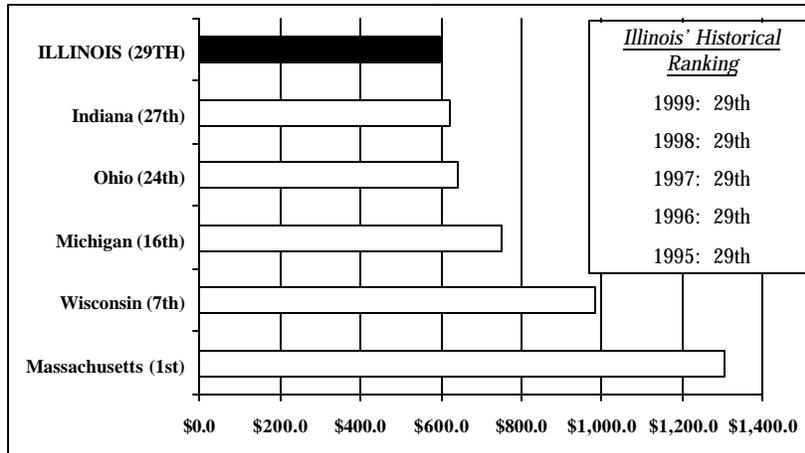
National Total = \$172.3 billion



Source: State Rankings: 2001

Chart 6: Per Capita State Government Individual Income Tax Revenue in 1999

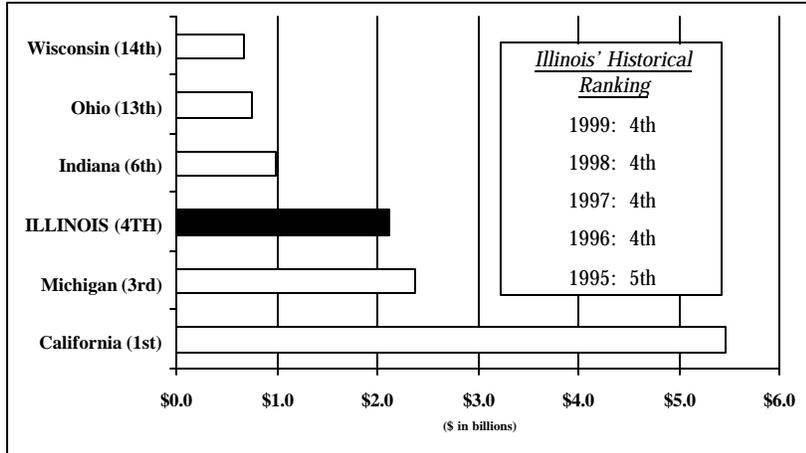
National Per Capita = \$633



Source: State Rankings: 2001

Chart 7: State Government Corporation Net Income Tax Revenue in 1999

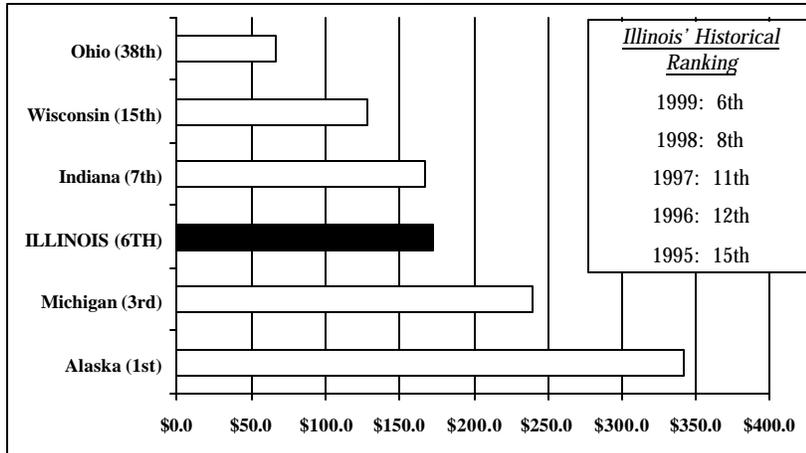
National Total = \$30.7 billion



Source: State Rankings; 2001

Chart 8: Per Capita State Government Corporation Net Income Tax Revenue in 1999

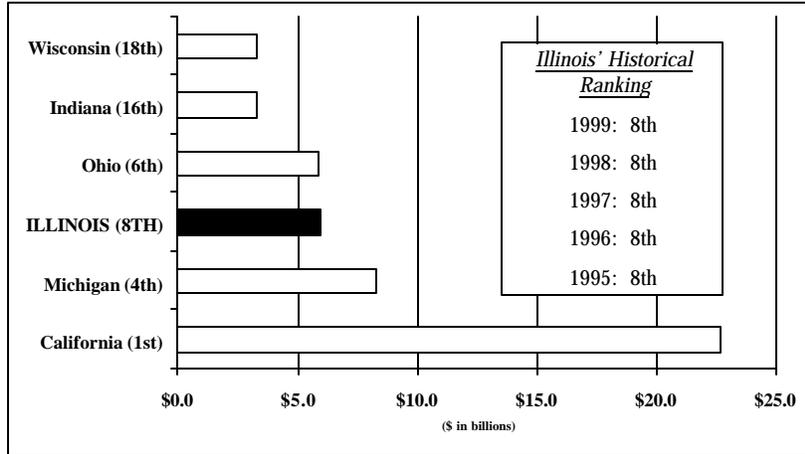
National Per Capita = \$113



Source: State Rankings; 2001

Chart 9: State Government General Sales Tax Revenue in 1999

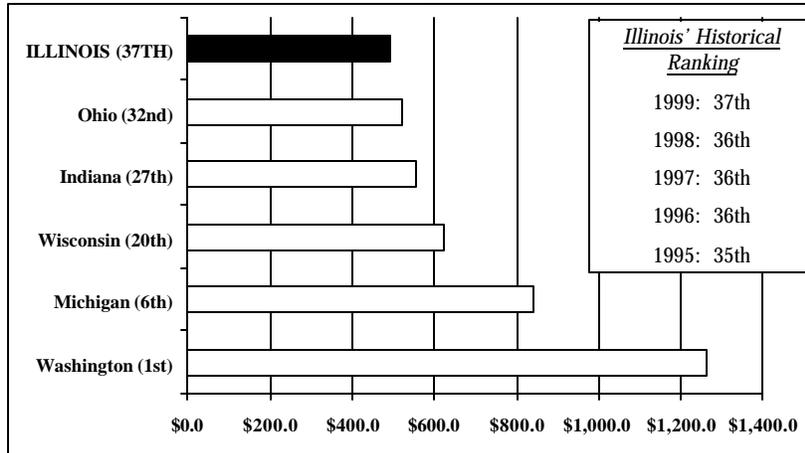
National Total = \$165.7 billion



Source: State Rankings: 2001

Chart 10: Per Capita State Government General State Tax Revenue in 1999

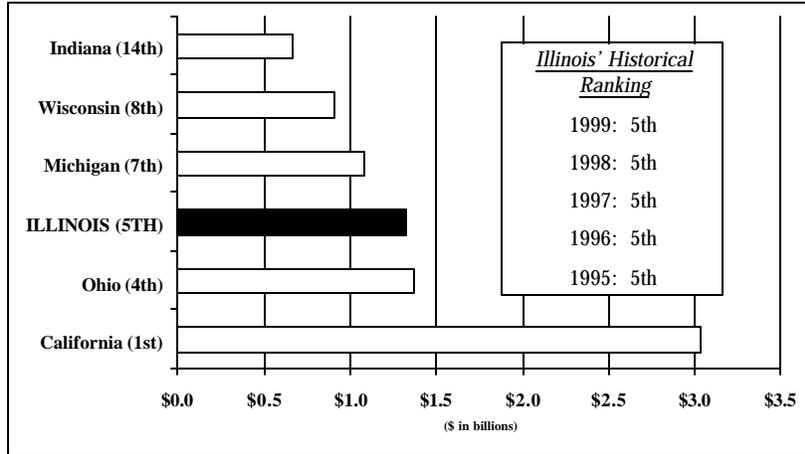
National Per Capita = \$609



Source: State Rankings: 2001

Chart 11: State Government Motor Fuels Sales Tax Revenue in 1999

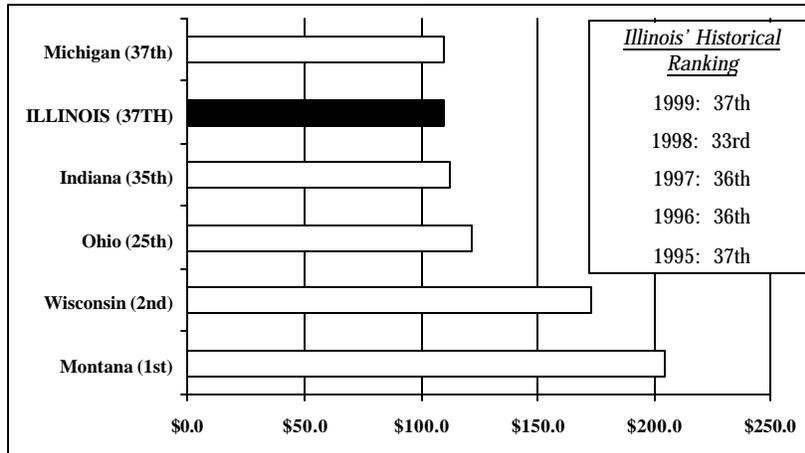
National Total = \$29.2 billion



Source: State Rankings: 2001

Chart 12: Per Capita State Government Motor Fuel State Tax Revenue in 1999

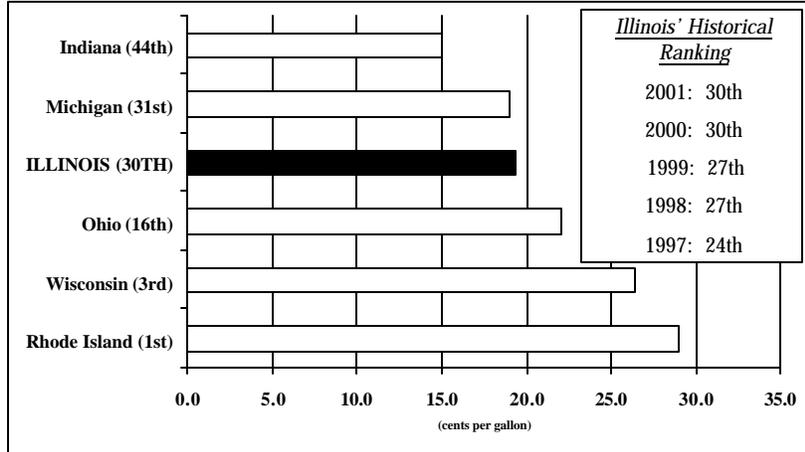
National Per Capita = \$107



Source: State Rankings: 2001

Chart 13: State Tax Rates on Gasoline in 2001

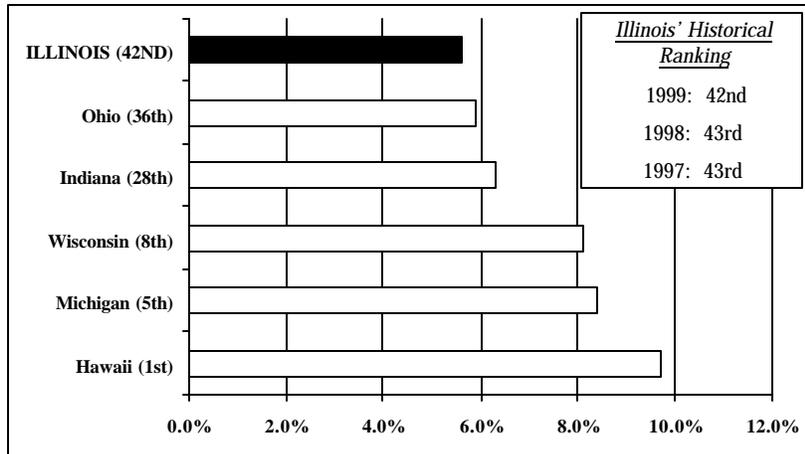
National Average = 19.85 Cents per Gallon



Source: State Rankings 2001

Chart 14: State Government Tax Revenue as a Percent of Personal Income in 1999

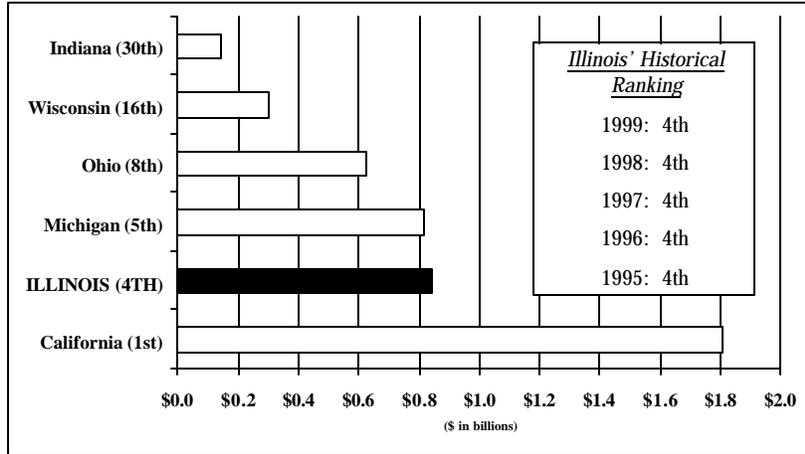
National Percent = 6.4% of Personal Income



Source: State Rankings 2001

Chart 15: State Government Motor Vehicle and Operators' License Tax Revenue in 1999

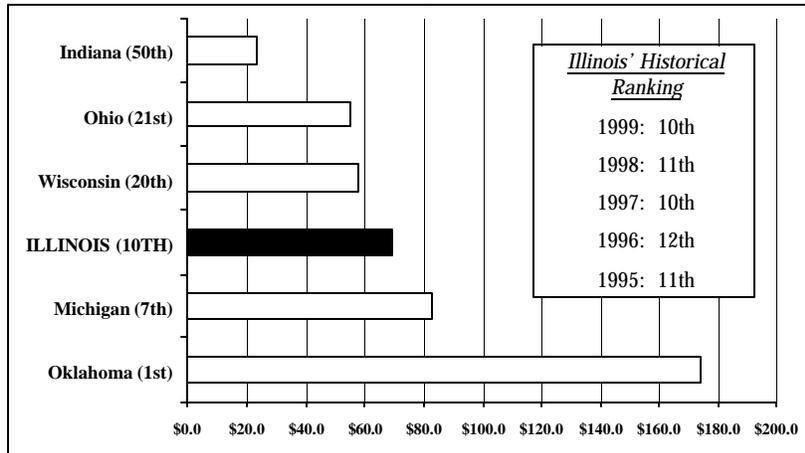
National Total = \$15.3 billion



Source: State Rankings: 2001

Chart 16: Per Capita State Motor Vehicle and Operators' License Tax Revenue in 1999

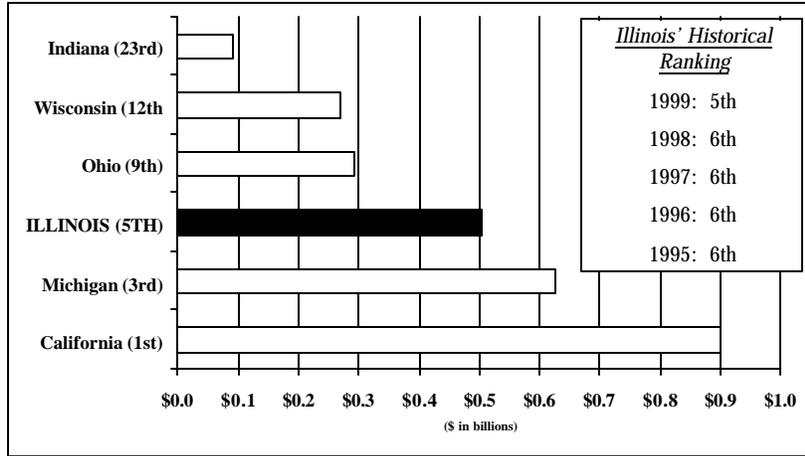
National Per Capita = \$56.36



Source: State Rankings: 2001

Chart 17: State Government Tobacco Product Sales Tax Revenue in 1999

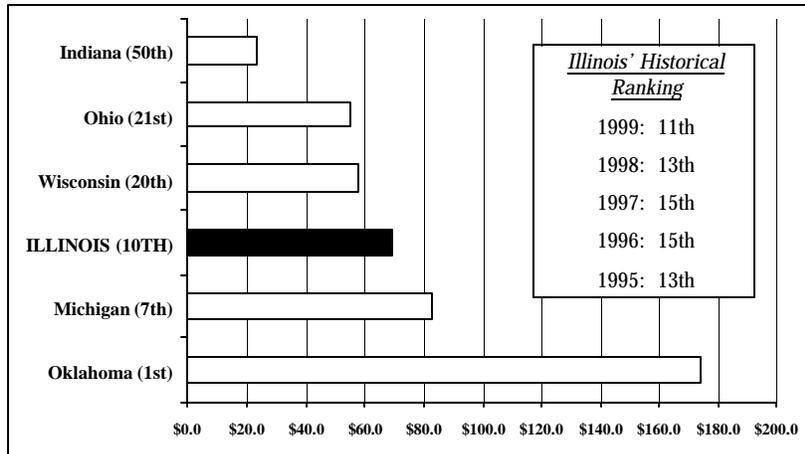
National Total = \$8.2 billion



Source: State Rankings 2001

Chart 18: Per Capita State Government Tobacco Sales Tax Revenue in 1999

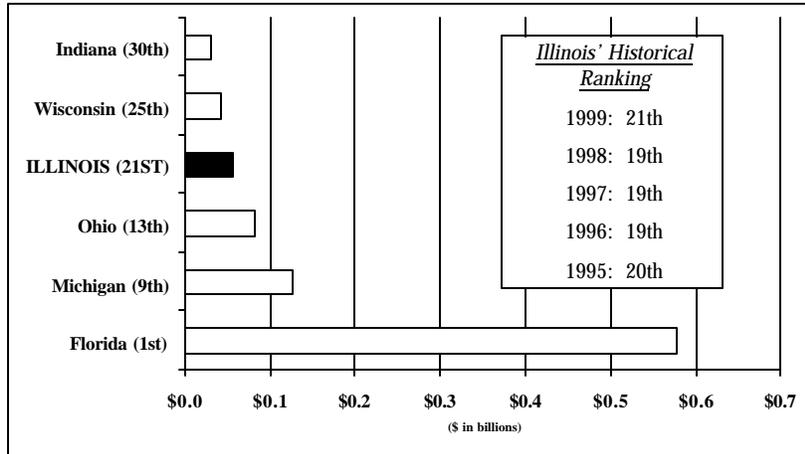
National Per Capita = \$30.09



Source: State Rankings 2001

Chart 19: State Government Alcoholic Beverage Sales Tax Revenue in 1999

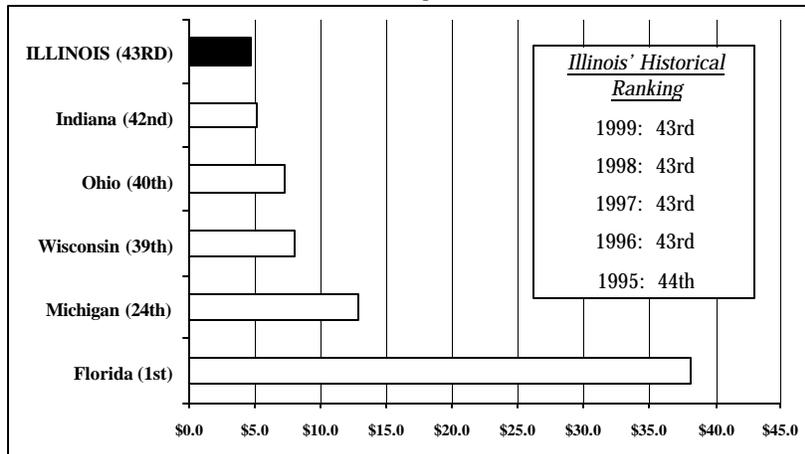
National Total = \$3.9 billion



Source: State Rankings: 2001

Chart 20: Per Capita State Government Alcoholic Beverage Sales Tax Revenue in 1999

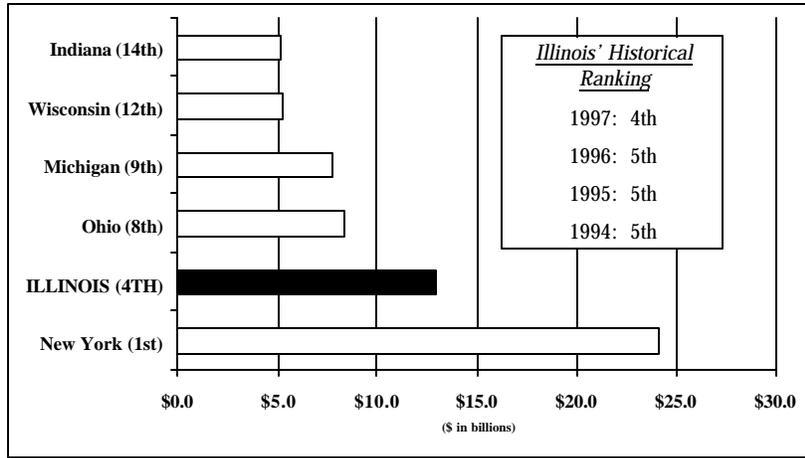
National Per Capita = \$14.33



Source: State Rankings: 2001

Chart 21: State and Local Government Property Tax Revenue in 1997

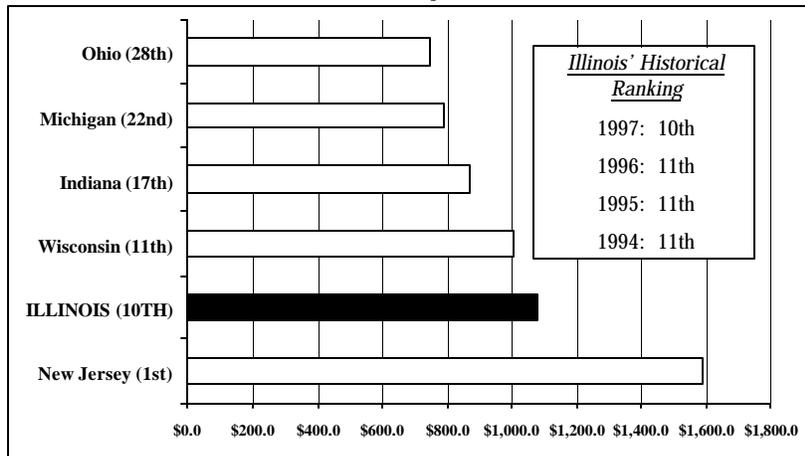
National Total = \$218.8 billion



Source: State Rankings: 2001

Chart 22: Per Capita State and Local Government Property Tax Revenue in 1997

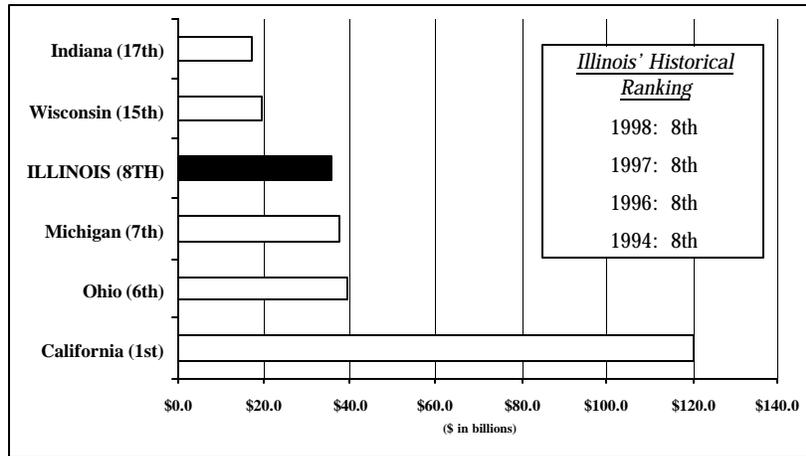
National Per Capita = \$817



Source: State Rankings: 2001

Chart 23: State Government Total Expenditures in 1998

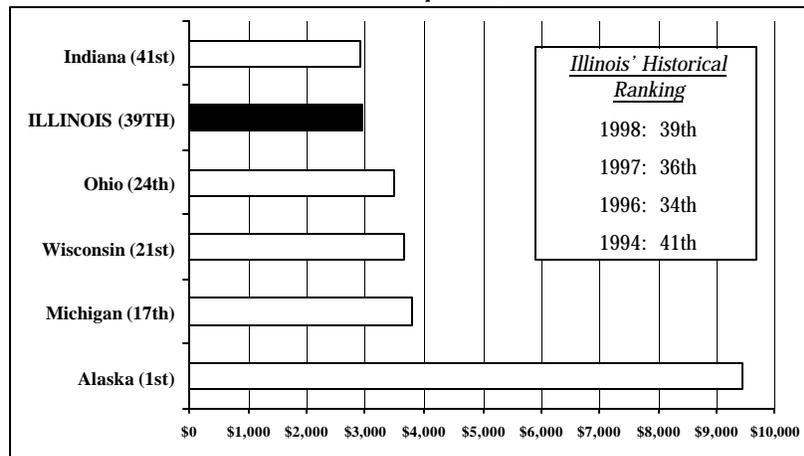
National Total = \$930.0 billion



Source: State Rankings: 2001

Chart 24: Per Capita State Government Total Expenditures in 1998

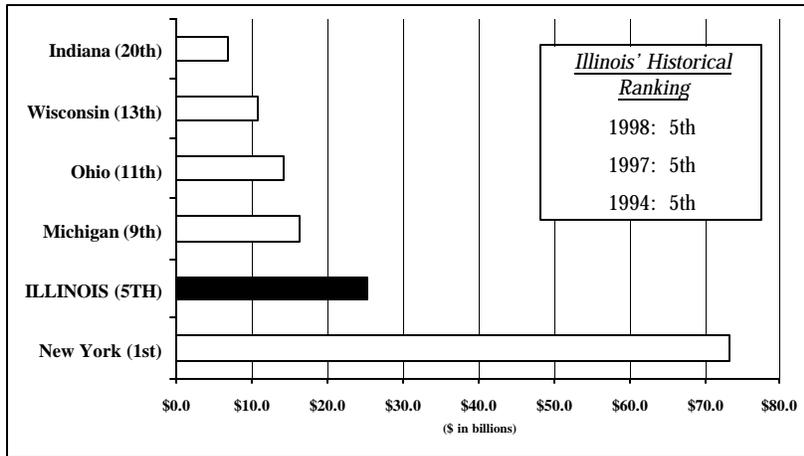
National Per Capita = \$3,448



Source: State Rankings: 2001

Chart 25: State Government Debt Outstanding in 1998

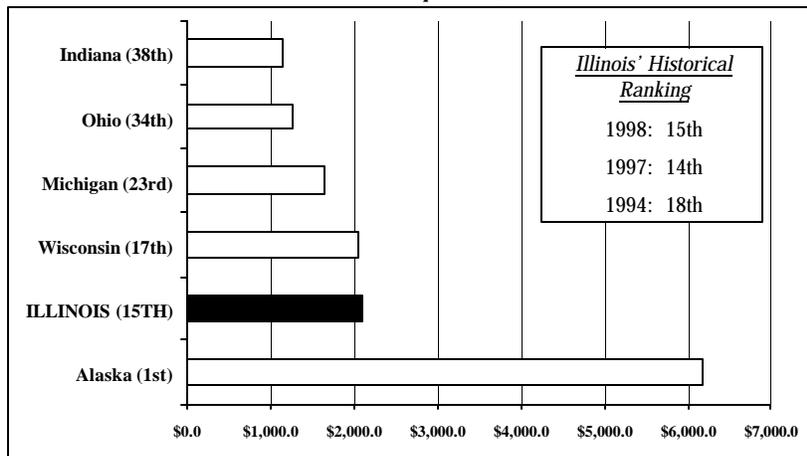
National Total = \$483.1 billion



Source: State Rankings: 2001

Chart 26: Per Capita State Government Debt Outstanding in 1998

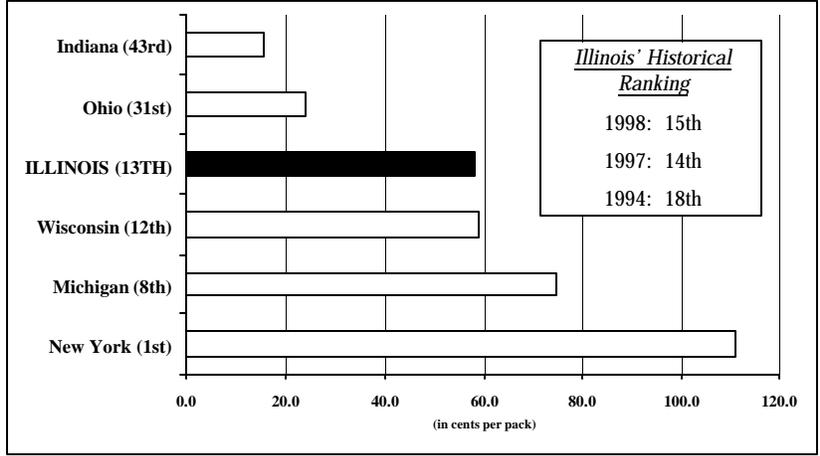
National Per Capita = \$1,791



Source: State Rankings: 2001

Chart 27: State Tax on a Pack of Cigarettes in 2001

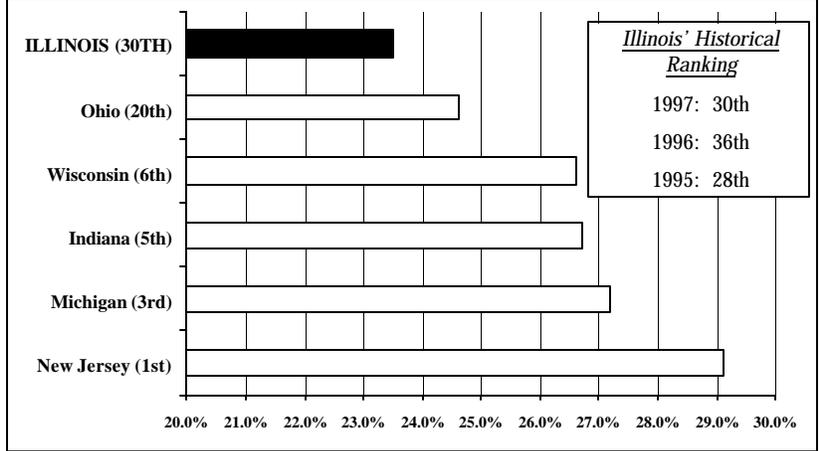
National Median = 34 Cents per Pack



Source: State Rankings 2001

Chart 28: Expenditures for Elementary and Secondary Education as a Percent of All State and Local Government Expenditures in 1997

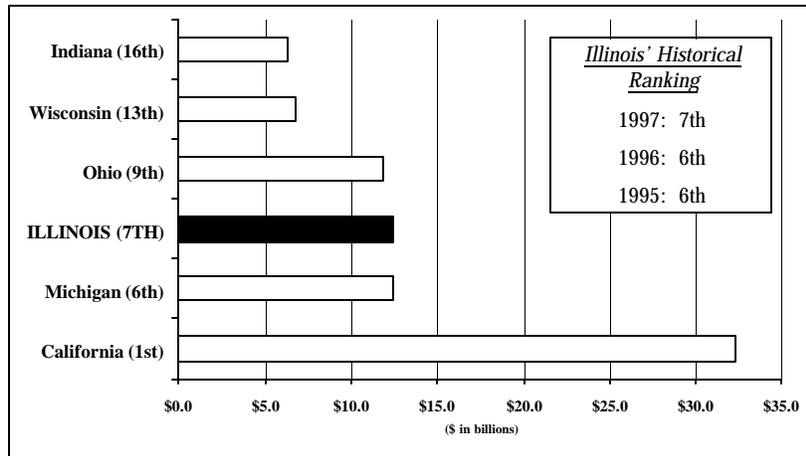
National Percent = 23.5%



Source: State Rankings 2001

Chart 29: State and Local Government Expenditures for Elementary and Secondary Education in 1997

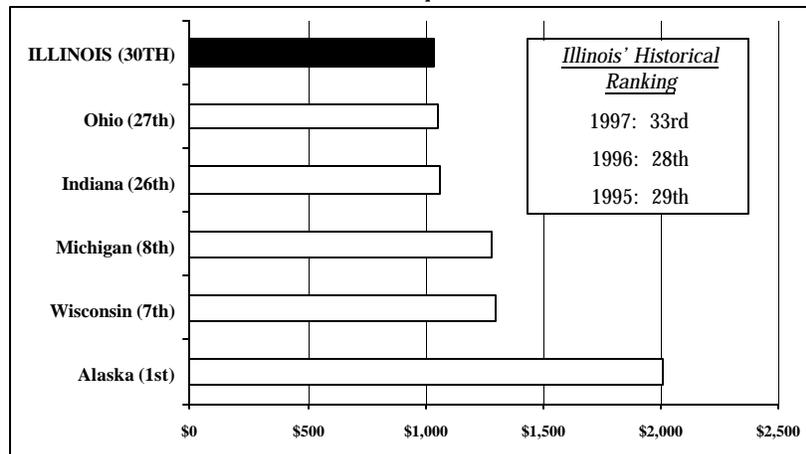
National Total = \$294.6 billion



Source: State Rankings: 2001

Chart 30: Per Capita State and Local Government Expenditures for Elementary and Secondary Education in 1997

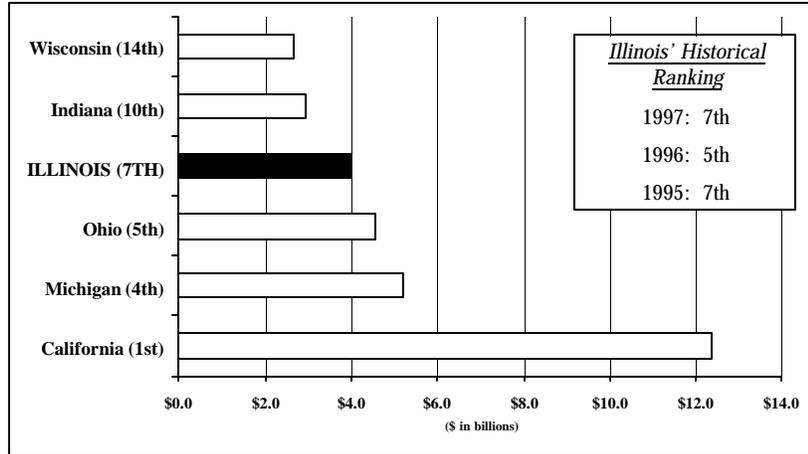
National Per Capita = \$1,100



Source: State Rankings: 2001

Chart 31: Higher Education Expenditures by State and Local Governments in 1997

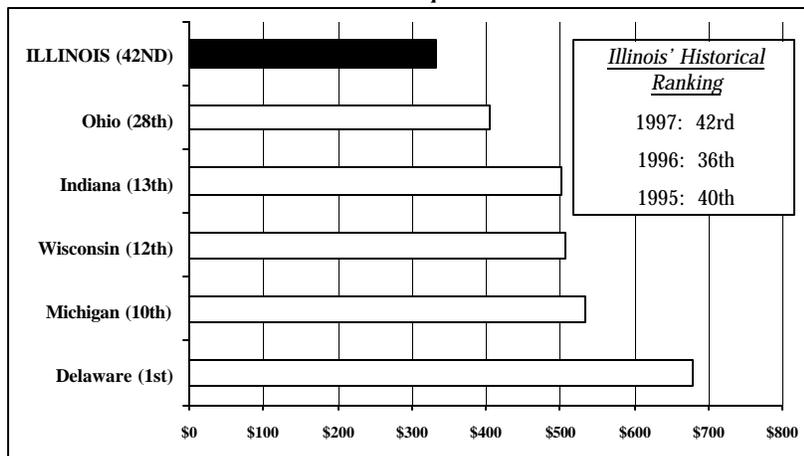
National Total = \$106.1 billion



Source: State Rankings: 2001

Chart 32: Per Capita State and Local Government Expenditures for Higher Education in 1997

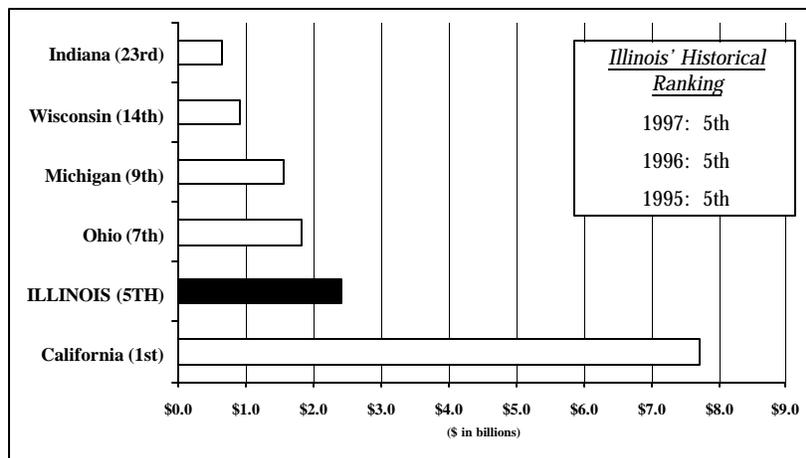
National Per Capita = \$396



Source: State Rankings: 2001

Chart 33: State and Local Government Expenditures for Police Protection in 1997

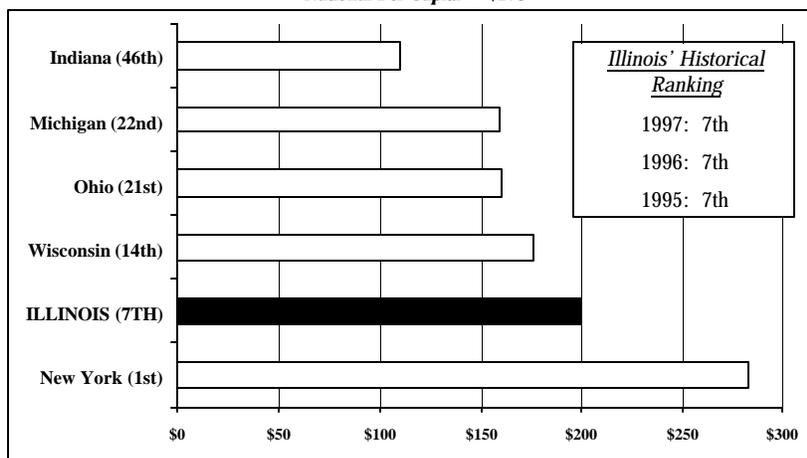
National Total = \$47.6 billion



Source: State Rankings: 2001

Chart 34: Per Capita State and Local Government Expenditures for Police Protection in 1997

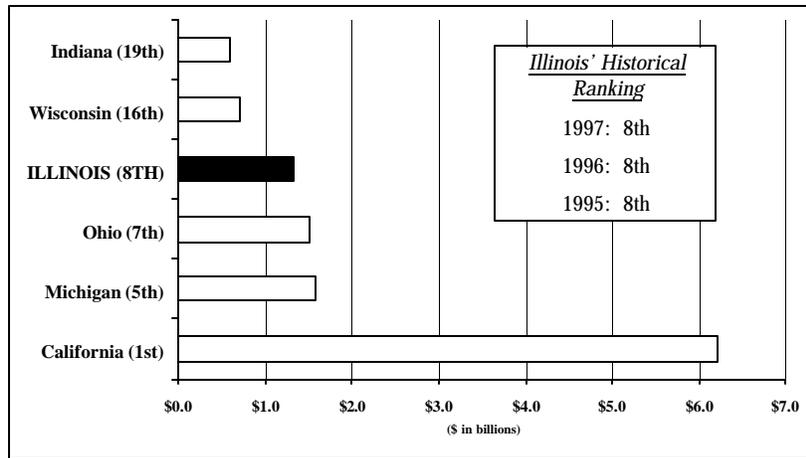
National Per Capita = \$178



Source: State Rankings: 2001

Chart 35: State and Local Government Expenditures for Corrections in 1997

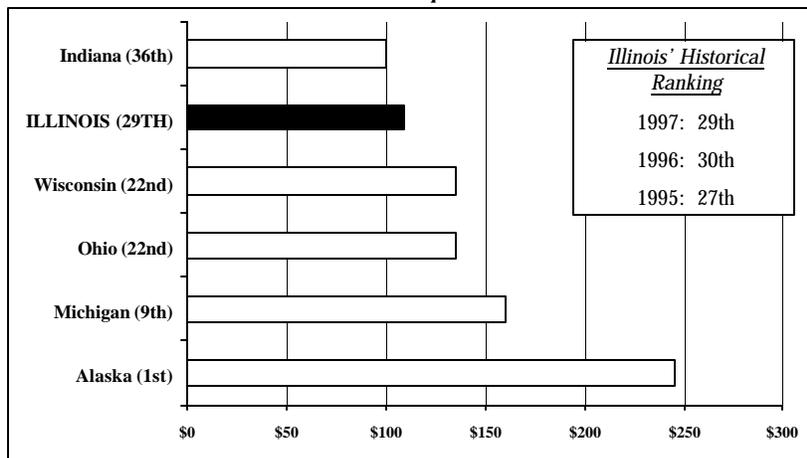
National Total = \$39.9 billion



Source: State Rankings: 2001

Chart 36: Per Capita State and Local Government Expenditures for Corrections in 1997

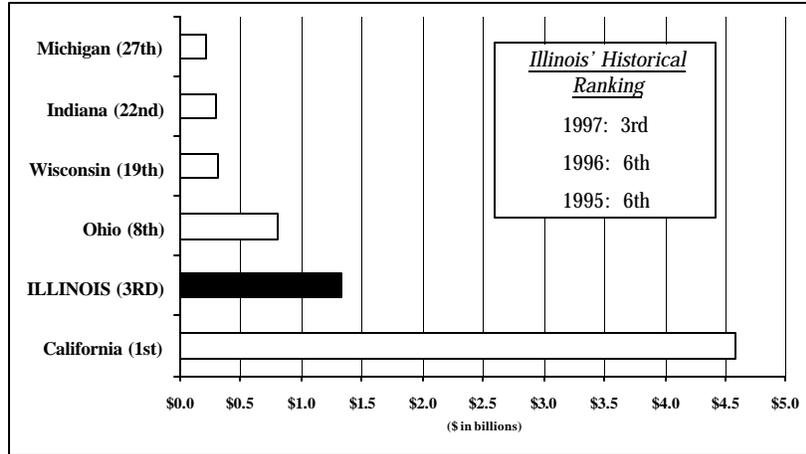
National Per Capita = \$149



Source: State Rankings: 2001

Chart 37: State and Local Government Expenditures for Housing and Community Development in 1997

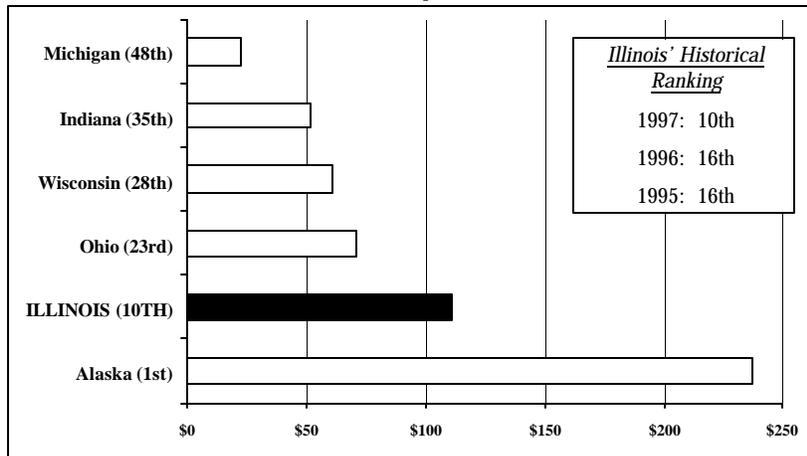
National Total = \$23.2 billion



Source: State Rankings: 2001

Chart 38: Per Capita State and Local Government Expenditures for Housing and Community Development in 1997

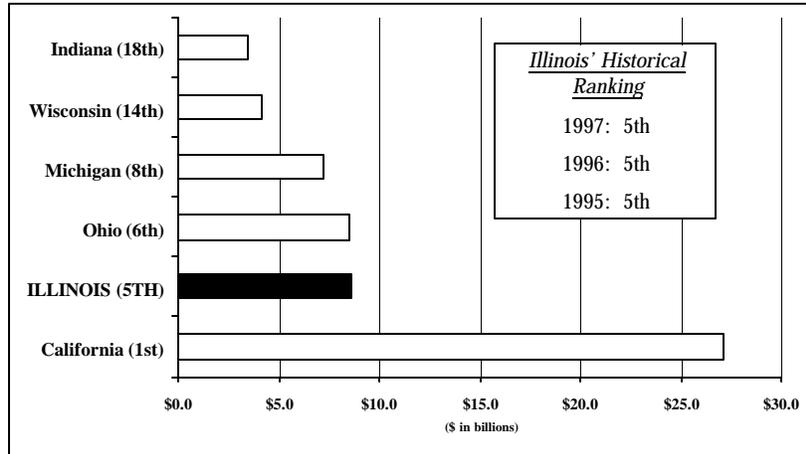
National Per Capita = \$86.75



Source: State Rankings: 2001

Chart 39: State and Local Government Expenditures for Public Welfare Programs in 1997

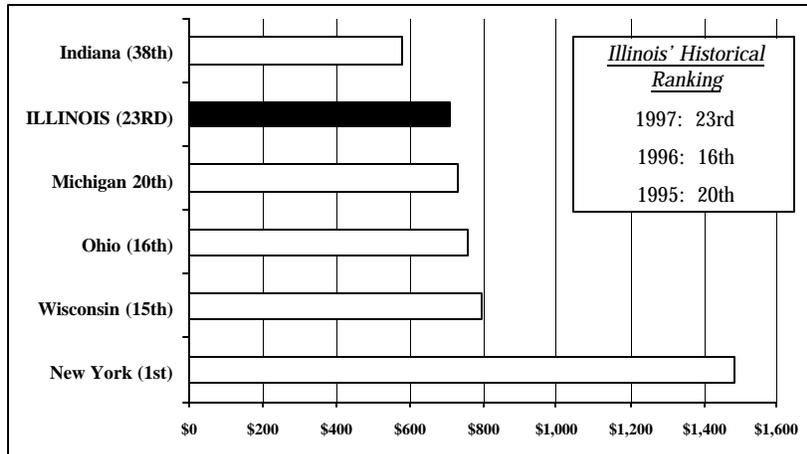
National Total = \$203.8 billion



Source: State Rankings: 2001

Chart 40: Per Capita State and Local Government Expenditures for Public Welfare Programs in 1997

National Per Capita = \$761



Source: State Rankings: 2001

BACKGROUND

The Illinois Economic and Fiscal Commission, 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; and
- 5) 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.

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 two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html