



**2014**  
**UPDATE**

# Illinois' National Rankings

A State-by-State Comparison of Tax Rates, Tax Revenues,  
Government Spending, Business Climate, and Employment



Commission on Government Forecasting and Accountability, Illinois General Assembly

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*Commission on Government Forecasting  
and Accountability*

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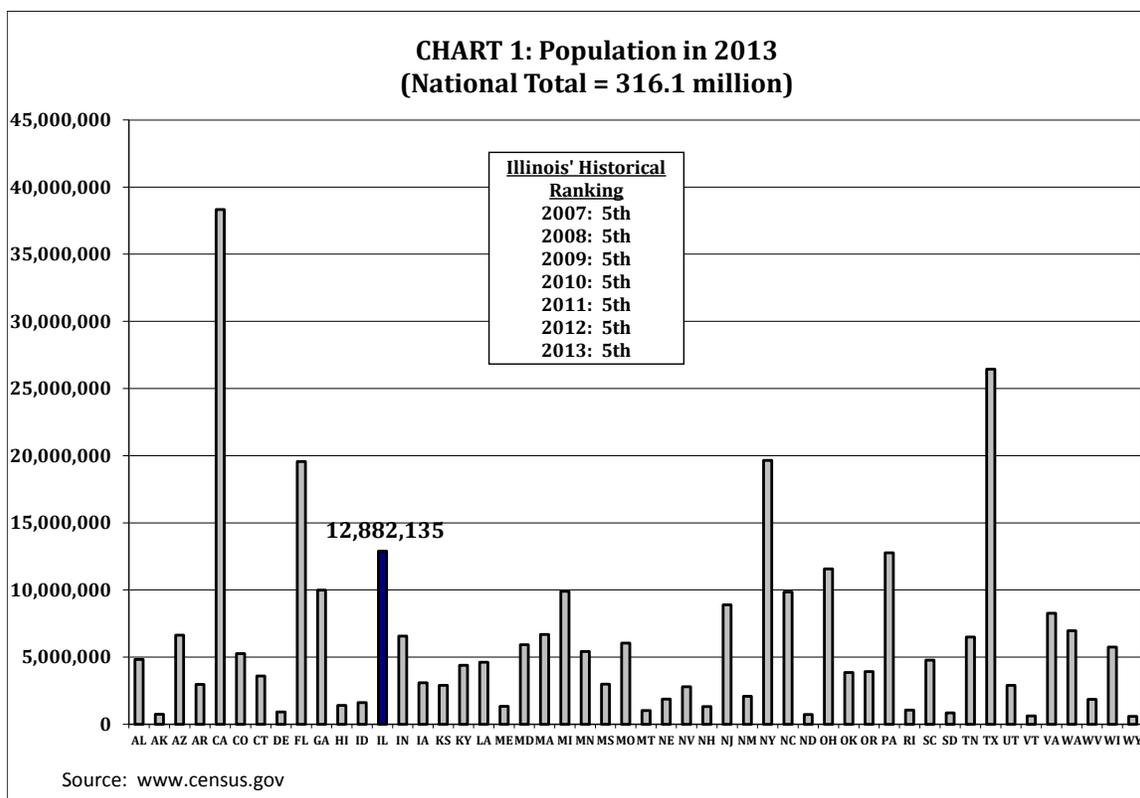
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## Introduction

The Commission is often asked by lawmakers how the State of Illinois compares nationally in revenue and spending categories. In response, the Commission has created the following report, *Illinois' National Rankings*. This 2014 edition is the latest in a series of updates to the initial rankings report completed by the Commission in 2001.

This report addresses specific State revenue related topics, including current overall tax levels in Illinois, how these levels have changed in recent years, and how these levels 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 information comes from a variety of sources including the U.S. Census Bureau and the Bureau of Labor Statistics. Initial reports were based upon the publication series *State Rankings: A Statistical View of the 50 United States*.

Due to its large population size, Illinois ranks high in most areas on a total dollar basis. As shown below in Chart 1, according to the U.S. Census Bureau, Illinois ranks 5<sup>th</sup> in the nation in total population with 12.9 million people. As a result, Illinois is among the top ten states in nearly every category dealing with total dollars receipted 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 30<sup>th</sup> with approximately 3.1 million people), to account for the population discrepancy.



Whether it is better for a state to be ranked high or low in the rankings 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 this year's report, there are 23 different categories that compare Illinois with the rest of the nation in various financial areas. The first section looks at the amount of government revenue collected from the various major revenue sources in the State. The second portion looks at where these revenues are spent at the State and local government level.

For each category, a table is provided which displays each State's amount, their amount per-capita, and their specific ranking in each category. On these tables, Illinois' totals are highlighted, along with the states bordering Illinois: Iowa, Wisconsin, Indiana, Kentucky, and Missouri. Ohio and Michigan are also highlighted 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*.

Following each table are charts displaying the figures graphically. 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 2013, unless stated otherwise. Most of the spending data are from 2011. These years are the most recent years of compiled data available from the U.S. Census Bureau at the time of this report (*The 2012 spending datasets will not be available until December 2014*).

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.

In several categories, Illinois' ranking has seen noticeable changes compared to past years. This is because Illinois has recently been involved in a variety of different tax increases over the last couple of years. The Commission highlights these changes in the narrative accompanying the table and graphs impacted by these tax changes. The majority of these cases involve data comprising the State's personal and corporate

income tax, which was increased in 2011 - the impacts of which are seen in the census bureau's numbers.

Throughout the report are tables displaying pertinent information relative to certain taxing categories. This includes several tables identifying the tax rates of states throughout the nation and how these tax rates compare to Illinois.

Also discussed in the report is a summary of national studies that attempt to quantify each state's "business climate". These studies are intended to provide a "big picture" look at how a state like Illinois compares with the rest of the nation when considering numerous business-related variables such as tax structures, government and fiscal policies, infrastructure, and various other factors in the business industry. As a whole, these studies' latest results tend to rank Illinois in the lower half of the rankings. Several tables and graphs are provided to illustrate these results. While the legitimacy of these studies are often scrutinized, their mere existence is noteworthy because of the negative connotation these studies often give Illinois.

Repeated in this year's version of *Illinois' National Rankings* is a comprehensive section providing state-specific statistics and rankings on employment data. Despite recent improvement, Illinois' unemployment rate continues to be well above levels enjoyed before the "Great Recession". The Commission often receives inquiries on how Illinois' employment situation compares to other states across the nation. In response, the Commission, with the assistance of information from the Bureau of Labor Statistics, has again created an extensive selection of employment data tables and rankings which assist in answering questions regarding Illinois' current employment situation. This includes a historical look at Illinois jobs by sector to see which area of employment has been hurt the most over the last twenty years and how Illinois' change in employment compares nationally.

## Category 1: State Government Tax Revenue

In the category of state government tax revenue, Illinois had the 4<sup>th</sup> highest amount of revenues collected in 2013 and was the highest ranked state in the Midwest Region in total dollars with a total of \$38.7 billion. California had the highest dollar amount overall with revenues totaling \$133.2 billion. On a per-capita basis, Illinois ranked 14<sup>th</sup> in the nation with an amount of \$3,005 per capita. Illinois' value was notably higher than the national per-capita rate of \$2,677. North Dakota had the highest per-capita ranking with an amount of \$7,325 per capita.

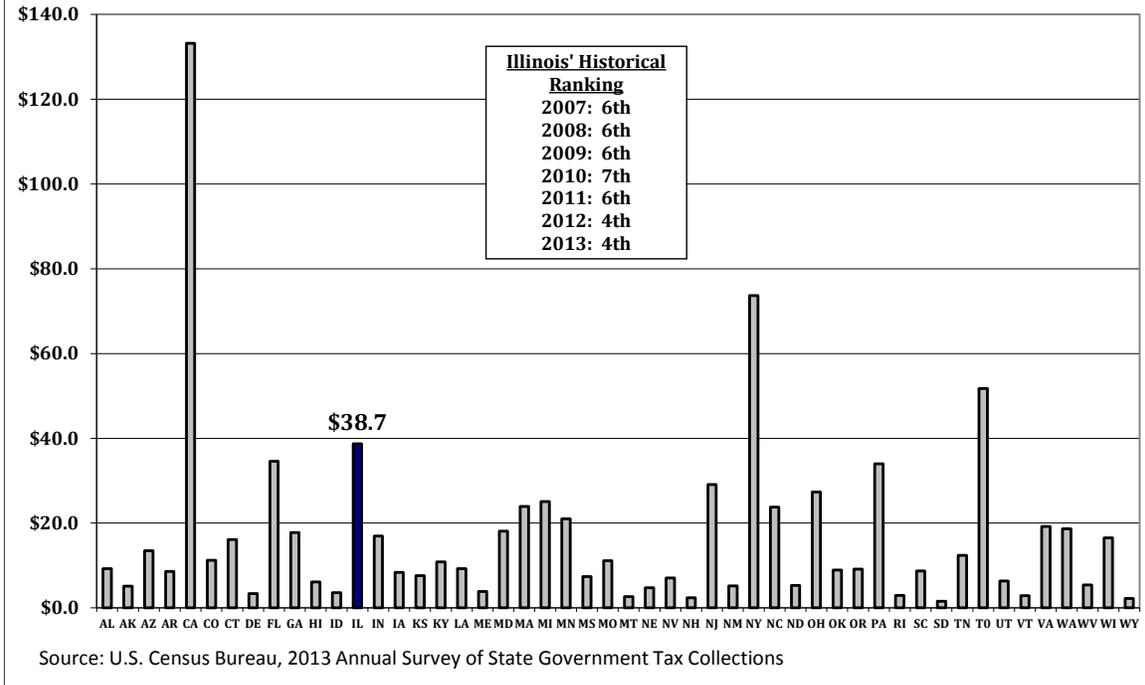
<b>Table 1: State Government Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
	<b>State Government Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>		<b>State Government Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>
<b>United States</b>	\$846.2	-	\$2,677	-	<b>United States</b>	\$846.2	-	\$2,677	-
Alabama	\$9.3	25	\$1,917	43	Montana	\$2.6	47	\$2,605	24
Alaska	\$5.1	40	\$6,982	2	Nebraska	\$4.7	41	\$2,526	27
Arizona	\$13.5	20	\$2,033	40	Nevada	\$7.0	34	\$2,518	28
Arkansas	\$8.6	30	\$2,901	16	New Hampshire	\$2.4	48	\$1,791	48
California	\$133.2	1	\$3,474	11	New Jersey	\$29.1	7	\$3,267	12
Colorado	\$11.2	22	\$2,135	39	New Mexico	\$5.2	39	\$2,494	29
Connecticut	\$16.1	19	\$4,487	4	New York	\$73.7	2	\$3,749	8
Delaware	\$3.3	44	\$3,615	9	North Carolina	\$23.8	11	\$2,414	32
Florida	\$34.6	5	\$1,769	50	North Dakota	\$5.3	38	\$7,325	1
Georgia	\$17.8	16	\$1,781	49	Ohio	\$27.3	8	\$2,362	33
Hawaii	\$6.1	36	\$4,340	5	Oklahoma	\$8.9	28	\$2,309	36
Idaho	\$3.6	43	\$2,220	37	Oregon	\$9.2	27	\$2,331	34
<b>Illinois</b>	<b>\$38.7</b>	<b>4</b>	<b>\$3,005</b>	<b>14</b>	Pennsylvania	\$34.0	6	\$2,659	22
Indiana	\$16.9	17	\$2,577	25	Rhode Island	\$2.9	45	\$2,796	19
Iowa	\$8.4	31	\$2,710	20	South Carolina	\$8.7	29	\$1,827	46
Kansas	\$7.6	32	\$2,633	23	South Dakota	\$1.5	50	\$1,815	47
Kentucky	\$10.8	24	\$2,461	31	Tennessee	\$12.4	21	\$1,904	44
Louisiana	\$9.2	26	\$1,994	41	Texas	\$51.7	3	\$1,955	42
Maine	\$3.9	42	\$2,924	15	Utah	\$6.3	35	\$2,182	38
Maryland	\$18.1	15	\$3,056	13	Vermont	\$2.9	46	\$4,594	3
Massachusetts	\$23.9	10	\$3,571	10	Virginia	\$19.2	13	\$2,323	35
Michigan	\$25.1	9	\$2,535	26	Washington	\$18.7	14	\$2,678	21
Minnesota	\$21.0	12	\$3,880	6	West Virginia	\$5.4	37	\$2,900	17
Mississippi	\$7.4	33	\$2,475	30	Wisconsin	\$16.5	18	\$2,877	18
Missouri	\$11.1	23	\$1,843	45	Wyoming	\$2.2	49	\$3,752	7

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections Grey Areas= Midwest Region

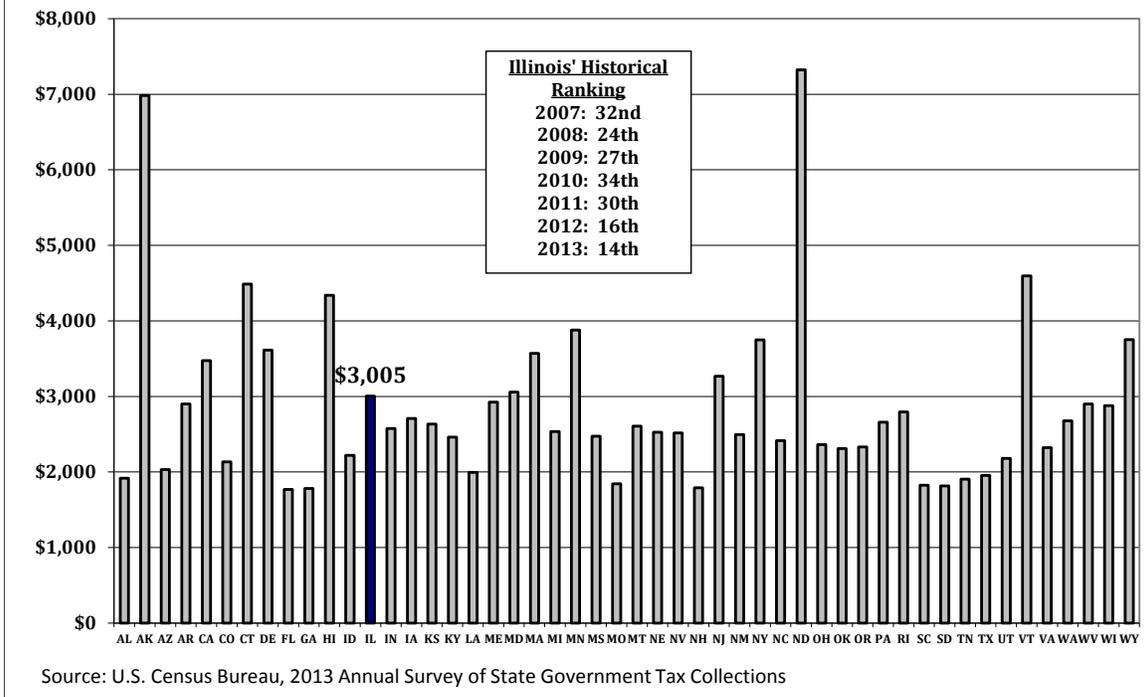
As expected, Illinois' rankings in these areas have risen significantly over the past couple of years. This is primarily because the revenue impact from the 2011 income tax increases are accounted for in these numbers. Between 2010 and 2013, Illinois' revenue total in this category has risen from \$25.5 billion to \$38.7 billion, which has increased Illinois' ranking from 7<sup>th</sup> to 4<sup>th</sup>. Now, only California, New York, and Texas have higher dollar totals than Illinois.

The State's per-capita value has risen from \$1,988 to \$3,005, which has caused the per-capita ranking to rise from 34<sup>th</sup> to 14<sup>th</sup>. In 2010, with a per-capita ranking of 34<sup>th</sup>, Illinois' ranking was behind several other Midwestern states. However, Illinois' value of \$3,005 now places Illinois as the highest ranking state in the Midwest in terms of tax revenue per capita.

**CHART 2: State Government Tax Revenue in 2013**  
**(National Total = \$846.2 billion)**



**CHART 3: Per-Capita State Government Tax Revenue in 2013**  
**(National Per Capita = \$2,677)**



## Category 2: State Government Individual Income Tax Revenue

Illinois ranked 3<sup>rd</sup> in the nation in the amount collected from state government individual income taxes in 2013 with a total amount of \$16.5 billion. On a per-capita basis, Illinois ranked 10<sup>th</sup>, which is up sharply from its 2010 ranking of 31<sup>st</sup>. Illinois' per-capita rate of \$1,284 was above the national average of \$972, but remains well below the 1<sup>st</sup> ranked state in this category, Connecticut, at \$2,172 per capita.

<b>TABLE 2: State Government Individual Income Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
	<b>State Govt Indiv. Income Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>		<b>State Govt Indiv. Income Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>
<b>United States</b>	\$309.6	-	\$979	-	<b>United States</b>	\$309.6	-	\$979	-
<b>Alabama</b>	\$3.2	24	\$663	37	<b>Montana</b>	\$1.0	39	\$1,030	21
<b>Alaska</b>	No Income Tax				<b>Nebraska</b>	\$2.1	30	\$1,125	15
<b>Arizona</b>	\$3.4	22	\$513	41	<b>Nevada</b>	No Income Tax			
<b>Arkansas</b>	\$2.6	29	\$895	25	<b>New Hampshire</b>	\$0.1	43	\$75	42
<b>California</b>	\$66.8	1	\$1,743	4	<b>New Jersey</b>	\$12.1	5	\$1,361	7
<b>Colorado</b>	\$5.5	17	\$1,049	19	<b>New Mexico</b>	\$1.2	36	\$595	38
<b>Connecticut</b>	\$7.8	13	\$2,172	1	<b>New York</b>	\$40.2	2	\$2,047	2
<b>Delaware</b>	\$1.1	37	\$1,221	13	<b>North Carolina</b>	\$11.1	6	\$1,124	16
<b>Florida</b>	No Income Tax				<b>North Dakota</b>	\$0.6	41	\$887	27
<b>Georgia</b>	\$8.8	11	\$878	28	<b>Ohio</b>	\$9.9	9	\$853	29
<b>Hawaii</b>	\$1.7	33	\$1,236	12	<b>Oklahoma</b>	\$2.9	26	\$757	34
<b>Idaho</b>	\$1.3	35	\$802	33	<b>Oregon</b>	\$6.3	16	\$1,593	6
<b>Illinois</b>	<b>\$16.5</b>	<b>3</b>	<b>\$1,284</b>	<b>10</b>	<b>Pennsylvania</b>	\$10.8	8	\$844	31
<b>Indiana</b>	\$5.0	19	\$757	35	<b>Rhode Island</b>	\$1.1	38	\$1,036	20
<b>Iowa</b>	\$3.4	21	\$1,112	17	<b>South Carolina</b>	\$3.4	23	\$703	36
<b>Kansas</b>	\$3.0	25	\$1,022	22	<b>South Dakota</b>	No Income Tax			
<b>Kentucky</b>	\$3.7	20	\$847	30	<b>Tennessee</b>	\$0.3	42	\$40	43
<b>Louisiana</b>	\$2.7	28	\$592	39	<b>Texas</b>	No Income Tax			
<b>Maine</b>	\$1.5	34	\$1,153	14	<b>Utah</b>	\$2.9	27	\$983	23
<b>Maryland</b>	\$7.7	14	\$1,298	9	<b>Vermont</b>	\$0.7	40	\$1,058	18
<b>Massachusetts</b>	\$12.9	4	\$1,924	3	<b>Virginia</b>	\$10.9	7	\$1,320	8
<b>Michigan</b>	\$8.2	12	\$833	32	<b>Washington</b>	No Income Tax			
<b>Minnesota</b>	\$9.0	10	\$1,651	5	<b>West Virginia</b>	\$1.8	31	\$969	24
<b>Mississippi</b>	\$1.8	32	\$587	40	<b>Wisconsin</b>	\$7.2	15	\$1,259	11
<b>Missouri</b>	\$5.4	18	\$890	26	<b>Wyoming</b>	No Income Tax			

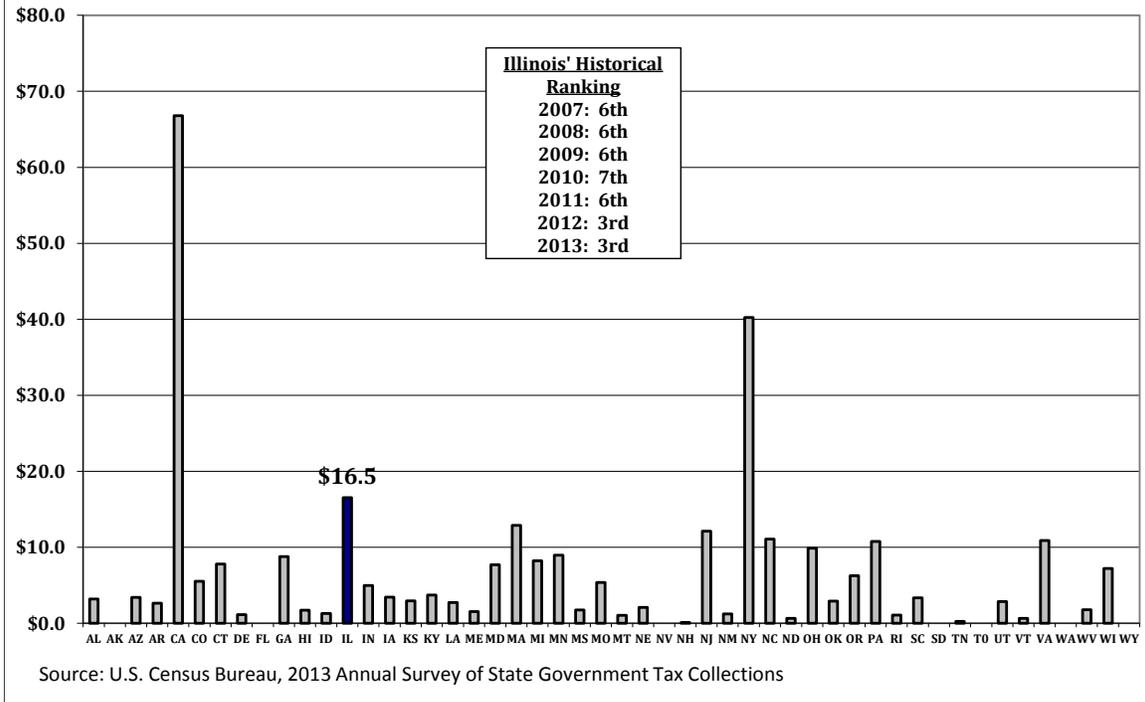
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

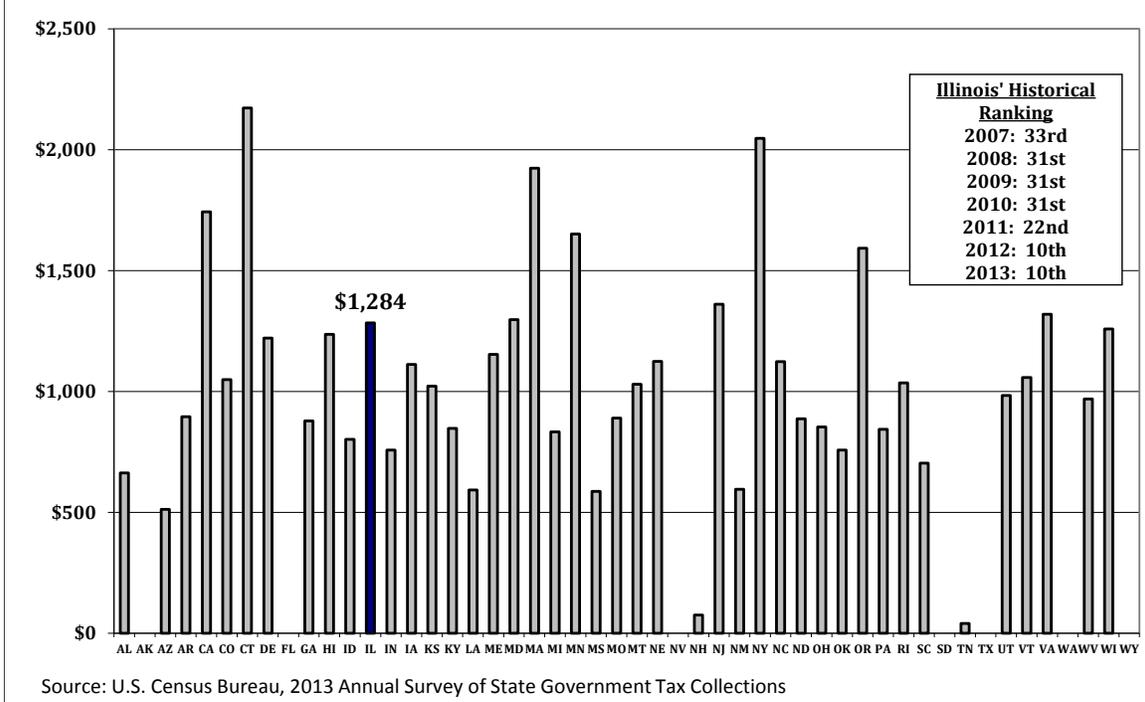
As shown in Chart 4 and 5, Illinois' total dollars ranking has risen from 7<sup>th</sup> to 3<sup>rd</sup> between 2010 and 2013 and its per-capita ranking has increased from 31<sup>st</sup> to 10<sup>th</sup> during this same time frame. Illinois' jump in the rankings is due to P.A. 96-1496, which increased the individual income tax rate from 3% to 5% effective in January 2011. With these higher levels, Illinois now has the highest total dollar and highest per-capita rankings in the Midwest. If the individual income tax rates are allowed to fall to 3.75% in Tax Year 2015, as provided by current law, these rankings should fall in future years.

Illinois is one of seven states with a flat income tax (most have graduated rates). Currently, only North Carolina (5.8%) and Massachusetts (5.2%) have a higher flat tax than Illinois. A list of the personal income tax rates for all of the states is shown in Table 3, on page 5.

**CHART 4: State Government Individual Income Tax Revenue in 2013**  
**(National Total = \$309.6 billion)**



**CHART 5: Per-Capita State Government Individual Income Tax Revenue in 2013**  
**(National Per Capita = \$979)**



# TABLE 3: STATE INDIVIDUAL INCOME TAX RATES

(Tax rates for tax year 2014 -- as of January 1, 2014)

State	---Tax Rates---		# of Brackets	--Income Brackets--		---Personal Exemption---		
	Low	High		Low	High	Single	Married	Child.
ALABAMA	2.0	- 5.0	3	500	- 3,001	1,500	3,000	500
ALASKA	No State Income Tax							
ARIZONA	2.59	- 4.54	5	10,000	- 150,001	2,100	4,200	2,100
ARKANSAS (a)	1.0	- 7.0	6	4,199	- 34,600	26	52	26
CALIFORNIA (a)	1	- 12.3	9	7,582	- 508,500	106	212	326
COLORADO	4.63		1	---Flat rate---		3,950	7,900	3,950
CONNECTICUT	3.0	- 6.7	6	10,000	- 250,000	13,000	24,000	0
DELAWARE	2.2	- 6.75	6	5,000	- 60,001	110	220	110
FLORIDA	No State Income Tax							
GEORGIA	1.0	- 6.0	6	750	- 7,001	2,700	5,400	3,000
HAWAII	1.4	- 11.0	12	2,400	- 200,001	1,040	2,080	1,040
IDAHO (a)	1.6	- 7.4	7	1,409	- 10,568	3,950	7,900	3,950
<b>ILLINOIS*</b>	<b>5.0</b>		<b>1</b>	---Flat rate---		<b>2,050</b>	<b>4,100</b>	<b>2,050</b>
INDIANA	3.4		1	---Flat rate---		1,000	2,000	2,500
IOWA (a)	0.36	- 8.98	9	1,515	- 68,175	40	80	40
KANSAS	2.7	- 4.8	2	15,000		2,250	4,500	2,250
KENTUCKY	2.0	- 6.0	6	3,000	- 75,001	20	40	20
LOUISIANA	2.0	- 6.0	3	12,500	- 50,001	4,500	9,000	1,000
MAINE (a)	0	- 7.95	3	5,200	- 20,900	3,900	7,800	3,900
MARYLAND	2.0	- 5.75	8	1,000	- 250,000	3,200	6,400	3,200
MASSACHUSETTS (a)	5.2		1	---Flat rate---		4,400	8,800	1,000
MICHIGAN (a)	4.25		1	---Flat rate---		3,950	7,900	3,950
MINNESOTA (a)	5.35	- 9.85	4	24,680	- 152,541	3,950	7,900	3,950
MISSISSIPPI	3.0	- 5.0	3	5,000	- 10,001	6,000	12,000	1,500
MISSOURI	1.5	- 6.0	10	1,000	- 9,001	2,100	4,200	1,200
MONTANA (a)	1.0	- 6.9	7	2,700	- 16,400	2,280	4,560	2,280
NEBRASKA (a)	2.46	- 6.84	4	3000	- 29000	128	256	128
NEVADA	No State Income Tax							
NEW HAMPSHIRE	State Income Tax of 5% on 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	- 4.9	4	5,500	- 16,001	3,950	7,900	3,950
NEW YORK	4.0	- 8.82	8	8,200	- 1,029,250	0	0	1,000
NORTH CAROLINA	5.8		1	---Flat rate---			None	
NORTH DAKOTA (a)	1.22	- 3.22	5	36,900	- 405,100	3,950	7,900	3,950
OHIO (a)	0.534	- 5.392	9	5,000	- 200,000	1,700	3,400	1,700
OKLAHOMA	0.5	- 5.25	7	1,000	- 8,701	1,000	2,000	1,000
OREGON (a)	5.0	- 9.9	4	3,250	- 125,000	191	382	191
PENNSYLVANIA	3.07		1	---Flat rate---			-----None-----	
RHODE ISLAND	3.75	- 5.99	3	59,600	- 135,500	3,800	7,600	3,800
SOUTH CAROLINA (a)	0	- 7	6	2,880	- 14,400	3,950	7,900	3,950
SOUTH DAKOTA	No State Income Tax							
TENNESSEE	State Income Tax of 6% on Dividends and Interest Income Only.							
TEXAS	No State Income Tax							
UTAH	5		1	---Flat rate---				
VERMONT (a)	3.55	- 8.95	5	36,900	- 405,100	3,950	7,900	3,950
VIRGINIA	2	- 5.75	4	3,000	- 17,001	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)	4.4	- 7.65	4	7,500	- 225,000	700	1,400	700
WYOMING	No State Income Tax							

**Illinois' Individual Income Tax Rate is statutorily set to fall to 3.75% on January 1, 2015. Illinois' Standard Exemption amounts are indexed to the rate of inflation.**

(a) 17 states have statutory provision for automatically adjusting to the rate of inflation the dollar values of the income tax brackets, standard deductions, and/or personal exemptions. Massachusetts, Michigan, and Nebraska index the personal exemption amounts only.

Source: *The Federation of Tax Administrators. For further detail about these rates, please go to the following website:*  
[http://www.taxadmin.org/fta/rate/ind\\_inc.pdf](http://www.taxadmin.org/fta/rate/ind_inc.pdf)

### **Category 3: State Government Corporation Net Income Tax Revenue**

Illinois collected \$4.5 billion in corporate income tax receipts in 2013, which ranked them 3<sup>rd</sup> in the nation in this category. It appears that this figure includes revenues from the personal property replacement tax less revenues to the income tax refund fund. Again, California had the highest total with \$7.5 billion. On a per-capita basis, Illinois ranked 3<sup>rd</sup> with a per-capita rate of \$346, significantly higher than the national per-capita rate of \$142. Illinois' per-capita value was the highest in the Midwest Region.

<b>TABLE 4: State Government Corporate Income Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
	<b>State Govt Corp. Income Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>		<b>State Govt Corp. Income Tax Revenue</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>
<b>United States</b>	\$45.0	-	\$142	-	<b>United States</b>	\$45.0	-	\$142	-
Alabama	\$0.4	30	\$79	42	Montana	\$0.2	42	\$168	14
Alaska	\$0.6	20	\$858	1	Nebraska	\$0.3	34	\$147	19
Arizona	\$0.7	17	\$100	36	Nevada	No Income Tax			
Arkansas	\$0.4	27	\$136	24	New Hampshire	\$0.6	23	\$418	2
California	\$7.5	1	\$195	10	New Jersey	\$2.3	4	\$256	7
Colorado	\$0.7	18	\$124	31	New Mexico	\$0.3	35	\$128	29
Connecticut	\$0.6	22	\$159	17	New York	\$4.9	2	\$250	9
Delaware	\$0.3	33	\$334	4	North Carolina	\$1.3	9	\$131	27
Florida	\$2.1	6	\$106	35	North Dakota	\$0.2	39	\$312	5
Georgia	\$0.8	14	\$80	41	Ohio	\$0.3	36	\$23	46
Hawaii	\$0.1	44	\$88	39	Oklahoma	\$0.6	21	\$152	18
Idaho	\$0.2	40	\$124	30	Oregon	\$0.5	24	\$117	33
<b>Illinois</b>	<b>\$4.5</b>	<b>3</b>	<b>\$346</b>	<b>3</b>	Pennsylvania	\$2.2	5	\$173	12
Indiana	\$0.8	15	\$119	32	Rhode Island	\$0.1	43	\$137	23
Iowa	\$0.4	25	\$139	22	South Carolina	\$0.4	28	\$81	40
Kansas	\$0.4	29	\$133	25	South Dakota	\$0.0	46	\$44	45
Kentucky	\$0.6	19	\$147	20	Tennessee	\$1.3	10	\$193	11
Louisiana	\$0.3	37	\$55	44	Texas	No Income Tax			
Maine	\$0.2	41	\$129	28	Utah	\$0.3	32	\$114	34
Maryland	\$1.0	12	\$161	16	Vermont	\$0.1	45	\$169	13
Massachusetts	\$1.9	7	\$282	6	Virginia	\$0.8	16	\$93	37
Michigan	\$0.9	13	\$91	38	Washington	No Income Tax			
Minnesota	\$1.4	8	\$251	8	West Virginia	\$0.2	38	\$131	26
Mississippi	\$0.4	26	\$139	21	Wisconsin	\$1.0	11	\$166	15
Missouri	\$0.4	31	\$62	43	Wyoming	No Income Tax			

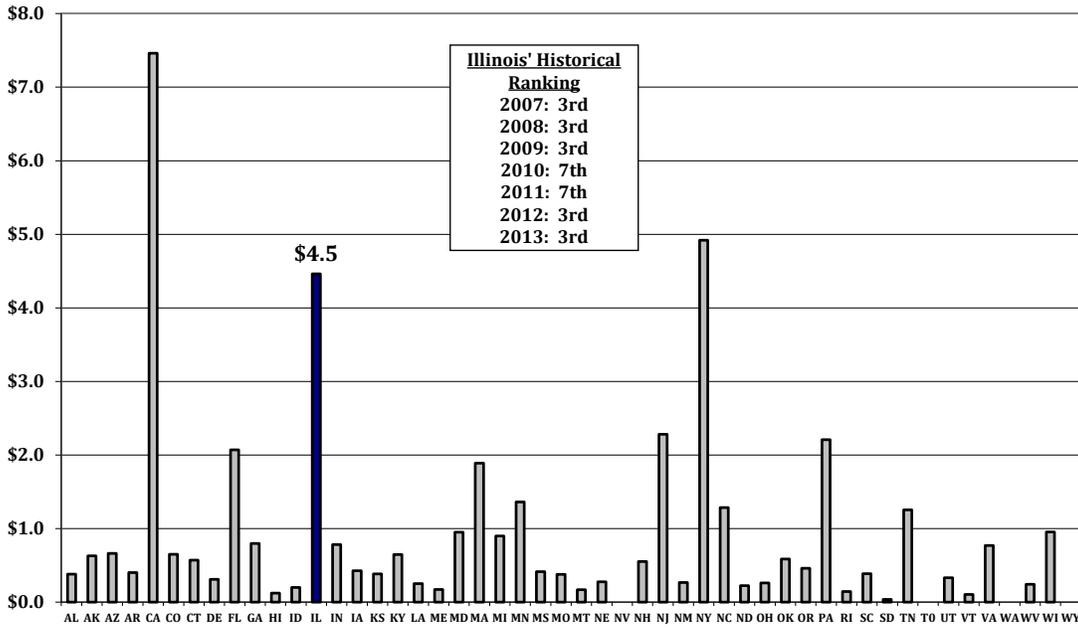
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

Illinois' rankings are notably higher than recent years. Again, this is due to P.A. 96-1496, which increased the corporate income tax rate from 4.8% to 7.0% in January 2011. In the 2010 Annual Survey of State Government Tax Collections, Illinois had the 7<sup>th</sup> highest amount of State Government Corporate Income Tax Revenue collected and the 23<sup>rd</sup> highest per-capita ranking. In 2013, Illinois ranked 3<sup>rd</sup> in both categories, trailing only Alaska and New Hampshire on a per-capita basis. It should be noted, however, Illinois' rankings would fall in upcoming fiscal years if the corporate rates are allowed to fall to 5.25%, as they are statutorily set to do in 2015.

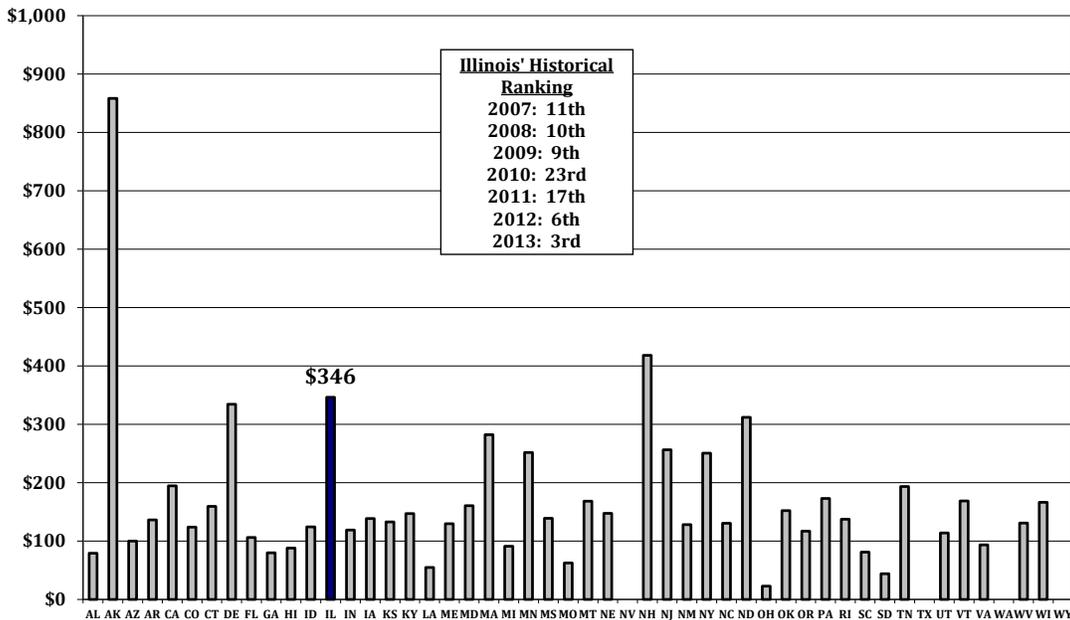
Table 5, on page 8, displays each state's corporate income tax rate. As shown, Illinois is one of thirty-two states with a flat tax. Illinois' 2014 rate of 9.5%, which includes the State's rate of 7.0% and the corporate replacement tax rate of 2.5%, is now among the highest corporate income tax rates imposed throughout the country.

**CHART 6: State Government Corporate Income Tax Revenue in 2013  
(National Total = \$45.0 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**CHART 7: Per-Capita State Government Corporate Income Tax Revenue in 2013  
(National Per Capita = \$142)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**TABLE 5: RANGE OF STATE CORPORATE INCOME TAX RATES**

(For tax year 2014 -- as of January 1, 2014)

State	Tax Rates	Tax Brackets	# of Brackets	State	Tax Rates	Tax Brackets	# of Brackets
ALABAMA	6.5	---Flat Rate---	1	MISSOURI	6.25	---Flat Rate---	1
ALASKA	0 - 9.4	25,000 222000	10	MONTANA	6.75	---Flat Rate---	1
ARIZONA	6.5	---Flat Rate---	1	NEBRASKA	5.58 - 7.81		2
ARKANSAS	1.0 - 6.5	3,000 100,001	6	NEW HAMPSHIRE	8.5	---Flat Rate---	1
CALIFORNIA	8.84	---Flat Rate---	1	NEW JERSEY	9.0	---Flat Rate---	1
COLORADO	4.63	---Flat Rate---	1	NEW MEXICO	4.8 - 7.3	500,000 1 million	3
CONNECTICUT	7.5	---Flat Rate---	1	NEW YORK	7.1	---Flat Rate---	1
DELAWARE	8.7	---Flat Rate---	1	NORTH CAROLINA	6	---Flat Rate---	1
FLORIDA	5.5	---Flat Rate---	1	NORTH DAKOTA	1.48 - 4.53	25,000 50,001	3
GEORGIA	6.0	---Flat Rate---	1	OHIO	***		
HAWAII	4.4 - 6.4	25,000 100,001	3	OKLAHOMA	6.0	---Flat Rate---	1
IDAHO	7.4	---Flat Rate---	1	OREGON	6.6 - 7.6	250,000	2
<b>ILLINOIS*</b>	<b>9.5</b>	<b>---Flat Rate---</b>	<b>1</b>	PENNSYLVANIA	9.99	---Flat Rate---	1
INDIANA**	7.5	---Flat Rate---	1	RHODE ISLAND	9.0	---Flat Rate---	1
IOWA	6.0 - 12.0	25,000 250,001	4	SOUTH CAROLINA	5.0	---Flat Rate---	1
KANSAS	4	---Flat Rate---	1	SOUTH DAKOTA	6.0-0.25	(banks only)	
KENTUCKY	4.0 - 6.0	50,000 100,001	3	TENNESSEE	6.5	---Flat Rate---	1
LOUISIANA	4.0 - 8.0	25,000 200,001	5	TEXAS	****		
MAINE	3.5 - 8.93	25,000 250,000	4	UTAH	5	---Flat Rate---	
MARYLAND	8.25	---Flat Rate---	1	VERMONT (b)	6.0 - 8.5	10,000 25,000	3
MASSACHUSETTS	8.0	---Flat Rate---	1	VIRGINIA	6.0	---Flat Rate---	1
MICHIGAN	6.0	---Flat Rate---	1	WEST VIRGINIA	6.5	---Flat Rate---	1
MINNESOTA	9.8	---Flat Rate---	1	WISCONSIN	7.9	---Flat Rate---	1
MISSISSIPPI	3.0 - 5.0	5,000 10,001	3	DIST Of COLUMBIA	9.975	---Flat Rate---	1

Source: The Federation of Tax Administrators. For further detail about these rates, please go to the following website:

[http://www.taxadmin.org/fta/rate/corp\\_inc.pdf](http://www.taxadmin.org/fta/rate/corp_inc.pdf)

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

**\* Illinois' rate includes a 2.5% personal property replacement tax. The rate is statutorily set to decline from 7% to 5.25% (or 7.75% when including the CPPRT rate of 2.5%) on January 1, 2015.**

\*\* Indiana's Adjusted Gross Income Tax on general corporations and non-financial institutions was lowered from 8.5% to 8% on July 1, 2012 and to 7.5% on July 1, 2013. It is set to further decrease to 7% on July 1, 2014 and finally to 6.5% on July 1, 2015.

\*\*\* Ohio does not levy a tax based on income, but imposes a Commercial Activity Tax (CAT) equals \$150 for gross receipts between \$150,000 and \$1 million, plus 0.26% of gross receipts over \$1 million.

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

Table 6, below, displays how each state determines what portion of a company's income is subject to their corporate income tax. Before 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 corporate tax. Since 2001, corporate income taxable in Illinois is determined solely on the basis of a company's in-state sales, instead of a three-part formula.

<b>TABLE 6: STATE APPORTIONMENT OF CORPORATE INCOME</b>			
<b>(Formulas for tax year 2014 as of January 1, 2014)</b>			
ALABAMA *	Double wtd. sales	MONTANA *	3 Factor
ALASKA *	3 Factor	NEBRASKA	Sales
ARIZONA *	Double wtd. Sales/85% Sales, 7.5% Property and 7.5% Payroll	NEVADA	No State Income Tax
ARKANSAS *	Double wtd. sales	NEW HAMPSHIRE	Double wtd. sales
CALIFORNIA *	Sales	NEW JERSEY	Sales
COLORADO *	Sales	NEW MEXICO *	3 Factor/Dbl Weighted Sales
CONNECTICUT	Double wtd. Sales / Sales	NEW YORK	Sales
DELAWARE	3 Factor	NORTH CAROLINA *	Double wtd. sales
FLORIDA	Double wtd. sales	NORTH DAKOTA *	3 Factor
GEORGIA	Sales	OHIO	N/A (3)
HAWAII *	3 Factor	OKLAHOMA	3 Factor
IDAHO *	Double wtd. sales	OREGON	Sales
<b>ILLINOIS *</b>	<b>Sales</b>	PENNSYLVANIA	Sales
INDIANA	Sales	RHODE ISLAND	3 Factor
IOWA	Sales	SOUTH CAROLINA	Sales
KANSAS *	3 Factor	SOUTH DAKOTA	No State Income Tax
KENTUCKY *	Double wtd. sales	TENNESSEE	Double wtd. sales
LOUISIANA	3 Factor	TEXAS	Sales
MAINE *	Sales	UTAH	Sales
MARYLAND	Sales/Double wtd. sales	VERMONT	Double wtd. sales
MASSACHUSETTS	Sales/Double wtd. sales	VIRGINIA	Double wtd. Sales / Quadruple wtd Sales (1)
MICHIGAN	Sales	WASHINGTON	No State Income Tax
MINNESOTA	Sales	WEST VIRGINIA *	Double wtd. sales
MISSISSIPPI	Sales/Other (2)	WISCONSIN *	Sales
MISSOURI *	3 Factor	WYOMING	No State Income Tax

**Source: [www.taxadmin.org](http://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 or specified by state rules.

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

(1) Virginia (certain manufacturers) is phasing in a single sales factor which will reach 100% in FY 2015.

(2) Mississippi provides different apportionment formulas based on specific type of business. A single sales factor formula is required if no specific business is specified.

(3) Ohio Tax Department publishes specific rules for situs of receipts under the CAT tax.

## 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 2013, Illinois ranked 10<sup>th</sup> in the amount of sales tax revenue collected with a total of \$8.2 billion. California collected the most, generating \$33.9 billion. On a per-capita basis, Illinois ranked 36<sup>th</sup> in the nation with a value of \$633, which was well below the national average per-capita value of \$806. As shown in Table 7 below, in the Midwest Region, only Missouri (42<sup>nd</sup>) was ranked lower than Illinois on a per-capita basis.

<b>TABLE 7: State Government General Sales Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
	State Govt General Sales Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		State Govt General Sales Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
United States	\$254.7	-	\$806	-	United States	\$254.7	-	\$806	-
Alabama	\$2.3	34	\$482	43	Montana	No Sales Tax			
Alaska	No Sales Tax				Nebraska	\$1.7	37	\$893	19
Arizona	\$6.5	13	\$977	14	Nevada	\$3.6	22	\$1,304	4
Arkansas	\$2.8	29	\$959	15	New Hampshire	No Sales Tax			
California	\$33.9	1	\$885	20	New Jersey	\$8.5	8	\$950	16
Colorado	\$2.4	33	\$459	44	New Mexico	\$2.0	35	\$944	17
Connecticut	\$3.9	20	\$1,072	6	New York	\$12.1	4	\$617	37
Delaware	No Sales Tax				North Carolina	\$5.6	14	\$568	39
Florida	\$20.8	3	\$1,063	8	North Dakota	\$1.3	39	\$1,754	2
Georgia	\$5.3	15	\$528	41	Ohio	\$8.6	7	\$746	28
Hawaii	\$2.9	27	\$2,097	1	Oklahoma	\$2.5	32	\$654	34
Idaho	\$1.3	38	\$821	23	Oregon	No Sales Tax			
Illinois	\$8.2	10	\$633	36	Pennsylvania	\$9.2	6	\$724	29
Indiana	\$6.8	11	\$1,034	9	Rhode Island	\$0.9	42	\$838	22
Iowa	\$2.5	31	\$815	24	South Carolina	\$3.2	23	\$670	33
Kansas	\$2.9	28	\$1,001	12	South Dakota	\$0.9	43	\$1,010	11
Kentucky	\$3.0	26	\$688	31	Tennessee	\$6.6	12	\$1,021	10
Louisiana	\$2.8	30	\$611	38	Texas	\$26.1	2	\$988	13
Maine	\$1.1	41	\$807	25	Utah	\$1.9	36	\$650	35
Maryland	\$4.1	19	\$694	30	Vermont	\$0.3	45	\$554	40
Massachusetts	\$5.2	16	\$775	26	Virginia	\$3.7	21	\$449	45
Michigan	\$8.4	9	\$851	21	Washington	\$11.1	5	\$1,595	3
Minnesota	\$5.0	17	\$924	18	West Virginia	\$1.3	40	\$677	32
Mississippi	\$3.2	24	\$1,067	7	Wisconsin	\$4.4	18	\$768	27
Missouri	\$3.2	25	\$522	42	Wyoming	\$0.7	44	\$1,206	5

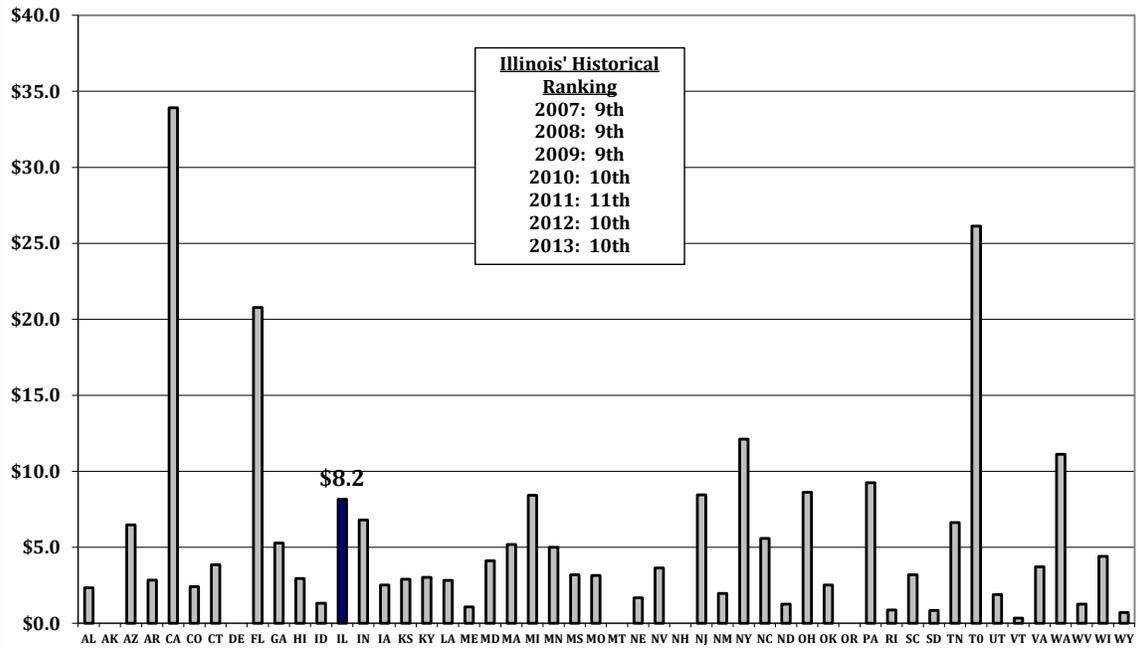
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

The last State sales tax rate increase (from 4% to 5%) occurred in 1984. Illinois' sales tax rate is typically shown as 6.25%, in which 5% goes to the State, and the remaining 1.25% goes to local governments. A list of the sales tax rates for all the states is shown on Table 8. Illinois law also authorizes local governments to impose sales taxes, so the sales tax in many communities is often higher than 6.25%, with the highest reaching a combined 10% in suburban Cook County. The City of Chicago currently has an overall sales tax rate of 9.25% when encompassing all of the local sales taxes (6.25% State, 0.75% County Home Rule, 1.25% Home Rule, 1.0% Regional Transportation Authority).

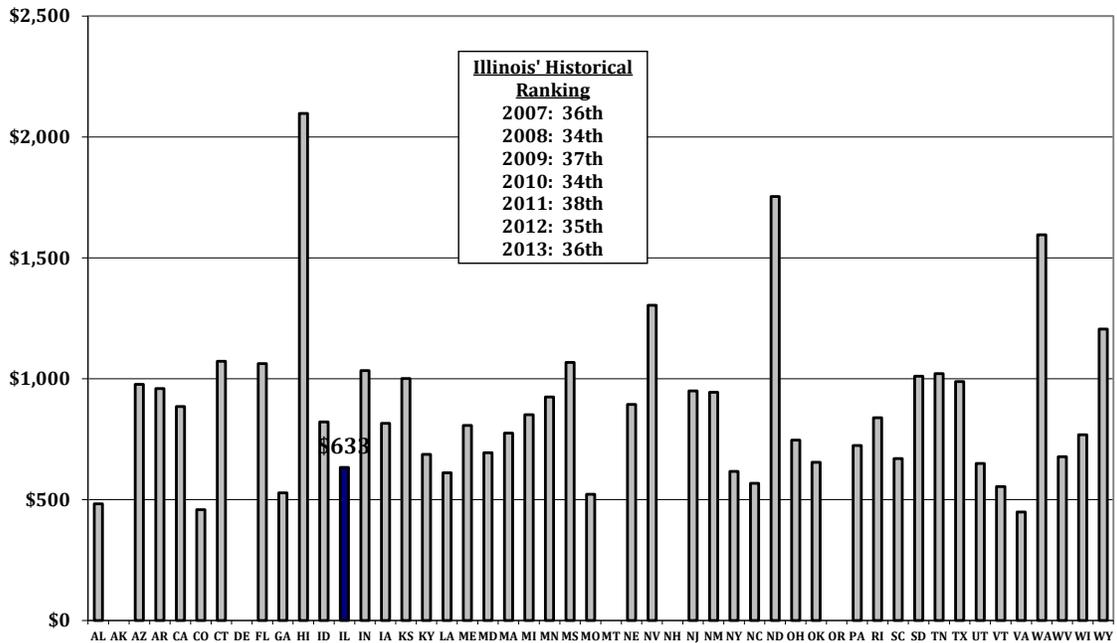
When the combined rate of 6.25% took effect in 1990, a 1% state tax was imposed on food and drugs. As also shown in Chart 8, Illinois is currently the only State to impose a sales tax on prescription drugs. Illinois is one of only six states to impose a sales tax on food.

**CHART 8: State Government General Sales Tax Revenue in 2013  
(National Total = \$254.7 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**CHART 9 : Per-Capita State Government General Sales Tax Revenue in 2013  
(National Per Capita = \$806)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**TABLE 8: Sales and Use Taxes**

(as of January 1, 2014)

	Tax Rate	Food	Prescription Drugs	Non-prescriptions drugs
Alabama	4.00%		Exempt	
Alaska	None			
Arizona	5.60%	Exempt	Exempt	
Arkansas	6.50%	1.50%	Exempt	
California	7.50%	Exempt	Exempt	
Colorado	2.90%	Exempt	Exempt	
Connecticut	6.35%	Exempt	Exempt	
Delaware	None			
Florida	6.00%	Exempt	Exempt	Exempt
Georgia	4.00%	Exempt	Exempt	
Hawaii	4.00%		Exempt	
Idaho	6.00%		Exempt	
<b>Illinois</b>	<b>6.25%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>
Indiana	7.00%	Exempt	Exempt	
Iowa	6.00%	Exempt	Exempt	
Kansas	6.15%		Exempt	
Kentucky	6.00%	Exempt	Exempt	
Louisiana	4.00%	Exempt	Exempt	
Maine	5.50%	Exempt	Exempt	
Maryland	6.00%	Exempt	Exempt	Exempt
Massachusetts	6.25%	Exempt	Exempt	
Michigan	6.00%	Exempt	Exempt	
Minnesota	6.875%	Exempt	Exempt	Exempt
Mississippi	7.00%		Exempt	
Missouri	4.225%	1.225%	Exempt	
Montana	None		Exempt	
Nebraska	5.50%	Exempt	Exempt	
Nevada	6.85%	Exempt	Exempt	
New Hampshire	None			
New Jersey	7.00%	Exempt	Exempt	Exempt
New Mexico	5.125%	Exempt	Exempt	
New York	4.00%	Exempt	Exempt	Exempt
North Carolina	4.75%	Exempt	Exempt	
North Dakota	5.00%	Exempt	Exempt	
Ohio	5.75%	Exempt	Exempt	
Oklahoma	4.50%		Exempt	
Oregon	None			
Pennsylvania	6.00%	Exempt	Exempt	Exempt
Rhode Island	7.00%	Exempt	Exempt	
South Carolina	6.00%	Exempt	Exempt	
South Dakota	4.00%		Exempt	
Tennessee	7.00%	5.00%	Exempt	
Texas	6.25%	Exempt	Exempt	Exempt
Utah	5.95%	1.75%	Exempt	
Vermont	6.00%	Exempt	Exempt	Exempt
Virginia	5.30%	2.50%	Exempt	Exempt
Washington	6.50%	Exempt	Exempt	
West Virginia	6.00%	Exempt	Exempt	
Wisconsin	5.00%	Exempt	Exempt	
Wyoming	4.00%	Exempt	Exempt	

Source: Federation of Tax Administrators

## Category 5: State Government Tobacco Product Sales Tax Revenue

In the category of State Government Tobacco Product Sales Tax Revenue, which includes cigarette tax revenue, Illinois ranked 6<sup>th</sup> in total sales in 2013 with a total of \$857 million. New York ranked 1<sup>st</sup> generating \$1.5 billion. On a per-capita basis, Illinois ranked 26<sup>th</sup> with a value of \$67 per capita. New Hampshire is the highest ranked state on a per-capita basis with a value of \$158.

<b>TABLE 9: State Government Tobacco Products Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
<b>State Govt Tobacco Products Tax Revenue</b>					<b>State Govt Tobacco Products Tax Revenue</b>				
<b>Total Dollars</b>	<b>Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>	<b>Total Dollars</b>	<b>Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>	<b>Total Dollars</b>	<b>Ranking</b>
<b>United States</b>	\$17.0	-	\$54	-	<b>United States</b>	\$17.0	-	\$54	-
Alabama	\$0.1	34	\$25	44	Montana	\$0.1	41	\$87	10
Alaska	\$0.1	44	\$94	9	Nebraska	\$0.1	45	\$35	38
Arizona	\$0.3	17	\$48	31	Nevada	\$0.1	38	\$38	36
Arkansas	\$0.2	23	\$80	14	New Hampshire	\$0.2	26	\$158	1
California	\$0.9	5	\$23	46	New Jersey	\$0.8	8	\$85	11
Colorado	\$0.2	27	\$37	37	New Mexico	\$0.1	43	\$34	39
Connecticut	\$0.4	16	\$105	6	New York	\$1.5	1	\$79	16
Delaware	\$0.1	35	\$124	3	North Carolina	\$0.3	19	\$29	42
Florida	\$0.4	15	\$20	48	North Dakota	\$0.0	48	\$40	35
Georgia	\$0.2	25	\$21	47	Ohio	\$0.8	7	\$72	21
Hawaii	\$0.1	36	\$80	15	Okiahoma	\$0.3	18	\$74	17
Idaho	\$0.0	47	\$31	41	Oregon	\$0.3	21	\$69	24
<b>Illinois</b>	<b>\$0.9</b>	<b>6</b>	<b>\$67</b>	<b>26</b>	Pennsylvania	\$1.1	3	\$84	12
Indiana	\$0.5	12	\$70	22	Rhode Island	\$0.1	31	\$126	2
Iowa	\$0.2	24	\$73	18	South Carolina	\$0.0	49	\$6	50
Kansas	\$0.1	40	\$34	40	South Dakota	\$0.1	46	\$72	20
Kentucky	\$0.3	22	\$59	27	Tennessee	\$0.3	20	\$42	33
Louisiana	\$0.1	32	\$27	43	Texas	\$1.5	2	\$58	28
Maine	\$0.1	30	\$104	7	Utah	\$0.1	33	\$42	34
Maryland	\$0.4	13	\$70	23	Vermont	\$0.1	42	\$119	4
Massachusetts	\$0.6	10	\$83	13	Virginia	\$0.2	28	\$23	45
Michigan	\$1.0	4	\$96	8	Washington	\$0.5	11	\$67	25
Minnesota	\$0.4	14	\$72	19	West Virginia	\$0.1	37	\$58	29
Mississippi	\$0.2	29	\$50	30	Wisconsin	\$0.6	9	\$110	5
Missouri	\$0.1	39	\$17	49	Wyoming	\$0.0	50	\$45	32

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

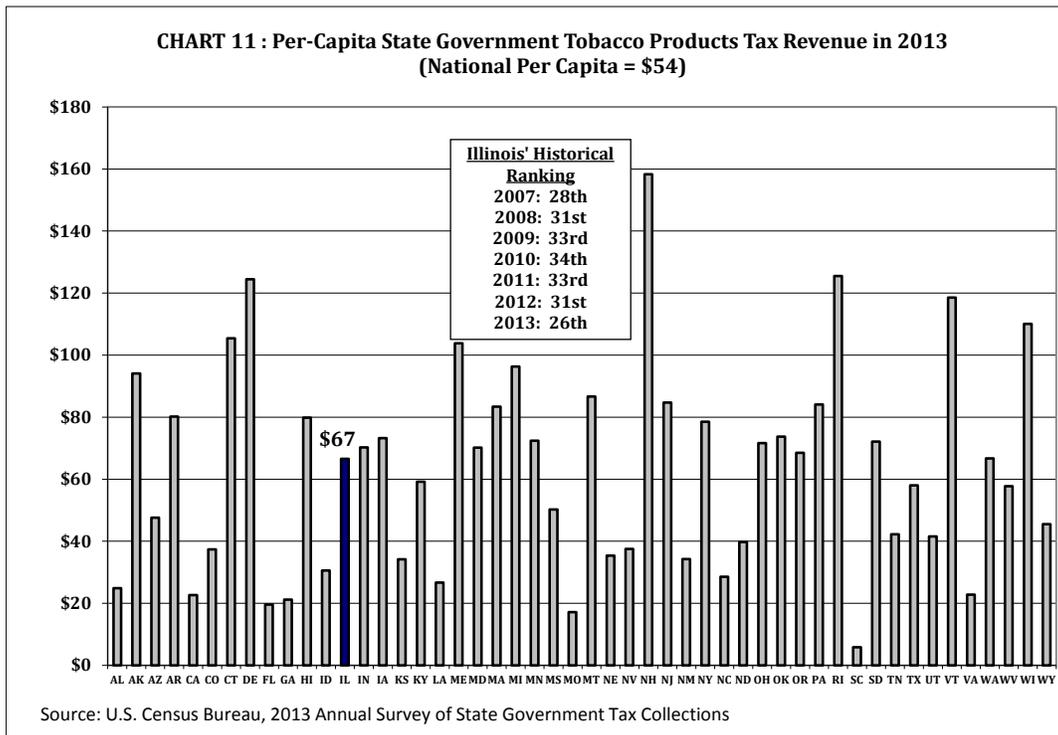
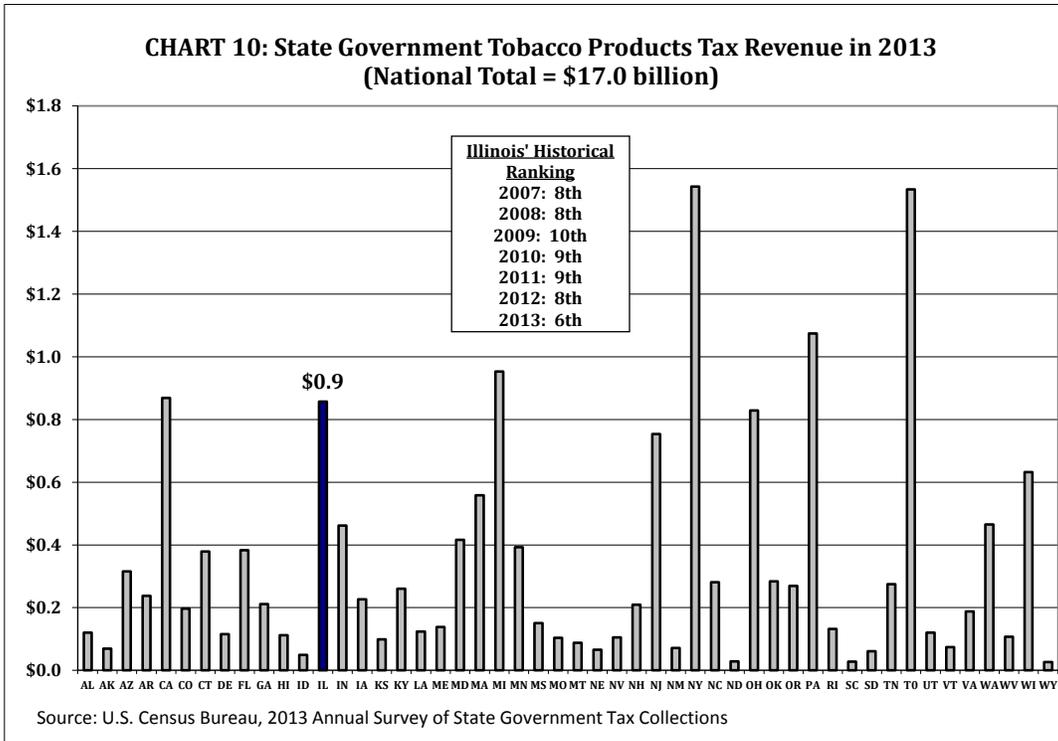
Grey Areas= Midwest Region

In June 2012, Illinois increased the State cigarette tax from \$0.98 to \$1.98 per pack. This is the primary reason why Illinois' total dollar ranking increased from 9<sup>th</sup> in 2011 to its 2013 ranking of 6<sup>th</sup> and why its per-capita ranking increased from 33<sup>rd</sup> to 26<sup>th</sup>. Illinois' last cigarette tax increase was in 2002 when the rate was increased from \$0.58 to \$0.98 per pack. As seen in Table 9 on page 15, in terms of the cigarette tax rate in 2014, Illinois' recent cigarette rate hike increased the State's ranking from what would have been the 33<sup>rd</sup> highest rate to the 17<sup>th</sup> highest rate in the country.

Illinois' per-capita ranking has fluctuated quite a bit over the last decade (ranking as low as 14<sup>th</sup> in 2004) due to its multiple tax increases. The per-capita ranking fell to as low as 34<sup>th</sup> in 2010 due to the number of states that also have chosen the cigarette tax as a source for new revenues over the last several years.

Illinois law authorizes a municipal cigarette tax of 1-cent per package of 20, but it cannot be imposed by municipalities for which the state already collects a municipal

home-rule retailers' occupation (sales) tax. Home-rule units can collect their own taxes on cigarettes. For example, Chicago collects \$1.18 per pack of 20, and Cook County collects \$3.00. Chicago's combined rate when including city, county, State, and federal taxes is \$7.17 per pack of 20 cigarettes, which ranks Chicago as having the highest combined tax rate of any city in the nation.



## TABLE 10: STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 2014)

STATE	TAX RATE		STATE	TAX RATE	
	(¢ per pack)	RANK		(¢ per pack)	RANK
Alabama (1)	42.5	47	Nebraska	64	38
Alaska	200	12	Nevada	80	35
Arizona	200	12	New Hampshire	178	18
Arkansas	115	30	New Jersey	270	8
California	87	33	New Mexico	166	21
Colorado	84	34	New York (1)	435	1
Connecticut	340	4	North Carolina	45	45
Delaware	160	22	North Dakota	44	46
Florida (2)	133.9	27	Ohio	125	29
Georgia	37	48	Oklahoma	103	31
Hawaii	320	5	Oregon	131	28
Idaho	57	42	Pennsylvania	160	22
<b>Illinois*</b>	<b>198</b>	<b>17</b>	Rhode Island	350	3
Indiana	99.5	32	South Carolina	57	42
Iowa	136	26	South Dakota	153	24
Kansas	79	36	Tennessee (1) (5)	62	39
Kentucky (3)	60	40	Texas	141	25
Louisiana	36	49	Utah	170	19
Maine	200	12	Vermont	262	9
Maryland	200	12	Virginia (1)	30	50
Massachusetts	351	2	Washington	302.5	6
Michigan	200	12	West Virginia	55	44
Minnesota (4)	283	7	Wisconsin	252	10
Mississippi	68	37	Wyoming	60	40
Missouri (1)	17	51			
Montana	170	19	Dist. of Columbia (5)	250	11
			<b>U. S. Median</b>	<b>136</b>	

Source: [www.taxadmin.org](http://www.taxadmin.org)

\* In Illinois, State law authorizes a municipal cigarette tax of 1-cent per package of 20, but it cannot be imposed by municipalities for which the state already collects a municipal home-rule retailers' occupation (sales) tax. Home-rule units can collect their own taxes on cigarettes. For example, Chicago collects \$1.18 per pack of 20, and Cook County collects \$3.00. Chicago's combined rate when including city, county, State, and federal taxes is \$7.17 per pack of 20 cigarettes, which ranks the City as having the highest combined tax rate of any city in the nation.

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

(2) Florida's rate includes a surcharge of \$1 per pack.

(3) Dealers pay an additional enforcement and administrative fee of 0.1-cents per pack in Kentucky and 0.05-cents in Tennessee.

(4) In addition, Minnesota imposes an in lieu cigarette sales tax determined annually by the Department. The current rate is 36.2-cents through December 31, 2013.

(5) In addition District of Columbia imposes an in lieu cigarette sales tax calculated every March 31. The current rate is 36-cents.

## Category 6: State Government Alcoholic Beverage Sales Tax Revenue

In 2013, in the category of State Government Alcoholic Beverage Sales Tax Revenue, Illinois ranked 7<sup>th</sup> in total sales with a total of \$280 million. Texas ranked 1<sup>st</sup> generating \$984 million. On a per-capita basis, Illinois ranked 16<sup>th</sup> in the nation with a value of \$22 per capita. Alaska is the highest ranked state on a per-capita basis with a value of \$53 per capita.

<b>TABLE 11: State Government Alcoholic Beverage Tax Revenue in 2013</b>									
\$ in millions									
	State Govt Alcoholic Beverage Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		State Govt Alcoholic Beverage Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$6,053.1	-	\$19	-	<b>United States</b>	\$6,053.1	-	\$19	-
Alabama	\$173.3	11	\$36	6	Montana	\$31.7	36	\$31	10
Alaska	\$39.2	34	\$53	1	Nebraska	\$28.9	38	\$15	24
Arizona	\$68.7	22	\$10	37	Nevada	\$40.9	32	\$15	27
Arkansas	\$50.7	26	\$17	22	New Hampshire	\$9.7	47	\$7	43
California	\$357.0	4	\$9	40	New Jersey	\$136.1	15	\$15	25
Colorado	\$39.2	33	\$7	42	New Mexico	\$41.0	31	\$20	19
Connecticut	\$52.0	25	\$14	28	New York	\$247.3	8	\$13	33
Delaware	\$18.4	40	\$20	18	North Carolina	\$332.7	6	\$34	8
Florida	\$486.3	2	\$25	14	North Dakota	\$9.2	48	\$13	32
Georgia	\$180.8	10	\$18	21	Ohio	\$98.3	19	\$8	41
Hawaii	\$49.0	27	\$35	7	Okiahoma	\$111.0	18	\$29	11
Idaho	\$8.6	49	\$5	46	Oregon	\$16.3	43	\$4	49
<b>Illinois</b>	<b>\$279.9</b>	<b>7</b>	<b>\$22</b>	<b>16</b>	Pennsylvania	\$336.4	5	\$26	13
Indiana	\$45.1	29	\$7	44	Rhode Island	\$12.7	46	\$12	35
Iowa	\$13.9	45	\$4	48	South Carolina	\$156.8	12	\$33	9
Kansas	\$119.5	17	\$41	3	South Dakota	\$16.0	44	\$19	20
Kentucky	\$121.8	16	\$28	12	Tennessee	\$140.1	14	\$22	17
Louisiana	\$56.9	24	\$12	34	Texas	\$984.4	1	\$37	4
Maine	\$17.5	42	\$13	31	Utah	\$48.2	28	\$17	23
Maryland	\$30.9	37	\$5	47	Vermont	\$23.2	39	\$37	5
Massachusetts	\$77.4	21	\$12	36	Virginia	\$204.0	9	\$25	15
Michigan	\$142.9	13	\$14	29	Washington	\$364.8	3	\$52	2
Minnesota	\$80.2	20	\$15	26	West Virginia	\$17.7	41	\$10	39
Mississippi	\$41.8	30	\$14	30	Wisconsin	\$57.3	23	\$10	38
Missouri	\$36.1	35	\$6	45	Wyoming	\$1.8	50	\$3	50

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

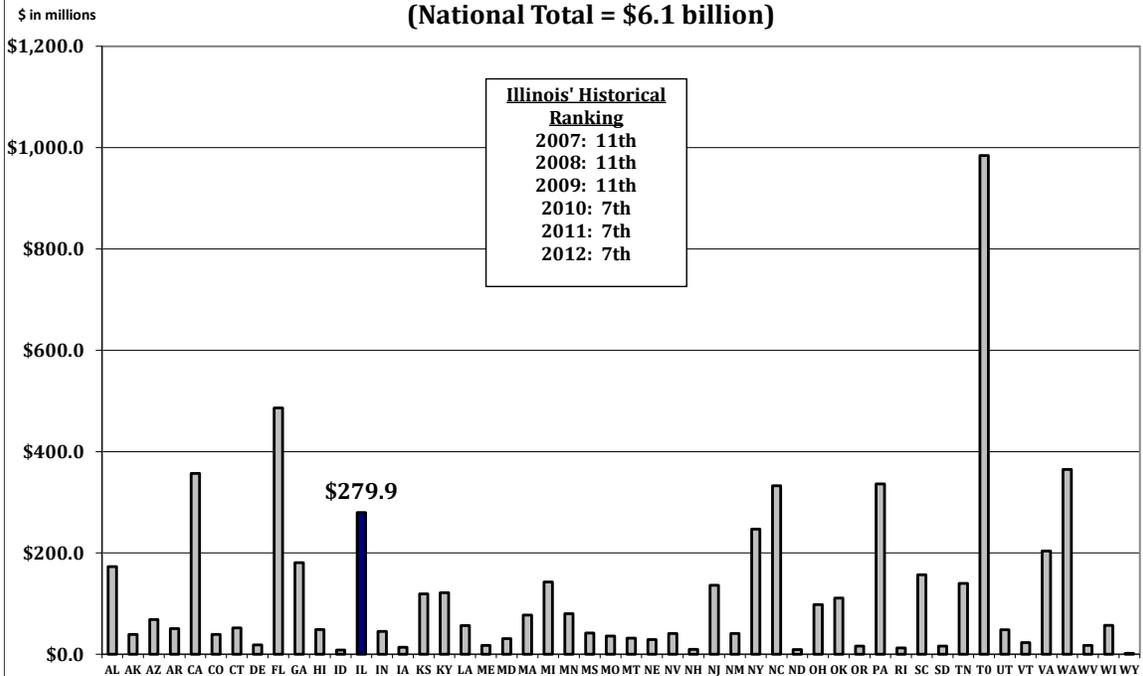
Grey Areas= Midwest Region

In the Midwest region, Illinois collects the highest amount of tax revenue from alcoholic beverages from a total dollars perspective. On a per-capita basis, Illinois is only behind Kentucky in the Midwest, which is ranked 16<sup>th</sup> in the nation with a per-capita value of \$22.

As shown in the charts on the following page, Illinois' latest rankings have increased since 2009, as the total dollar ranking has risen from 11<sup>th</sup> to 7<sup>th</sup>, while the per-capita ranking has risen from 31<sup>st</sup> to 16<sup>th</sup>. The reason for this is because in September 2009, the rate and base of Illinois liquor tax was increased to the following amounts (per gallon): \$0.231 on beer and cider (up from \$0.185); \$1.39 on wine (up from \$0.73); and \$8.55 on distilled liquor (up from \$4.50).

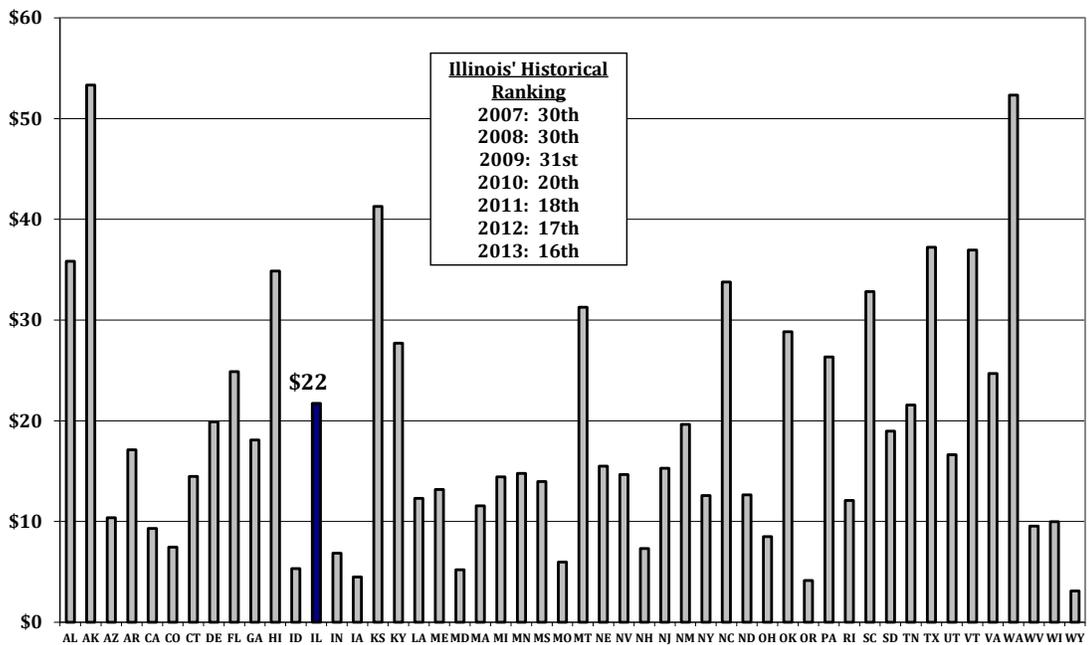
A listing of the state tax rates on beer for all of the states is shown on page 17. As shown, Illinois has the 23<sup>rd</sup> highest tax on beer in the nation. The tax rates on wine and distilled spirits can be obtained at [taxfoundation.org](http://taxfoundation.org).

**CHART 12: State Government Alcoholic Beverage Tax Revenue in 2013**  
(National Total = \$6.1 billion)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**CHART 13 : Per-Capita State Government Alcoholic Beverage Tax Revenue in 2013**  
(National Per Capita = \$19)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**TABLE 12: State Tax Rates on Beer**

As of January 1, 2014

(Dollars Per Gallon)

State	Beer Excise Tax Rates		General Sales Tax Applies?	Other Taxes
	Tax Rate	Rank		
Alabama	\$0.53	6	Yes	\$0.52/gallon local tax statewide
Alaska	\$1.07	2	n.a.	
Arizona	\$0.16	31	Yes	
Arkansas	\$0.23	22	Yes	3% off- 10% on-premise tax
California	\$0.20	25	Yes	
Colorado	\$0.08	46	Yes	
Connecticut	\$0.24	21	Yes	
Delaware	\$0.16	34	n.a.	
Florida	\$0.48	7	Yes	
Georgia	\$0.32	13	Yes	\$0.53/gallon local tax
Hawaii	\$0.93	3	Yes	\$0.54/gallon draft beer
Idaho	\$0.15	35	Yes	over 4% - \$0.45/gallon
<b>Illinois</b>	<b>\$0.23</b>	<b>23</b>	<b>Yes</b>	<b>\$0.29/gallon in Chicago and \$0.06/gallon in Cook County</b>
Indiana	\$0.12	40	Yes	
Iowa	\$0.19	27	Yes	
Kansas	\$0.18	28	--	over 3.2% - {8% off- and 10% on-premise}, under 3.2% - 4.23% sales tax
Kentucky	\$0.08	45	Yes	11% wholesale tax; * general sales tax applies to on-premise sales only
Louisiana	\$0.32	13	Yes	\$0.048/gallon local tax
Maine	\$0.35	12	Yes	7% on-premise saales tax
Maryland	\$0.09	43	--	9% sales tax; \$0.2333/gallon in Garrett County
Massachusetts	\$0.11	41		0.57% on private club sales
Michigan	\$0.20	24	Yes	
Minnesota	\$0.15	36	--	under 3.2% - \$0.077/gallon, 9% sales tax
Mississippi	\$0.43	8	Yes	
Missouri	\$0.06	49	Yes	
Montana	\$0.14	38	n.a.	
Nebraska	\$0.31	15	Yes	
Nevada	\$0.16	31	Yes	
New Hampshire	\$0.30	16	n.a.	
New Jersey	\$0.12	39	Yes	
New Mexico	\$0.41	10	Yes	
New York	\$0.14	37	Yes	additional \$0.12/gallon in New York City
North Carolina	\$0.62	5	Yes	
North Dakota	\$0.16	31	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	\$0.18	28	Yes	
Oklahoma	\$0.40	11	Yes	under 3.2% - \$0.36/gallon; 13.5% on-premise
Oregon	\$0.08	44	n.a.	
Pennsylvania	\$0.08	46	Yes	
Rhode Island	\$0.11	41	Yes	\$0.04/case wholesale tax
South Carolina	\$0.77	4	Yes	
South Dakota	\$0.27	17	Yes	
Tennessee	\$1.15	1	Yes	
Texas	\$0.20	25	Yes	14.95% on-premise and \$0.05/drink on airline sales
Utah	\$0.41	9	Yes	over 3.2% - sold through state store
Vermont	\$0.27	18	Yes	more than 6% alcohol - \$0.55; 10% on-premise sales tax
Virginia	\$0.26	20	Yes	
Washington	\$0.26	19	Yes	
West Virginia	\$0.18	30	Yes	
Wisconsin	\$0.06	48	Yes	
Wyoming	\$0.02	50	Yes	
D.C.	\$0.09	N/A	Yes	9% off- and on-premise sales tax

For tax rates on wine, go to <http://www.taxadmin.org/fta/rate/wine.pdf>.For tax rates on distilled spirits, go to <http://www.taxadmin.org/fta/rate/liquor.pdf>.Source: [taxfoundation.org](http://taxfoundation.org)

## Category 7: State Government Motor Fuel Tax Revenue

In 2013, Illinois ranked 8<sup>th</sup> in the nation in the amount of motor fuel tax revenue collected with a total of \$1.3 billion. Only Ohio collected more in the Midwest Region (\$1.7 billion). However, on a per-capita basis, Illinois ranked 44<sup>th</sup> in the nation with a per-capita rate of \$98, which was lower than the national per-capita rate of \$127. Illinois was the lowest ranking state on a per-capita basis in the Midwest Region.

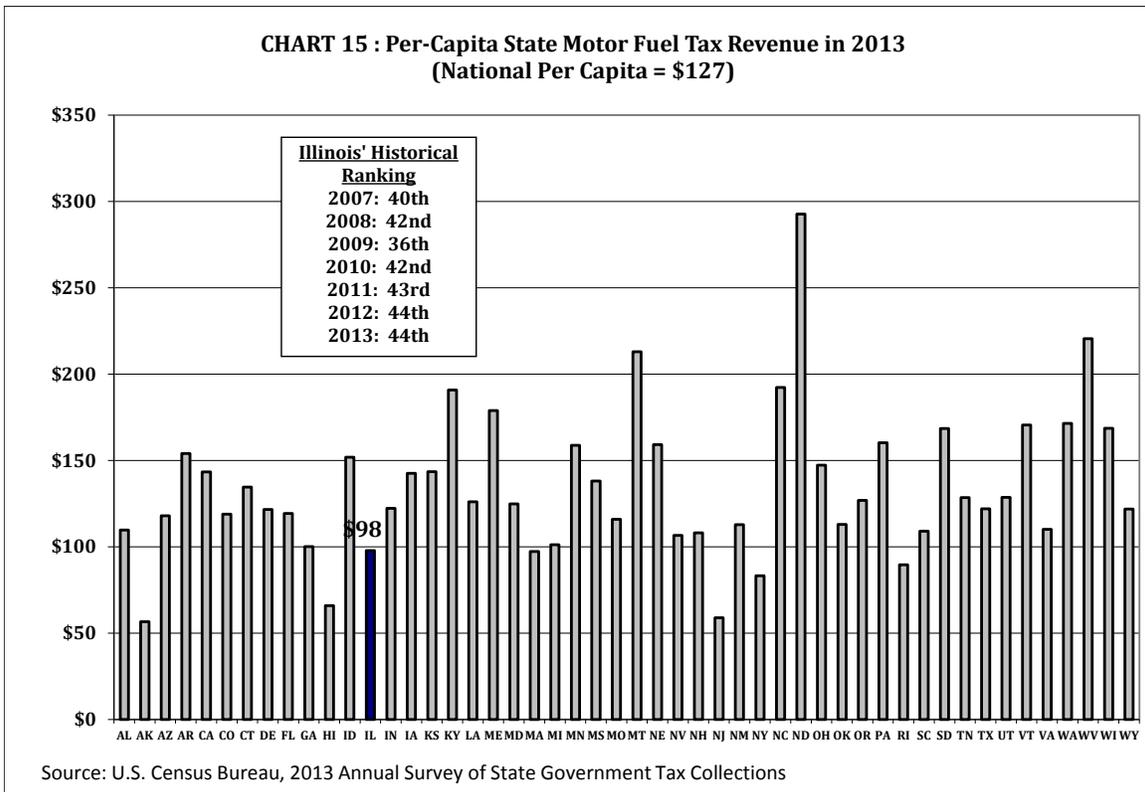
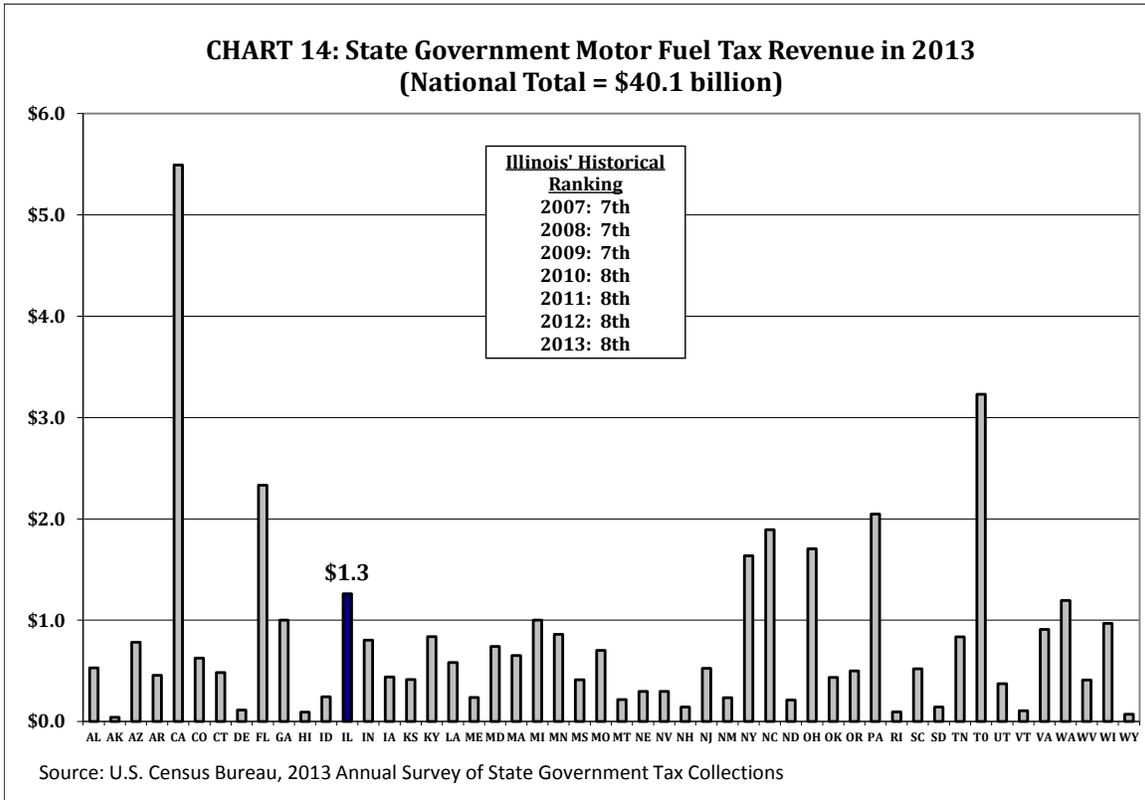
TABLE 13: State Government Motor Fuel Tax Revenue in 2013									
\$ in billions									
	State Govt Motor Fuel Tax Revenue	Total Dollars Ranking	Amount Per Capita Per Capita	Per Capita Ranking		State Govt Motor Fuel Tax Revenue	Total Dollars Ranking	Amount Per Capita Per Capita	Per Capita Ranking
United States	\$40.1	-	\$127	-	United States	\$40.1	-	\$127	-
Alabama	\$0.5	24	\$110	38	Montana	\$0.2	41	\$213	3
Alaska	\$0.0	50	\$57	50	Nebraska	\$0.3	36	\$159	12
Arizona	\$0.8	18	\$118	33	Nevada	\$0.3	37	\$107	41
Arkansas	\$0.5	29	\$154	14	New Hampshire	\$0.1	43	\$108	40
California	\$5.5	1	\$143	18	New Jersey	\$0.5	25	\$59	49
Colorado	\$0.6	22	\$119	32	New Mexico	\$0.2	40	\$113	36
Connecticut	\$0.5	28	\$135	21	New York	\$1.6	7	\$83	47
Delaware	\$0.1	45	\$122	30	North Carolina	\$1.9	5	\$192	4
Florida	\$2.3	3	\$119	31	North Dakota	\$0.2	42	\$293	1
Georgia	\$1.0	11	\$100	43	Ohio	\$1.7	6	\$147	16
Hawaii	\$0.1	48	\$66	48	Oklahoma	\$0.4	31	\$113	35
Idaho	\$0.2	38	\$152	15	Oregon	\$0.5	27	\$127	24
Illinois	\$1.3	8	\$98	44	Pennsylvania	\$2.0	4	\$160	11
Indiana	\$0.8	17	\$122	27	Rhode Island	\$0.1	47	\$90	46
Iowa	\$0.4	30	\$142	19	South Carolina	\$0.5	26	\$109	39
Kansas	\$0.4	32	\$144	17	South Dakota	\$0.1	44	\$169	10
Kentucky	\$0.8	15	\$191	5	Tennessee	\$0.8	16	\$129	23
Louisiana	\$0.6	23	\$126	25	Texas	\$3.2	2	\$122	28
Maine	\$0.2	39	\$179	6	Utah	\$0.4	35	\$129	22
Maryland	\$0.7	19	\$125	26	Vermont	\$0.1	46	\$170	8
Massachusetts	\$0.7	21	\$97	45	Virginia	\$0.9	13	\$110	37
Michigan	\$1.0	10	\$101	42	Washington	\$1.2	9	\$171	7
Minnesota	\$0.9	14	\$159	13	West Virginia	\$0.4	34	\$221	2
Mississippi	\$0.4	33	\$138	20	Wisconsin	\$1.0	12	\$169	9
Missouri	\$0.7	20	\$116	34	Wyoming	\$0.1	49	\$122	29

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections Grey Areas= Midwest Region

As shown on page 21, as of January 1, 2014, Illinois had the 33<sup>rd</sup> highest tax rate on gasohol at 20.1 cents per gallon (which includes 1.1 cents in environmental fees). California had the highest gasoline tax at 46.5 cents-per-gallon. Alaska had the lowest rate at 8.0 cents-per-gallon.

It must be noted that Illinois is among 10 states that collect general sales taxes on motor fuel as well (including Indiana and Michigan in the Midwest). These revenues would be included in the sales tax figures and not in the tables and graphs shown in this section. At a retail price of \$4.00 per gallon, it is estimated that the State sales tax portion is equal to approximately \$0.16 per gallon. **If the sales tax on motor fuel is included, Illinois would go from being one of the lower taxing states, in terms of motor fuel-related taxes, to one of the higher taxing states.** In fact, the American Petroleum Institute in April 2014 released information showing that when combining local, state, and federal taxes on motor fuel, Illinois had a combined tax of \$0.693 per gallon, which was the 7<sup>th</sup> highest combined rate in the country. Only Connecticut (\$0.793),

Pennsylvania (\$0.765), Indiana (\$0.757), New York (\$0.748), Hawaii (\$0.745), and California (\$0.740) had higher values than Illinois.



## Motor Fuel Excise Tax Rates as of January 1, 2014

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	1.0	19.0	26.0	1.0	27.0	18.0	1.0	19.0	/9 LUST Tax
Arkansas	21.5	0.3	21.8	22.5	0.3	22.8	21.5	0.3	21.8	Environmental fee
California	39.5	7.0	46.5	10.0	28.0	38.0	39.5	7.0	46.5	Includes prepaid sales tax /8
Colorado	22.0		22.0	20.5		20.5	20.0		20.0	
Connecticut	25.0		25.0	54.9		54.9	25.0		25.0	Plus a 8.1% Petroleum tax
Delaware	23.0		23.0	22.0		22.0	23.0		23.0	Plus 0.9% GRT
Florida /2	4.0	13.1	17.1	4.0	27.3	31.3	4.0	13.1	17.1	Sales tax added to excise /2
Georgia	7.5	11.8	19.3	7.5	13.8	21.3	7.5	11.8	19.3	Sales tax added to excise
Hawaii /1	17.0		17.0	17.0		17.0	17.0		17.0	Sales tax additional
Idaho	25.0	1.0	26.0	25.0	1.0	26.0	25.0	1.0	26.0	Clean water tax /7
<b>Illinois /1</b>	<b>19.0</b>	<b>1.1</b>	<b>20.1</b>	<b>21.5</b>	<b>1.1</b>	<b>22.6</b>	<b>19.0</b>	<b>1.1</b>	<b>20.1</b>	<b>Sales tax add., env. &amp; LUST fee /3</b>
Indiana	18.0		18.0	16.0		16.0	18.0		18.0	Sales tax additional /3
Iowa	21.0	1.0	22.0	22.5	1.0	23.5	19.0	1.0	20.0	Environmental fee
Kansas	24.0	1.0	25.0	26.0	1.0	27.0	24.0	1.0	25.0	Environmental & Inspection fees
Kentucky	29.4	1.4	30.8	26.4	1.4	27.8	29.4	1.4	30.8	Environmental fee /4 /3
Louisiana	20.0	0.1	20.1	20.0	0.1	20.1	20.0	0.1	20.1	Inspection fee
Maine	30.0		30.0	31.2		31.2	30.0		30.0	/5
Maryland	27.0		27.0	27.8		27.8	27.0		27.0	
Massachusetts	24.0		24.0	24.0		24.0	24.0		24.0	
Michigan	19.0		19.0	15.0		15.0	19.0		19.0	Sales tax additional
Minnesota	28.5	0.1	28.6	28.5	0.1	28.6	28.5	0.1	28.6	Inspect fee /5
Mississippi	18.0	0.4	18.4	18.0	0.4	18.4	18.0	0.4	18.4	Environmental fee
Missouri	17.0	0.3	17.3	17.0	0.3	17.3	17.0	0.3	17.3	Inspection fee
Montana	27.0		27.0	27.8		27.8	27.0		27.0	
Nebraska	26.4	0.9	27.3	26.4	0.3	26.7	26.4	0.9	27.3	Petroleum fee /5
Nevada /1	23.0	0.8	23.8	27.0	0.8	27.8	23.0	0.8	23.8	Inspection & cleanup fee
New Hampshire	18.0	1.6	19.6	18.0	1.6	19.6	18.0	1.6	19.6	Oil discharge cleanup fee
New Jersey	10.5	4.0	14.5	13.5	4.0	17.5	10.5	4.0	14.5	Petroleum fee
New Mexico	17.0	1.9	18.9	21.0	1.9	22.9	17.0	1.9	18.9	Petroleum loading fee
New York	8.0	18.4	26.4	8.0	16.7	24.7	8.0	18.4	26.4	Petroleum Tax, Sales tax additional
North Carolina	37.5	0.3	37.8	37.5	0.3	37.8	37.5	0.3	37.8	/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	
Oklahoma	16.0	1.0	17.0	13.0	1.0	14.0	16.0	1.0	17.0	Environmental fee
Oregon /1	30.0		30.0	30.0		30.0	30.0		30.0	
Pennsylvania	40.7		40.7	51.0		51.0	40.7		40.7	Oil franchise tax only
Rhode Island	32.0	1.0	33.0	32.0	1.0	33.0	32.0	1.0	33.0	LUST tax
South Carolina	16.0	0.8	16.8	16.0	0.8	16.8	16.0	0.8	16.8	Inspection fee & LUST tax
South Dakota /1	22.0	2.0	24.0	22.0	2.0	24.0	22.0	2.0	24.0	Inspection fee
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 /10	18.2	13.8	32.0	27.0	4.0	31.0	18.2	13.8	32.0	Cleanup Fee & Trans. Fee
Virginia /1	11.1		11.1	20.2		20.2	11.1		11.1	/6
Washington	37.5		37.5	37.5		37.5	37.5		37.5	0.5% privilege tax
West Virginia	20.5	15.2	35.7	20.5	15.2	35.7	20.5	15.2	35.7	Sales tax added to excise
Wisconsin	30.9	2.0	32.9	30.9	2.0	32.9	30.9	2.0	32.9	Petroleum Insp. Fee
Wyoming	23.0	1.0	24.0	23.0	1.0	24.0	23.0	1.0	24.0	License tax
Dist. of Columbia	23.5		23.5	23.5		23.5	23.5		23.5	
<b>Federal</b>	<b>18.3</b>	<b>0.1</b>	<b>18.4</b>	<b>24.3</b>	<b>0.1</b>	<b>24.4</b>	<b>13.0</b>	<b>0.1</b>	<b>13.1</b>	<b>/7 LUST tax</b>

SOURCE: [www.taxadmin.org](http://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 10.8 cents to 19.1 cents. Plus a 2.071 cent per gallon pollution tax.

/3 Carriers pay an additional surcharge equal to IL-21.0 cents (g) 19.5 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, 17.5¢ + 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 (d) 3.5 cents (g) 12.6 cents. Actual rates (g) 3%, (d) 6%.

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

/8 California Gasoline subject to 2.25% sales tax. Diesel subject to a 9% sales tax.

/9 Diesel rate specified is the fuel use tax rate on large trucks. Small vehicles are subject to 18 cent tax rate.

/10 Diesel rate scheduled to increase by 1 cent on July 1, 2014.

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

In 2013, Illinois collected the 3<sup>rd</sup> highest amount of tax revenue from motor vehicle and operators' licenses. Illinois' total amount of \$1.6 billion trailed only California (\$3.6 billion) and Texas (\$1.9 billion) in this category. Illinois had the 9<sup>th</sup> highest per-capita ranking in this category, collecting \$123 per capita, which was well above the national per-capita value of \$73. Only Iowa (ranked 1<sup>st</sup>) had a higher ranking than Illinois in the Midwest Region.

<b>TABLE 15: State Government Motor Vehicle and Operators' License Tax Revenue in 2013</b>									
<b>\$ in billions</b>									
	State Govt Vehicle and License Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		State Govt Vehicle and License Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$23.2	-	\$73	-	<b>United States</b>	\$23.2	-	\$73	-
Alabama	\$0.2	28	\$42	45	Montana	\$0.1	37	\$147	4
Alaska	\$0.1	48	\$80	17	Nebraska	\$0.1	42	\$51	39
Arizona	\$0.2	30	\$29	48	Nevada	\$0.2	34	\$58	34
Arkansas	\$0.1	36	\$51	41	New Hampshire	\$0.1	43	\$70	25
California	\$3.6	1	\$93	12	New Jersey	\$0.6	11	\$69	26
Colorado	\$0.5	16	\$88	13	New Mexico	\$0.2	33	\$81	16
Connecticut	\$0.2	26	\$58	33	New York	\$1.4	4	\$70	24
Delaware	\$0.1	49	\$55	36	North Carolina	\$0.6	12	\$59	32
Florida	\$1.2	5	\$63	30	North Dakota	\$0.1	39	\$157	3
Georgia	\$0.5	17	\$46	42	Ohio	\$0.7	8	\$62	31
Hawaii	\$0.2	32	\$125	7	Oklahoma	\$0.6	10	\$169	2
Idaho	\$0.1	38	\$83	14	Oregon	\$0.5	14	\$130	6
<b>Illinois</b>	<b>\$1.6</b>	<b>3</b>	<b>\$123</b>	<b>9</b>	Pennsylvania	\$0.8	7	\$66	28
Indiana	\$0.3	22	\$51	38	Rhode Island	\$0.1	47	\$63	29
Iowa	\$0.5	13	\$175	1	South Carolina	\$0.2	25	\$44	44
Kansas	\$0.2	27	\$71	23	South Dakota	\$0.1	46	\$79	18
Kentucky	\$0.2	31	\$42	46	Tennessee	\$0.3	23	\$42	47
Louisiana	\$0.1	41	\$23	49	Texas	\$1.9	2	\$73	21
Maine	\$0.1	40	\$81	15	Utah	\$0.2	29	\$67	27
Maryland	\$0.5	20	\$76	20	Vermont	\$0.1	45	\$111	10
Massachusetts	\$0.4	21	\$57	35	Virginia	\$0.5	19	\$55	37
Michigan	\$0.9	6	\$94	11	Washington	\$0.5	15	\$73	22
Minnesota	\$0.7	9	\$123	8	West Virginia	\$0.0	50	\$1	50
Mississippi	\$0.2	35	\$51	40	Wisconsin	\$0.5	18	\$79	19
Missouri	\$0.3	24	\$44	43	Wyoming	\$0.1	44	\$138	5

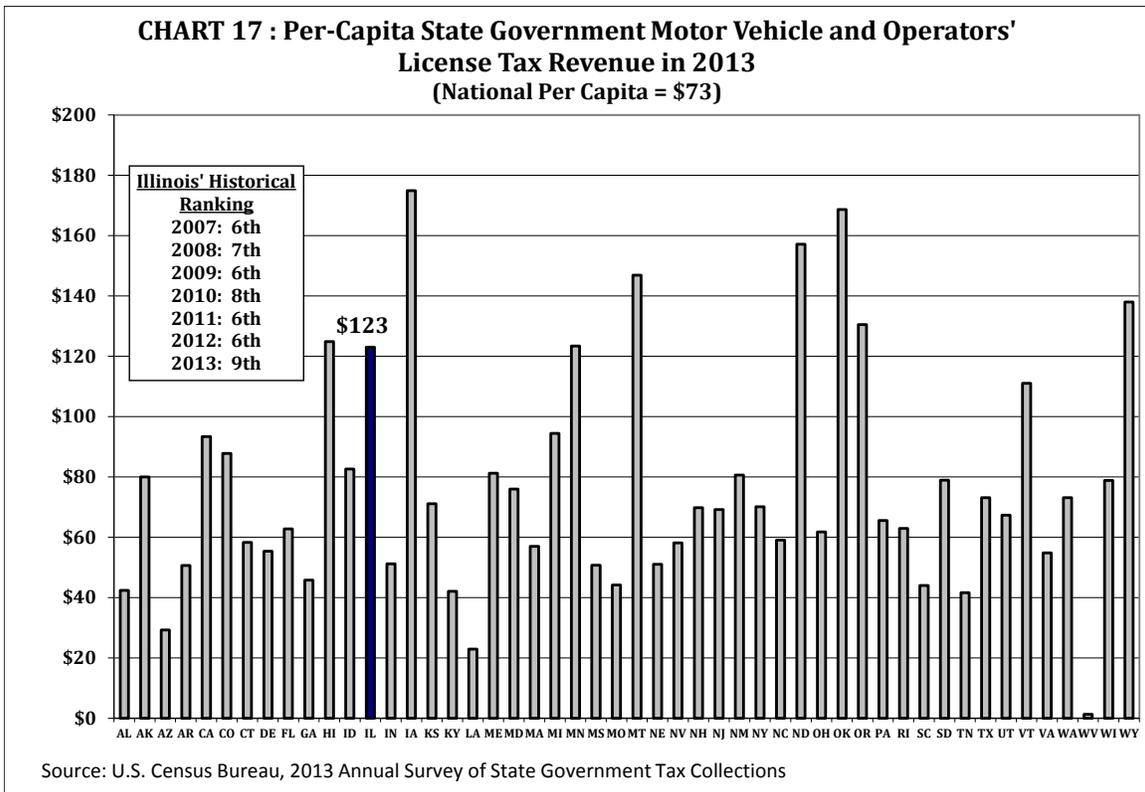
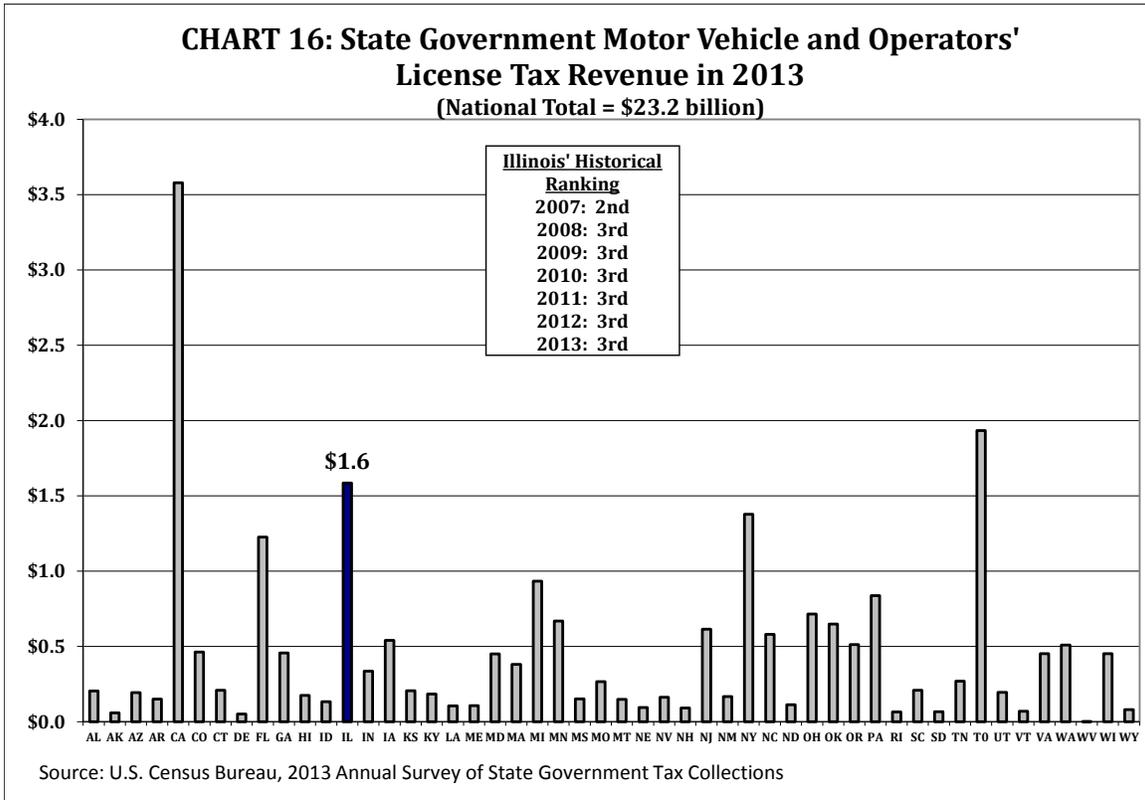
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections Grey Areas= Midwest Region

The state imposes a wide variety of fees on operators of motor vehicles in Illinois. These fees are administered by the Secretary of State. In 2009, the annual registration fee for passenger cars, motorcycles, and smaller commercial vehicles rose from \$78 to \$79. Also in that year, the fees for a driver's license and vehicle registrations were each raised by \$20. A 2012 law raised the annual registration fee for passenger cars, motorcycles, and commercial vehicles from \$99 to \$101 in 2013.

According to the Illinois Tax Handbook for Legislators, the original driver's license fee was \$1. In 1983, the fee for a 4-year license was \$10. On July 1, 2009, this fee was raised to \$30.

Additional vehicle taxes may come from local governments. According to the Illinois Tax Handbook for Legislators, "State law allows any municipality to tax motor vehicles

owned by its residents at rates set by its governing body (65 ILCS 5/8-11-4). Home-rule units can tax motor vehicles that are registered in their jurisdictions, as some do.”



## Category 9: State Government Insurance Premium Tax Revenue

In 2013, Illinois ranked 17<sup>th</sup> in the nation in the amount of insurance tax revenue collected with a value of \$360 million. Only Ohio collected more in the Midwest Region (\$504 million). On a per-capita basis, Illinois ranked 49<sup>th</sup> in the nation with a value of \$28, well below the national average of \$55. Only the State of Oregon had a lower per-capita rate than Illinois. Tennessee had the highest per-capita rate of \$106.

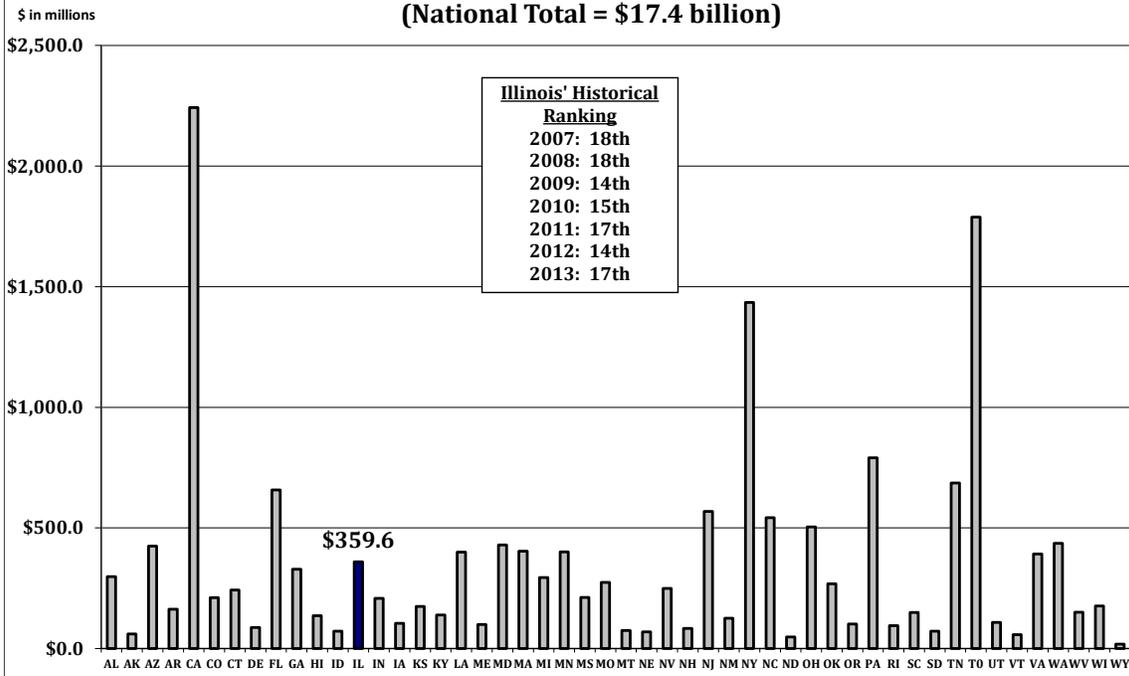
<b>TABLE 16: State Government Insurance Premium Tax Revenue in 2013</b>									
\$ in millions									
	State Govt Insurance Premium Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		State Govt Insurance Premium Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$17,420.0	-	\$55	-	<b>United States</b>	\$17,420.0	-	\$55	-
Alabama	\$298.0	19	\$62	26	Montana	\$74.7	43	\$74	13
Alaska	\$60.2	47	\$82	9	Nebraska	\$69.2	46	\$37	39
Arizona	\$424.4	12	\$64	21	Nevada	\$249.4	23	\$89	6
Arkansas	\$163.0	30	\$55	32	New Hampshire	\$83.5	42	\$63	23
California	\$2,242.4	1	\$58	30	New Jersey	\$568.5	7	\$64	22
Colorado	\$211.3	26	\$40	37	New Mexico	\$125.8	35	\$60	27
Connecticut	\$242.4	24	\$67	19	New York	\$1,435.2	3	\$73	14
Delaware	\$87.5	41	\$95	3	North Carolina	\$542.6	8	\$55	31
Florida	\$657.7	6	\$34	41	North Dakota	\$47.9	49	\$66	20
Georgia	\$329.2	18	\$33	42	Ohio	\$504.1	9	\$44	36
Hawaii	\$136.5	34	\$97	2	Okiahoma	\$268.1	22	\$70	17
Idaho	\$72.3	44	\$45	35	Oregon	\$101.6	38	\$26	50
<b>Illinois</b>	<b>\$359.6</b>	<b>17</b>	<b>\$28</b>	<b>49</b>	Pennsylvania	\$791.0	4	\$62	25
Indiana	\$207.8	27	\$32	44	Rhode Island	\$94.9	40	\$90	5
Iowa	\$104.9	37	\$34	40	South Carolina	\$150.2	32	\$31	46
Kansas	\$174.5	29	\$60	29	South Dakota	\$72.0	45	\$85	8
Kentucky	\$139.5	33	\$32	43	Tennessee	\$686.3	5	\$106	1
Louisiana	\$399.6	15	\$86	7	Texas	\$1,788.5	2	\$68	18
Maine	\$99.7	39	\$75	11	Utah	\$108.9	36	\$38	38
Maryland	\$429.4	11	\$72	15	Vermont	\$57.5	48	\$92	4
Massachusetts	\$403.8	13	\$60	28	Virginia	\$392.4	16	\$48	33
Michigan	\$294.3	20	\$30	48	Washington	\$436.1	10	\$63	24
Minnesota	\$401.0	14	\$74	12	West Virginia	\$151.1	31	\$82	10
Mississippi	\$212.5	25	\$71	16	Wisconsin	\$176.7	28	\$31	47
Missouri	\$274.1	21	\$45	34	Wyoming	\$18.4	50	\$32	45

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections Grey Areas= Midwest Region

Illinois imposes a number of taxes and fees on insurance companies, including a privilege tax on foreign companies, fire-marshal taxes, and a surplus line produce tax on nonstandard policies. The rate and base of the insurance taxes and fees in Illinois, as provided in the *Illinois Tax Handbook for Legislators*, are as follows:

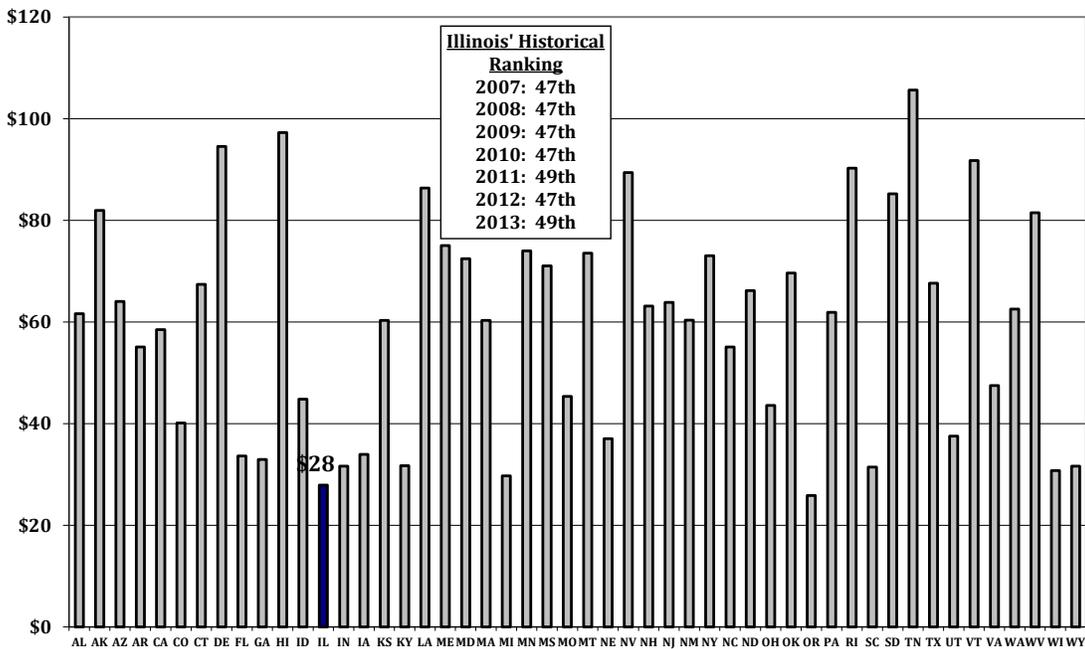
- 1) Privilege tax on insurers and HMOs:
  - a) 0.4% of net taxable written premiums for accident and health insurance.
  - b) 0.5% of net taxable written premiums for all other types of insurance.
- 2) Fire marshal's tax: 1% of premiums on fire or fire-related insurance policies.
- 3) Surplus line producers' tax: 3.5% of gross insurance premiums from policies issued in Illinois.
- 4) Workers' Compensation Commission Operations Fund Surcharge: 1.01% of direct written premiums for workers' compensation liability insurance.
- 5) Numerous other fees on particular types of insurance activities.

**CHART 18: State Government Insurance Premium Tax Revenue in 2013**  
 (National Total = \$17.4 billion)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

**CHART 19 : Per-Capita State Government Insurance Premium Tax Revenue in 2013**  
 (National Per Capita = \$55)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

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

As shown in Table 17, Illinois ranked 22<sup>nd</sup> in the nation in 2013 in the category of state government tax revenue as a percentage of personal income with a value of 6.6%. This ranking is significantly higher than the State's 2010 ranking of 41<sup>st</sup>, where it had a value of 5.1%. In 2013, the national average percentage was 6.2%. The highest-ranking state was Alaska at 14.2%.

TABLE 17: State Government Tax Revenue as a Percentage of Personal Income in 2013									
\$ in billions									
	Personal Income (2013)	Total Dollars Ranking	Pers. Income % of State Government Revenues % Ranking			Personal Income (2013)	Total Dollars Ranking	Pers. Income % of State Government Revenues % Ranking	
United States	\$13,729.1	-	6.2%	-	United States	\$13,729.1	-	6.2%	-
Alabama	\$173.2	25	5.3%	39	Montana	\$38.8	45	6.8%	18
Alaska	\$36.2	48	14.2%	1	Nebraska	\$83.5	36	5.7%	38
Arizona	\$237.5	20	5.7%	37	Nevada	\$105.5	32	6.7%	20
Arkansas	\$104.5	33	8.2%	8	New Hampshire	\$64.9	39	3.7%	50
California	\$1,768.0	1	7.5%	9	New Jersey	\$487.4	7	6.0%	31
Colorado	\$237.5	21	4.7%	45	New Mexico	\$74.4	37	7.0%	15
Connecticut	\$214.3	23	7.5%	10	New York	\$1,041.9	3	7.1%	14
Delaware	\$40.6	44	8.3%	7	North Carolina	\$369.7	13	6.4%	24
Florida	\$792.3	4	4.4%	48	North Dakota	\$38.4	46	13.8%	2
Georgia	\$371.5	12	4.8%	44	Ohio	\$462.4	8	5.9%	32
Hawaii	\$62.3	40	9.8%	4	Oklahoma	\$155.0	28	5.7%	35
Idaho	\$55.0	41	6.5%	23	Oregon	\$152.7	29	6.0%	30
<b>Illinois</b>	<b>\$590.1</b>	<b>5</b>	<b>\$0</b>	<b>22</b>	Pennsylvania	\$575.4	6	5.9%	33
Indiana	\$249.2	18	6.8%	19	Rhode Island	\$48.2	43	6.1%	29
Iowa	\$135.1	30	6.2%	27	South Carolina	\$165.6	26	5.3%	40
Kansas	\$124.1	31	6.1%	28	South Dakota	\$37.8	47	4.1%	49
Kentucky	\$156.1	27	6.9%	16	Tennessee	\$250.2	17	4.9%	42
Louisiana	\$184.3	24	5.0%	41	Texas	\$1,111.1	2	4.7%	47
Maine	\$53.3	42	7.3%	13	Utah	\$101.2	34	6.3%	26
Maryland	\$316.7	15	5.7%	36	Vermont	\$27.9	50	10.3%	3
Massachusetts	\$372.0	11	6.4%	25	Virginia	\$396.0	9	4.8%	43
Michigan	\$378.4	10	6.6%	21	Washington	\$317.6	14	5.9%	34
Minnesota	\$252.4	16	8.3%	5	West Virginia	\$65.1	38	8.3%	6
Mississippi	\$100.5	35	7.4%	12	Wisconsin	\$241.2	19	6.9%	17
Missouri	\$235.7	22	4.7%	46	Wyoming	\$29.1	49	7.5%	11

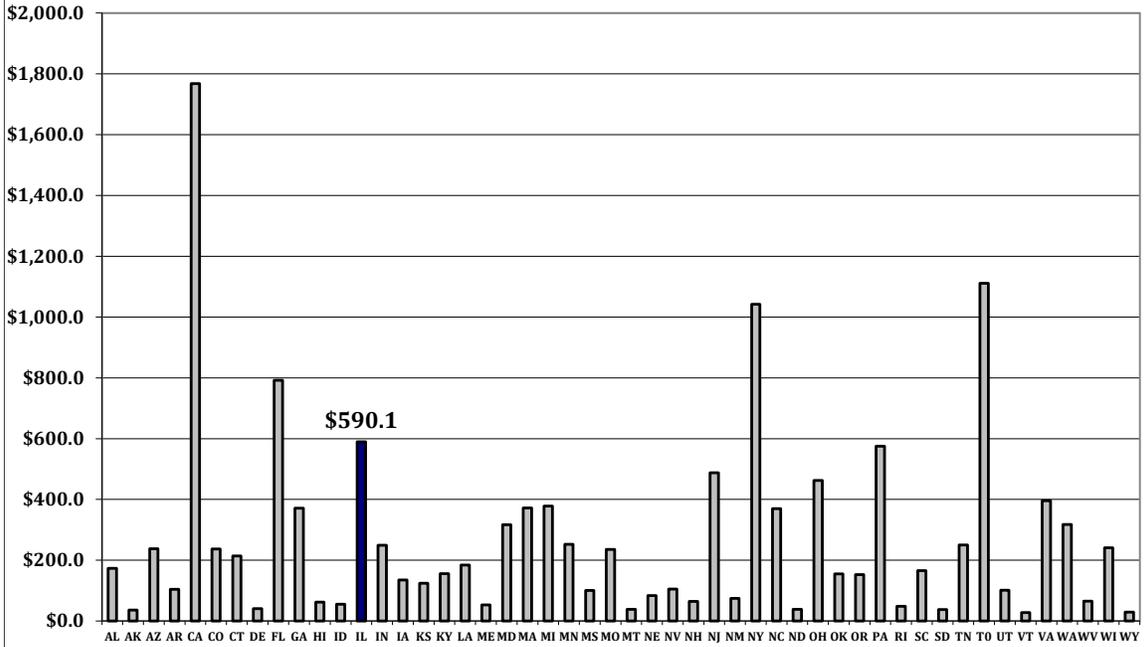
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

Illinois jump in the rankings is again primarily due to the 2011 tax increases on personal and corporate income. With this tax increase, Illinois went from being one of the lowest taxing states in the nation, in terms of the percentage of personal income that goes to state government tax revenues, to one among the upper half of states in this category. Still, despite this increase, Illinois' ranking of 22<sup>nd</sup> places them in the middle of other states in the Midwest region.

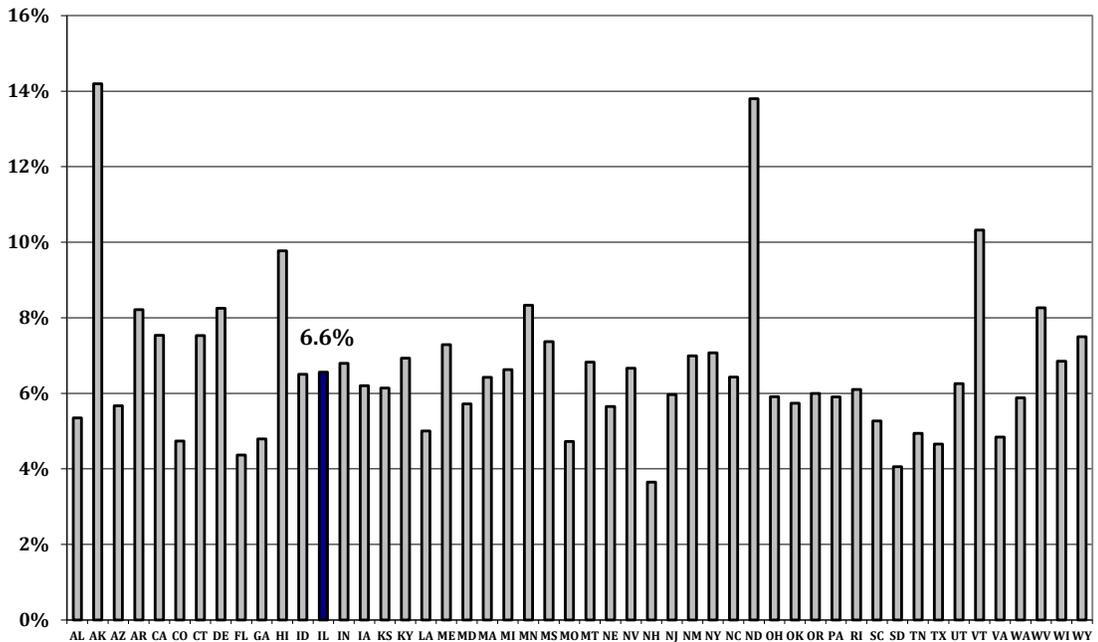
So what does this ranking say about Illinois' state government tax structure? Many would see the 2010 ranking of 41<sup>st</sup> as noteworthy as it showed that state government could function without creating too much of a financial burden on the people of Illinois. However, others would argue that this ranking shows that the State needed to take up a larger role in financing programs and institutions throughout the State, which would lessen the burden on local governments. They would see the 2013 ranking of 22<sup>nd</sup> as a move in the right direction for the State to take a greater financial role.

**CHART 20: Personal Income in Current and Constant (2005) Dollars by State in 2013**  
(National Total = \$13,729 billion)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, Bureau of Economic Analysis

**CHART 21: State Govt. Tax Revenue as a Percentage of Personal Income in 2013**  
(National Rate = 6.2%)



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, Bureau of Economic Analysis

## Category 11: Local Government Tax Revenue

In 2011 (the most recent year of compiled data available as 2012 datasets would not be made available until December 2014), Illinois ranked 5<sup>th</sup> in the nation in the category of local government tax revenue collected with an amount of \$71.3 billion. California ranked 1<sup>st</sup> with an amount of \$278 billion. On a per-capita basis, Illinois ranked 8<sup>th</sup> at \$5,543 per capita and was the highest ranked state in the Midwest Region. New York was first at \$9,051 per capita. A major reason for Illinois' high rankings in this area is because Illinois has more units of government (over 6,000) than any other state in the nation.

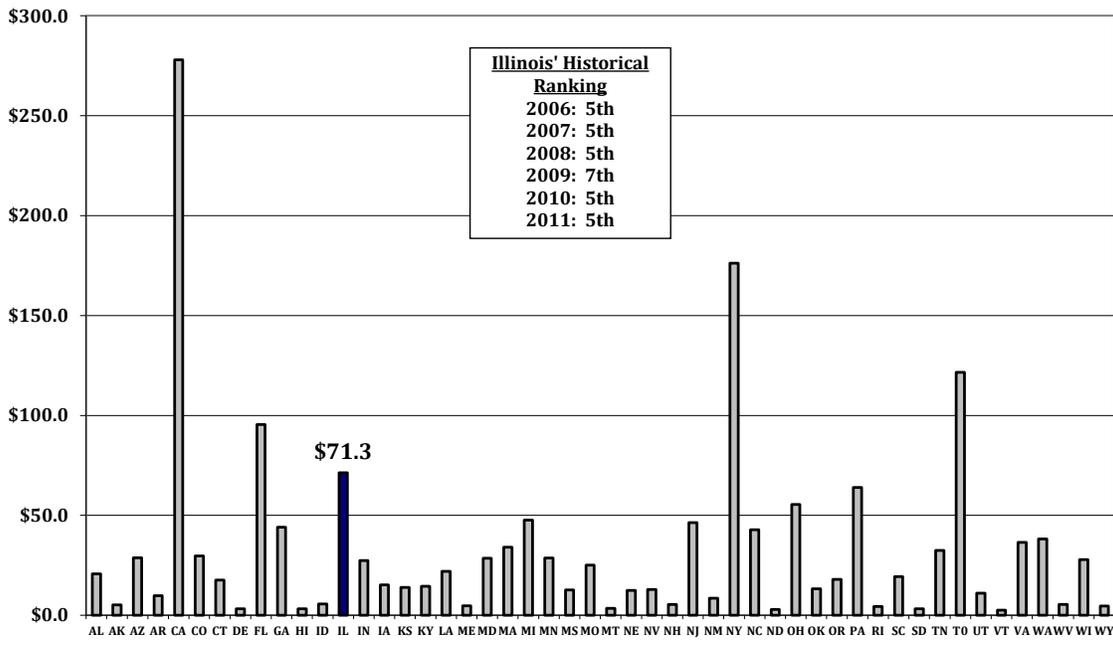
<b>TABLE 18: Local Government Tax Revenue in 2011</b>									
<b>\$ in billions</b>									
	Local Government Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Local Government Tax Revenue	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$1,669.4	-	\$5,358	-	<b>United States</b>	\$1,669.4	-	\$5,358	-
Alabama	\$20.7	24	\$4,311	30	Montana	\$3.5	45	\$3,519	45
Alaska	\$5.2	41	\$7,259	4	Nebraska	\$12.5	34	\$6,766	5
Arizona	\$28.8	17	\$4,444	28	Nevada	\$12.9	32	\$4,734	24
Arkansas	\$9.8	36	\$3,347	47	New Hampshire	\$5.4	40	\$4,096	39
California	\$278.0	1	\$7,376	3	New Jersey	\$46.4	9	\$5,261	10
Colorado	\$29.7	16	\$5,812	6	New Mexico	\$8.5	37	\$4,103	38
Connecticut	\$17.6	27	\$4,922	16	New York	\$176.2	2	\$9,051	1
Delaware	\$3.2	48	\$3,551	44	North Carolina	\$42.9	11	\$4,438	29
Florida	\$95.5	4	\$5,009	14	North Dakota	\$2.9	49	\$4,167	35
Georgia	\$44.1	10	\$4,490	27	Ohio	\$55.4	7	\$4,800	21
Hawaii	\$3.3	46	\$2,379	50	Oklahoma	\$13.3	31	\$3,507	46
Idaho	\$5.7	38	\$3,575	43	Oregon	\$17.9	26	\$4,635	25
<b>Illinois</b>	<b>\$71.3</b>	<b>5</b>	<b>\$5,543</b>	<b>8</b>	Pennsylvania	\$64.0	6	\$5,022	13
Indiana	\$27.4	21	\$4,197	33	Rhode Island	\$4.4	44	\$4,210	32
Iowa	\$15.2	28	\$4,977	15	South Carolina	\$19.4	25	\$4,136	36
Kansas	\$14.0	30	\$4,866	19	South Dakota	\$3.3	47	\$3,958	40
Kentucky	\$14.6	29	\$3,333	48	Tennessee	\$32.4	15	\$5,062	12
Louisiana	\$21.9	23	\$4,798	22	Texas	\$121.6	3	\$4,734	23
Maine	\$4.8	42	\$3,596	42	Utah	\$11.0	35	\$3,914	41
Maryland	\$28.6	19	\$4,904	17	Vermont	\$2.6	50	\$4,115	37
Massachusetts	\$34.1	14	\$5,172	11	Virginia	\$36.5	13	\$4,503	26
Michigan	\$47.6	8	\$4,823	20	Washington	\$38.2	12	\$5,588	7
Minnesota	\$28.7	18	\$5,361	9	West Virginia	\$5.5	39	\$2,946	49
Mississippi	\$12.7	33	\$4,268	31	Wisconsin	\$27.8	20	\$4,868	18
Missouri	\$25.1	22	\$4,184	34	Wyoming	\$4.6	43	\$8,135	2

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.  
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

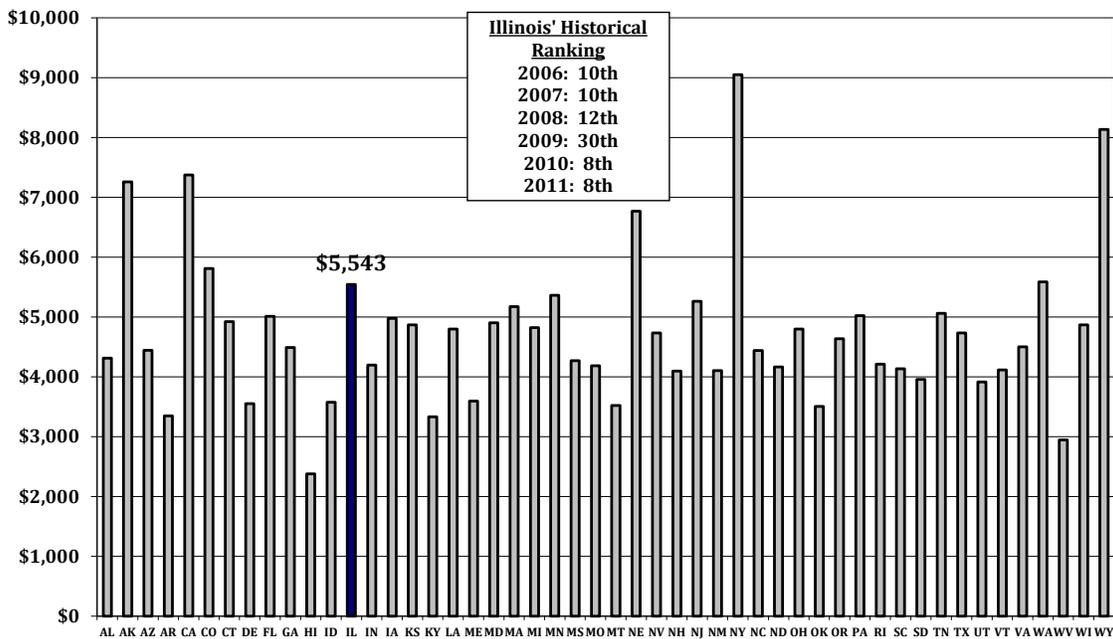
Because Illinois' ranking in per-capita local government revenue is notably higher than its ranking in state government revenue, many argue that the State should take a larger role in financing programs. They argue that local taxes need to be lowered, while increasing State tax sources to create a more "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.

**CHART 22: Local Government Tax Revenue in 2011  
(National Total = \$1,669.4 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 23: Per-Capita Local Government Tax Revenue in 2011  
(National Per Capita = \$5,358)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## Category 12: Local Government Property Tax Revenue

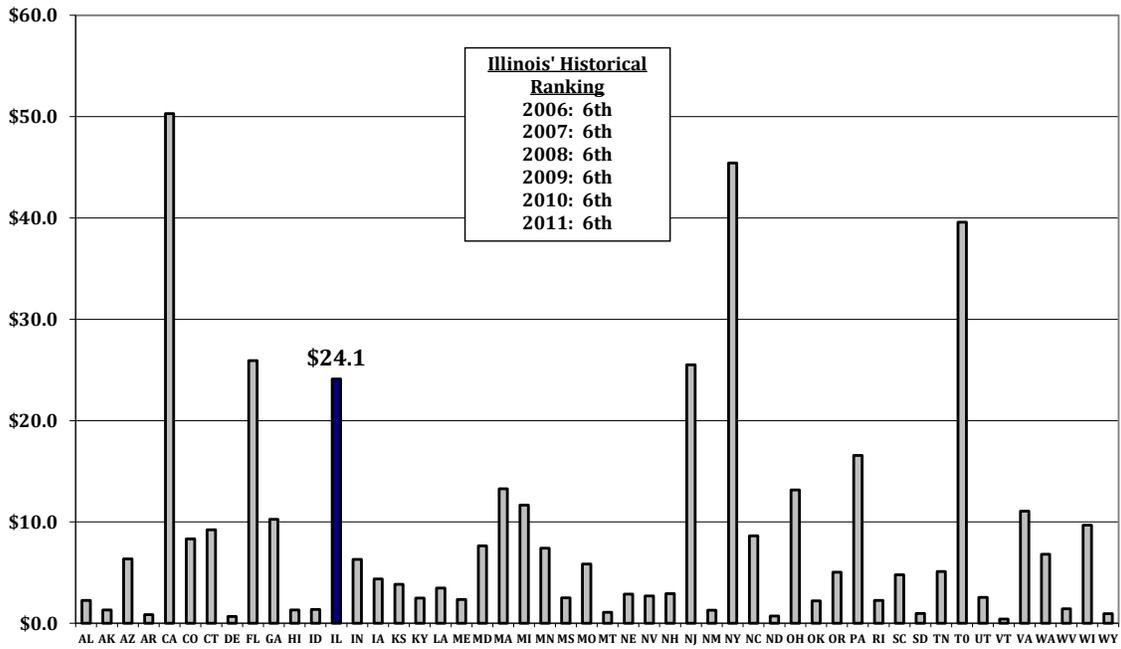
The majority of local taxes come from the property tax. Illinois has historically been one of the highest taxing states in the nation in the area of property taxes. As shown below in Table 19, in 2011, Illinois ranked 6<sup>th</sup> in the nation in the amount of property tax revenue collected. On a per-capita basis, Illinois ranked 7<sup>th</sup> and was the highest ranked state in this category in the Midwest Region. Illinois' per-capita rate was \$1,874, which was well above the national average of \$1,377.

<b>TABLE 19: Local Government Property Tax Revenue in 2011</b>									
\$ in billions									
	Local Government Property Tax Revenue				Local Government Property Tax Revenue				
	Total Dollars	Ranking	Amount Per Capita	Per Capita Ranking	Total Dollars	Ranking	Amount Per Capita	Per Capita Ranking	
<b>United States</b>	\$429.1	-	\$1,377	-	<b>United States</b>	\$429.1	-	\$1,377	-
Alabama	\$2.3	37	\$472	49	Montana	\$1.1	44	\$1,098	27
Alaska	\$1.3	42	\$1,810	8	Nebraska	\$2.9	30	\$1,560	13
Arizona	\$6.3	20	\$979	33	Nevada	\$2.7	31	\$988	32
Arkansas	\$0.9	47	\$290	50	New Hampshire	\$2.9	29	\$2,217	4
California	\$50.3	1	\$1,334	20	New Jersey	\$25.5	5	\$2,892	1
Colorado	\$8.3	16	\$1,626	12	New Mexico	\$1.3	43	\$624	46
Connecticut	\$9.2	14	\$2,578	2	New York	\$45.4	2	\$2,333	3
Delaware	\$0.7	49	\$734	44	North Carolina	\$8.6	15	\$895	38
Florida	\$25.9	4	\$1,361	18	North Dakota	\$0.7	48	\$1,064	28
Georgia	\$10.3	12	\$1,047	29	Ohio	\$13.2	9	\$1,140	26
Hawaii	\$1.3	41	\$964	36	Oklahoma	\$2.2	38	\$587	47
Idaho	\$1.4	40	\$863	39	Oregon	\$5.0	24	\$1,300	22
<b>Illinois</b>	<b>\$24.1</b>	<b>6</b>	<b>\$1,874</b>	<b>7</b>	Pennsylvania	\$16.6	7	\$1,300	23
Indiana	\$6.3	21	\$969	35	Rhode Island	\$2.3	36	\$2,160	5
Iowa	\$4.4	26	\$1,427	15	South Carolina	\$4.8	25	\$1,025	30
Kansas	\$3.8	27	\$1,339	19	South Dakota	\$1.0	45	\$1,190	24
Kentucky	\$2.5	34	\$570	48	Tennessee	\$5.1	23	\$797	41
Louisiana	\$3.5	28	\$762	43	Texas	\$39.6	3	\$1,542	14
Maine	\$2.4	35	\$1,773	9	Utah	\$2.6	32	\$905	37
Maryland	\$7.6	17	\$1,309	21	Vermont	\$0.4	50	\$671	45
Massachusetts	\$13.3	8	\$2,016	6	Virginia	\$11.1	11	\$1,367	17
Michigan	\$11.7	10	\$1,182	25	Washington	\$6.8	19	\$998	31
Minnesota	\$7.4	18	\$1,385	16	West Virginia	\$1.4	39	\$767	42
Mississippi	\$2.5	33	\$847	40	Wisconsin	\$9.7	13	\$1,695	10
Missouri	\$5.9	22	\$973	34	Wyoming	\$0.9	46	\$1,665	11

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.  
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

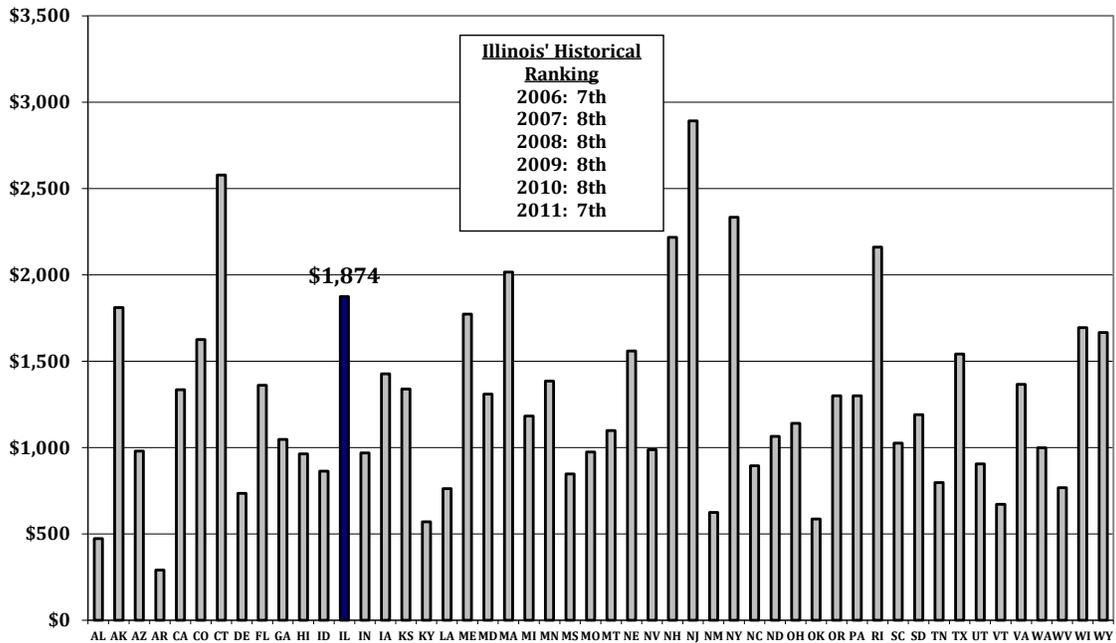
Grey Areas= Midwest Region

**CHART 24: Local Government Property Tax Revenue in 2011**  
**(National Total = \$429.1 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 25: Per-Capita Local Government Property Tax Revenue in 2011**  
**(National Per Capita = \$1,377)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## Category 13: State and Local Government Total Expenditures

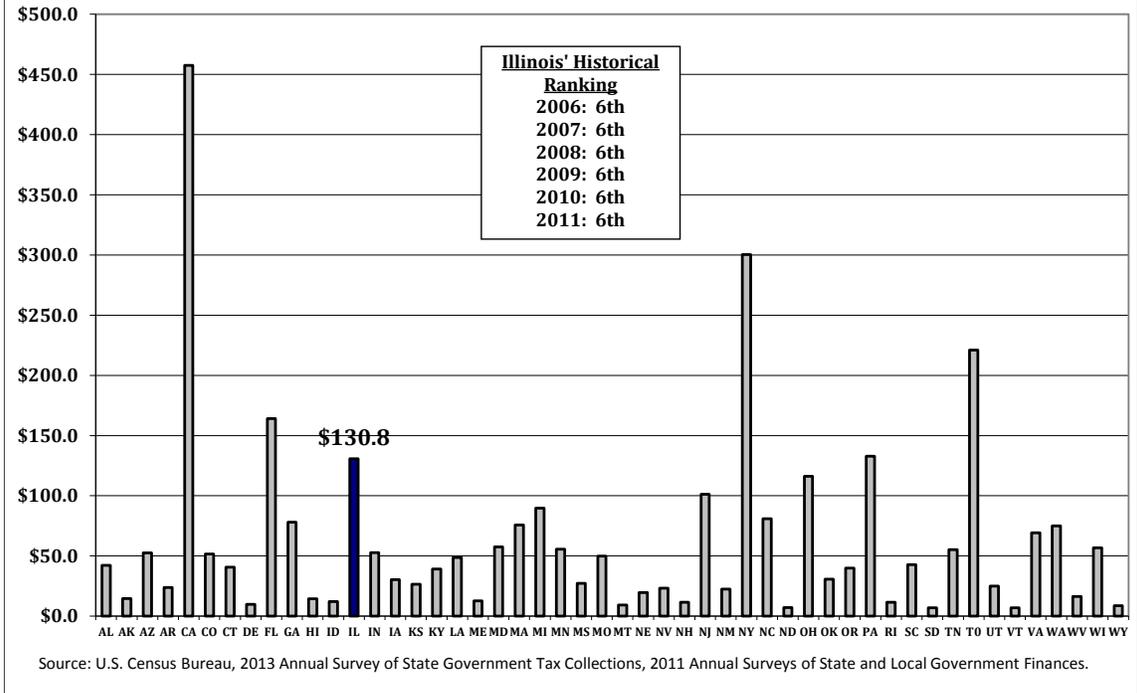
In terms of State and Local Government Total Expenditures, Illinois ranks 6<sup>th</sup> in total dollars and ranks 20<sup>th</sup> in terms of per-capita spending. Total expenditures, in this instance, include all money paid other than for retirement of debt and extension of loans. It includes payments 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 \$10,162, which was slightly above the national average rate of \$10,150. Illinois had the highest amount of total expenditures in the Midwest in total dollars and on a per-capita basis.

<b>TABLE 20: State and Local Government Total Expenditures in 2011</b>									
\$ in billions									
	Total Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Total Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$3,162.6	-	\$10,150	-	<b>United States</b>	\$3,162.6	-	\$10,150	-
Alabama	\$42.2	25	\$8,779	36	Montana	\$9.3	46	\$9,311	27
Alaska	\$14.7	39	\$20,322	1	Nebraska	\$19.5	37	\$10,597	14
Arizona	\$52.5	20	\$8,104	45	Nevada	\$23.3	35	\$8,544	41
Arkansas	\$23.8	34	\$8,090	47	New Hampshire	\$11.6	43	\$8,828	35
California	\$457.6	1	\$12,140	4	New Jersey	\$101.3	8	\$11,479	6
Colorado	\$51.6	21	\$10,080	21	New Mexico	\$22.4	36	\$10,765	12
Connecticut	\$40.7	26	\$11,360	7	New York	\$300.3	2	\$15,429	2
Delaware	\$9.9	45	\$10,911	10	North Carolina	\$80.8	10	\$8,373	43
Florida	\$164.1	4	\$8,609	39	North Dakota	\$7.1	48	\$10,435	16
Georgia	\$78.1	11	\$7,956	49	Ohio	\$116.2	7	\$10,069	22
Hawaii	\$14.4	40	\$10,466	15	Oklahoma	\$30.7	29	\$8,102	46
Idaho	\$12.1	42	\$7,613	50	Oregon	\$39.9	27	\$10,313	19
<b>Illinois</b>	<b>\$130.8</b>	<b>6</b>	<b>\$10,162</b>	<b>20</b>	Pennsylvania	\$132.9	5	\$10,428	17
Indiana	\$52.7	19	\$8,084	48	Rhode Island	\$11.5	44	\$10,906	11
Iowa	\$30.3	30	\$9,903	24	South Carolina	\$42.8	24	\$9,143	30
Kansas	\$26.5	32	\$9,241	28	South Dakota	\$7.0	49	\$8,511	42
Kentucky	\$39.1	28	\$8,940	32	Tennessee	\$55.2	18	\$8,613	37
Louisiana	\$48.8	23	\$10,658	13	Texas	\$221.0	3	\$8,609	38
Maine	\$12.6	41	\$9,498	26	Utah	\$24.9	33	\$8,848	33
Maryland	\$57.6	15	\$9,885	25	Vermont	\$6.9	50	\$11,050	8
Massachusetts	\$75.7	12	\$11,497	5	Virginia	\$69.2	14	\$8,550	40
Michigan	\$89.8	9	\$9,094	31	Washington	\$74.9	13	\$10,967	9
Minnesota	\$55.7	17	\$10,418	18	West Virginia	\$16.4	38	\$8,839	34
Mississippi	\$27.3	31	\$9,168	29	Wisconsin	\$56.7	16	\$9,926	23
Missouri	\$49.9	22	\$8,298	44	Wyoming	\$8.7	47	\$15,291	3

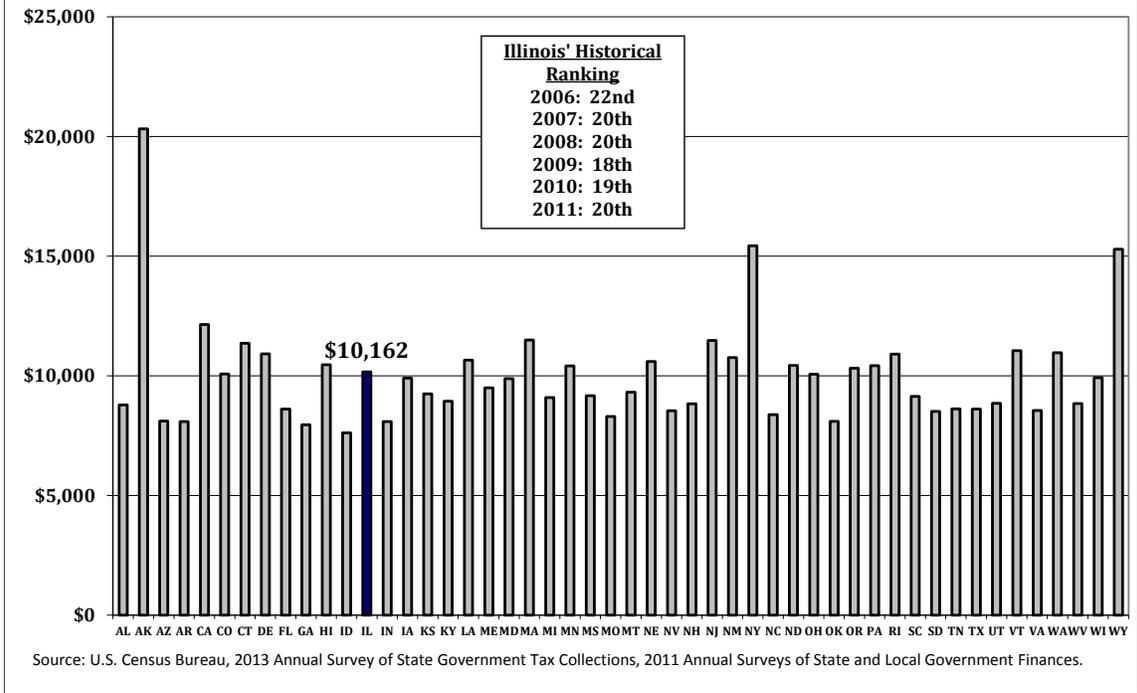
Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.  
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

**CHART 26: State and Local Government Total Expenditures in 2011  
(National Total = \$3,162.6 billion)**



**CHART 27: Per-Capita State and Local Government Total Expenditures in 2011  
(National Per Capita = \$10,150)**



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

Illinois ranked 6<sup>th</sup> in the nation in the amount spent on elementary and secondary education in 2011 with an amount of \$24.5 billion. This includes money from state and local governments (property tax revenues). California was the highest ranked state with a total expenditure amount of \$63.5 billion. On a per-capita basis, Illinois ranked 16<sup>th</sup> at \$1,906 per capita, which was above the national average of \$1,813. Alaska was the highest ranked state on a per-capita basis at \$3,404. Illinois had the highest total dollars amount in the Midwest and the 2<sup>nd</sup> highest per-capita rate in the Midwest behind Ohio (14<sup>th</sup> at \$1,913).

**TABLE 21: Elementary and Secondary Education Expenditures by State and Local Governments in 2011**

\$ in billions

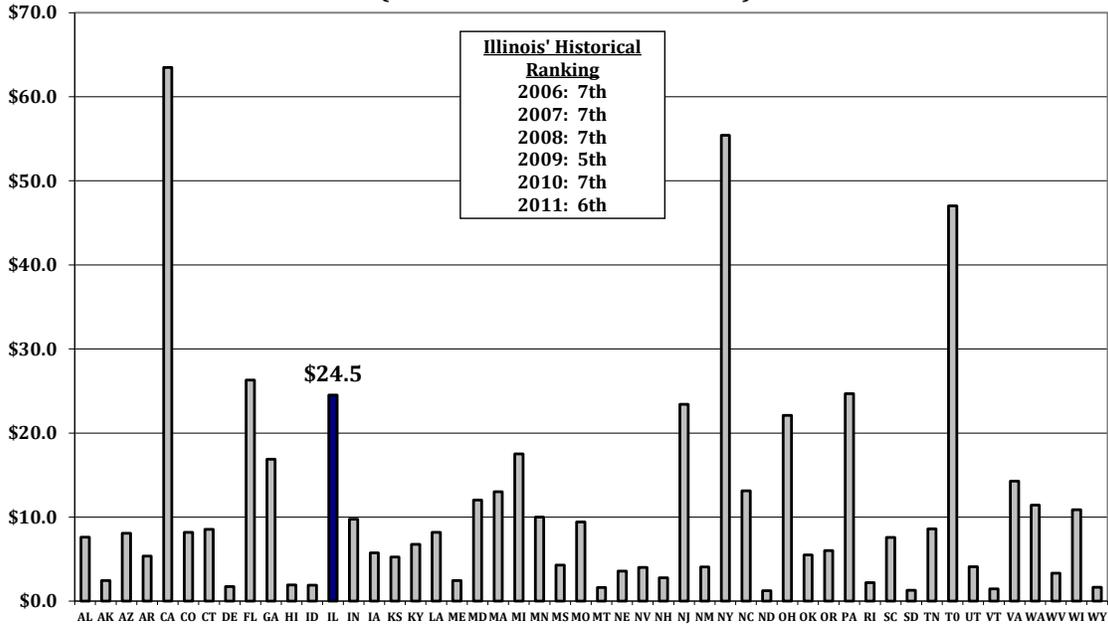
	Elem. & Sec. Education Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Elem. & Sec. Education Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$564.9	-	\$1,813	-	<b>United States</b>	\$564.9	-	\$1,813	-
Alabama	\$7.6	25	\$1,583	35	Montana	\$1.6	47	\$1,624	32
Alaska	\$2.5	40	\$3,404	1	Nebraska	\$3.6	37	\$1,943	12
Arizona	\$8.1	24	\$1,244	49	Nevada	\$4.0	36	\$1,473	41
Arkansas	\$5.4	31	\$1,825	23	New Hampshire	\$2.8	39	\$2,100	7
California	\$63.5	1	\$1,684	30	New Jersey	\$23.4	7	\$2,656	4
Colorado	\$8.2	22	\$1,600	34	New Mexico	\$4.1	35	\$1,949	11
Connecticut	\$8.5	21	\$2,384	5	New York	\$55.4	2	\$2,847	3
Delaware	\$1.7	45	\$1,911	15	North Carolina	\$13.1	12	\$1,360	47
Florida	\$26.3	4	\$1,380	46	North Dakota	\$1.2	50	\$1,804	24
Georgia	\$16.9	10	\$1,720	29	Ohio	\$22.1	8	\$1,913	14
Hawaii	\$1.9	43	\$1,410	45	Oklahoma	\$5.5	30	\$1,452	42
Idaho	\$1.9	44	\$1,198	50	Oregon	\$6.0	28	\$1,555	38
<b>Illinois</b>	<b>\$24.5</b>	<b>6</b>	<b>\$1,906</b>	<b>16</b>	Pennsylvania	\$24.7	5	\$1,937	13
Indiana	\$9.7	18	\$1,494	40	Rhode Island	\$2.2	42	\$2,094	8
Iowa	\$5.7	29	\$1,878	18	South Carolina	\$7.6	26	\$1,622	33
Kansas	\$5.3	32	\$1,831	21	South Dakota	\$1.3	49	\$1,583	36
Kentucky	\$6.8	27	\$1,546	39	Tennessee	\$8.6	20	\$1,345	48
Louisiana	\$8.2	23	\$1,787	25	Texas	\$47.0	3	\$1,831	22
Maine	\$2.4	41	\$1,840	20	Utah	\$4.1	34	\$1,450	43
Maryland	\$12.0	14	\$2,064	9	Vermont	\$1.5	48	\$2,349	6
Massachusetts	\$13.0	13	\$1,976	10	Virginia	\$14.3	11	\$1,763	28
Michigan	\$17.5	9	\$1,773	27	Washington	\$11.4	15	\$1,672	31
Minnesota	\$10.0	17	\$1,868	19	West Virginia	\$3.3	38	\$1,787	26
Mississippi	\$4.3	33	\$1,435	44	Wisconsin	\$10.9	16	\$1,902	17
Missouri	\$9.4	19	\$1,568	37	Wyoming	\$1.6	46	\$2,888	2

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

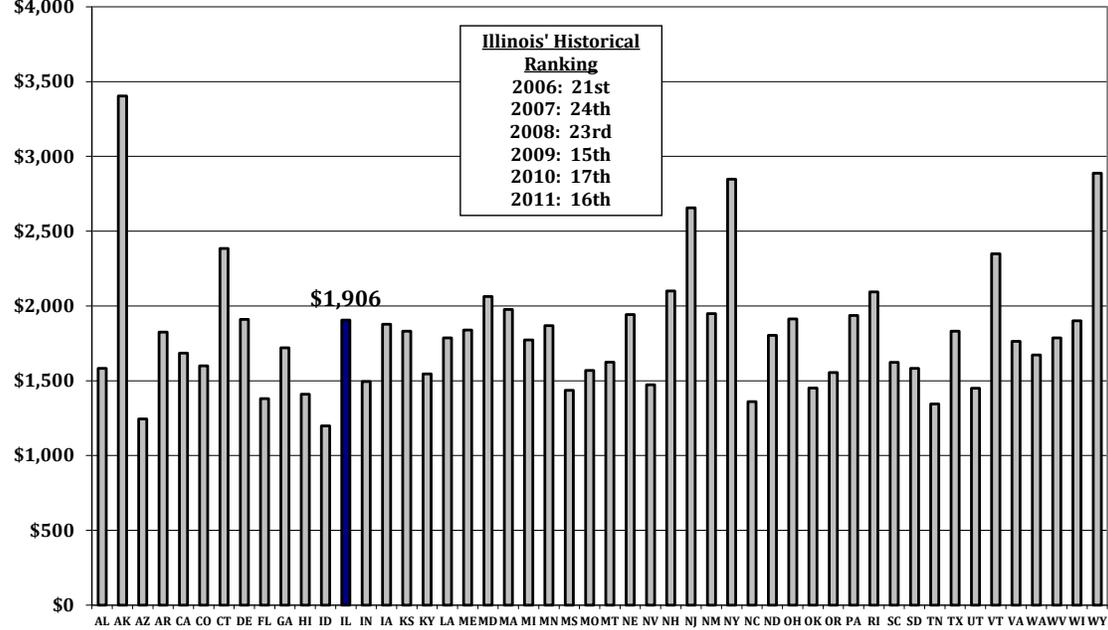
Grey Areas= Midwest Region

**CHART 28: Elementary and Secondary Education Expenditures by State and Local Governments in 2011  
(National Total = \$565 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 29: Per-Capita Elementary and Secondary Education Expenditures by State and Local Governments in 2011  
(National Per Capita = \$1,813)**

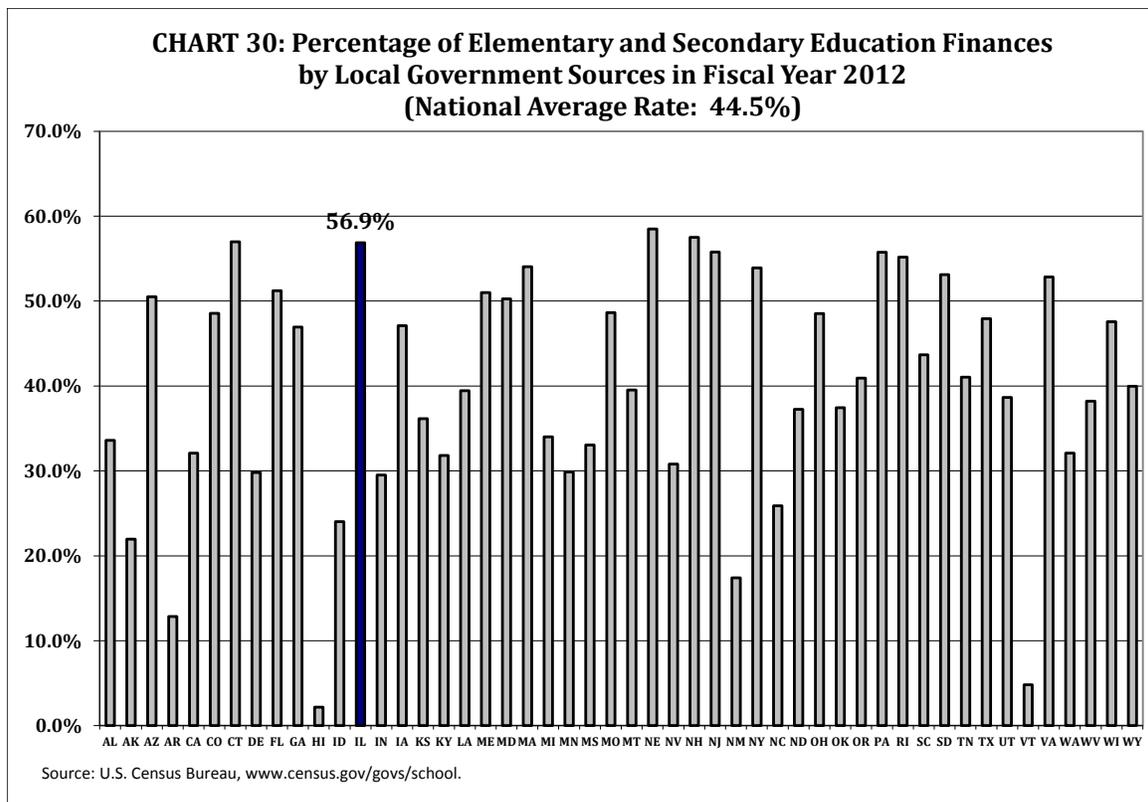


Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**Category 15: Source of Elementary and Education Funding**

On the following page is a table displaying 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 came from federal sources, state sources, and from local sources for the 2011-2012 school-year. A closer look shows that 56.9% of Illinois' portion of education funding in this year came from local sources, 34.8% came from State sources, and 8.3% came from federal sources.

As shown in the below chart, Illinois' local government portion of elementary and secondary education is among the highest in the nation. In the year shown, Illinois ranked 4<sup>th</sup> in the nation, but was ranked 1<sup>st</sup> in this category as recent as the 2007-2008 school year. Illinois has consistently been ranked above other states in the Midwest region in this area over the last several years.



*Note: According to "Public Education Finances: 2012" from the Census Bureau, the authors add the following footnote regarding Illinois' data: "Payments made by the state government into the state's public school retirement systems on behalf of Illinois school districts are included in the tables that display state totals of elementary-secondary education finances. These payments have been estimated for local school systems and appear in the tabular detail for state revenue and expenditure of individual school systems. Illinois corporate personal property replacement tax revenue is included as a state revenue source rather than local revenue in this report."*

**TABLE 22: Summary of Public Elementary-Secondary  
School System Finances by State: Fiscal Year 2012**  
(Revenue Amounts in Thousands of Dollars)

Geographic area	Elementary-secondary revenue <sup>1</sup>				Percentage Breakout		
	Total	From Federal sources	From state sources	From local sources	From Federal sources	From state sources	From local sources
United States.....	\$594,531,633	\$59,532,214	\$270,431,959	\$264,567,460	10.0%	45.5%	44.5%
Alabama.....	\$7,135,105	\$789,954	\$3,948,651	\$2,396,500	11.1%	55.3%	33.6%
Alaska.....	\$2,383,402	\$352,005	\$1,507,913	\$523,484	14.8%	63.3%	22.0%
Arizona.....	\$7,869,244	\$1,050,228	\$2,845,535	\$3,973,481	13.3%	36.2%	50.5%
Arkansas.....	\$5,151,611	\$666,267	\$3,823,172	\$662,172	12.9%	74.2%	12.9%
California.....	\$66,568,626	\$8,793,325	\$36,413,273	\$21,362,028	13.2%	54.7%	32.1%
Colorado.....	\$8,570,286	\$705,634	\$3,702,427	\$4,162,225	8.2%	43.2%	48.6%
Connecticut.....	\$9,867,251	\$509,564	\$3,735,476	\$5,622,211	5.2%	37.9%	57.0%
Delaware.....	\$1,815,111	\$183,793	\$1,090,060	\$541,258	10.1%	60.1%	29.8%
District of Columbia.....	\$1,331,006	\$137,742	\$0	\$1,193,264	10.3%	0.0%	89.7%
Florida.....	\$24,131,880	\$3,068,321	\$8,702,317	\$12,361,242	12.7%	36.1%	51.2%
Georgia.....	\$17,556,060	\$1,862,297	\$7,455,147	\$8,238,616	10.6%	42.5%	46.9%
Hawaii.....	\$2,535,038	\$318,728	\$2,161,254	\$55,056	12.6%	85.3%	2.2%
Idaho.....	\$1,981,212	\$266,087	\$1,238,989	\$476,136	13.4%	62.5%	24.0%
<b>Illinois.....</b>	<b>\$29,153,117</b>	<b>\$2,430,413</b>	<b>\$10,142,137</b>	<b>\$16,580,567</b>	<b>8.3%</b>	<b>34.8%</b>	<b>56.9%</b>
Indiana.....	\$12,142,555	\$1,096,902	\$7,462,594	\$3,583,059	9.0%	61.5%	29.5%
Iowa.....	\$6,037,366	\$512,246	\$2,681,035	\$2,844,085	8.5%	44.4%	47.1%
Kansas.....	\$5,612,118	\$410,051	\$3,173,205	\$2,028,862	7.3%	56.5%	36.2%
Kentucky.....	\$7,191,188	\$983,232	\$3,920,971	\$2,286,985	13.7%	54.5%	31.8%
Louisiana.....	\$8,449,930	\$1,527,734	\$3,588,546	\$3,333,650	18.1%	42.5%	39.5%
Maine.....	\$2,555,729	\$239,982	\$1,012,326	\$1,303,421	9.4%	39.6%	51.0%
Maryland.....	\$13,748,192	\$859,635	\$5,980,541	\$6,908,016	6.3%	43.5%	50.2%
Massachusetts.....	\$15,621,093	\$979,175	\$6,200,945	\$8,440,973	6.3%	39.7%	54.0%
Michigan.....	\$17,671,139	\$1,866,406	\$9,796,808	\$6,007,925	10.6%	55.4%	34.0%
Minnesota.....	\$10,526,813	\$740,098	\$6,642,440	\$3,144,275	7.0%	63.1%	29.9%
Mississippi.....	\$4,466,518	\$795,110	\$2,195,720	\$1,475,688	17.8%	49.2%	33.0%
Missouri.....	\$9,949,576	\$994,192	\$4,115,324	\$4,840,060	10.0%	41.4%	48.6%
Montana.....	\$1,612,365	\$214,164	\$761,029	\$637,172	13.3%	47.2%	39.5%
Nebraska.....	\$3,691,601	\$366,016	\$1,166,374	\$2,159,211	9.9%	31.6%	58.5%
Nevada.....	\$4,052,404	\$403,548	\$2,401,035	\$1,247,821	10.0%	59.2%	30.8%
New Hampshire.....	\$2,862,014	\$187,243	\$1,029,325	\$1,645,446	6.5%	36.0%	57.5%
New Jersey.....	\$26,616,365	\$1,371,038	\$10,401,941	\$14,843,386	5.2%	39.1%	55.8%
New Mexico.....	\$3,478,709	\$491,732	\$2,380,982	\$605,995	14.1%	68.4%	17.4%
New York.....	\$58,757,633	\$3,769,627	\$23,314,292	\$31,673,714	6.4%	39.7%	53.9%
North Carolina.....	\$12,788,659	\$1,831,015	\$7,648,102	\$3,309,542	14.3%	59.8%	25.9%
North Dakota.....	\$1,304,100	\$160,050	\$658,255	\$485,795	12.3%	50.5%	37.3%
Ohio.....	\$22,035,362	\$2,007,733	\$9,336,277	\$10,691,352	9.1%	42.4%	48.5%
Oklahoma.....	\$5,823,118	\$773,014	\$2,869,071	\$2,181,033	13.3%	49.3%	37.5%
Oregon.....	\$6,075,478	\$550,894	\$3,038,052	\$2,486,532	9.1%	50.0%	40.9%
Pennsylvania.....	\$26,455,893	\$2,145,208	\$9,561,500	\$14,749,185	8.1%	36.1%	55.8%
Rhode Island.....	\$2,194,831	\$204,682	\$779,000	\$1,211,149	9.3%	35.5%	55.2%
South Carolina.....	\$7,875,144	\$848,254	\$3,586,738	\$3,440,152	10.8%	45.5%	43.7%
South Dakota.....	\$1,296,353	\$212,615	\$395,054	\$688,684	16.4%	30.5%	53.1%
Tennessee.....	\$8,948,633	\$1,257,953	\$4,017,946	\$3,672,734	14.1%	44.9%	41.0%
Texas.....	\$49,815,063	\$6,140,296	\$19,801,928	\$23,872,839	12.3%	39.8%	47.9%
Utah.....	\$4,213,226	\$426,702	\$2,158,049	\$1,628,475	10.1%	51.2%	38.7%
Vermont.....	\$1,572,228	\$124,451	\$1,372,320	\$75,457	7.9%	87.3%	4.8%
Virginia.....	\$14,692,768	\$1,365,551	\$5,564,504	\$7,762,713	9.3%	37.9%	52.8%
Washington.....	\$11,867,897	\$1,057,045	\$7,001,110	\$3,809,742	8.9%	59.0%	32.1%
West Virginia.....	\$3,958,439	\$432,223	\$2,014,017	\$1,512,199	10.9%	50.9%	38.2%
Wisconsin.....	\$10,862,147	\$907,311	\$4,786,356	\$5,168,480	8.4%	44.1%	47.6%
Wyoming.....	\$1,660,037	\$144,728	\$851,896	\$663,413	8.7%	51.3%	40.0%

<sup>1</sup>Duplicative interschool system transactions are excluded.

SOURCE: 2012 Census of Governments: Finance - Survey of School System Finances.

## **Category 16: Higher Education Expenditures by State and Local Governments**

In the category of higher education expenditures, Illinois ranked 8<sup>th</sup> in the nation, spending \$8.7 billion in 2011. Again, this includes money from local and state governments. California was the highest ranked state with a total expenditure amount of \$33.9 billion. On a per-capita basis, Illinois ranked 41<sup>st</sup> at \$675 per capita, which was below the national average per-capita value of \$810. North Dakota was the highest ranked state on a per-capita basis at \$1,293. In the Midwest Region, only Missouri (44<sup>th</sup>) had a lower ranking than Illinois.

**TABLE 23: Higher Education Expenditures  
by State and Local Governments in 2011**

\$ in billions

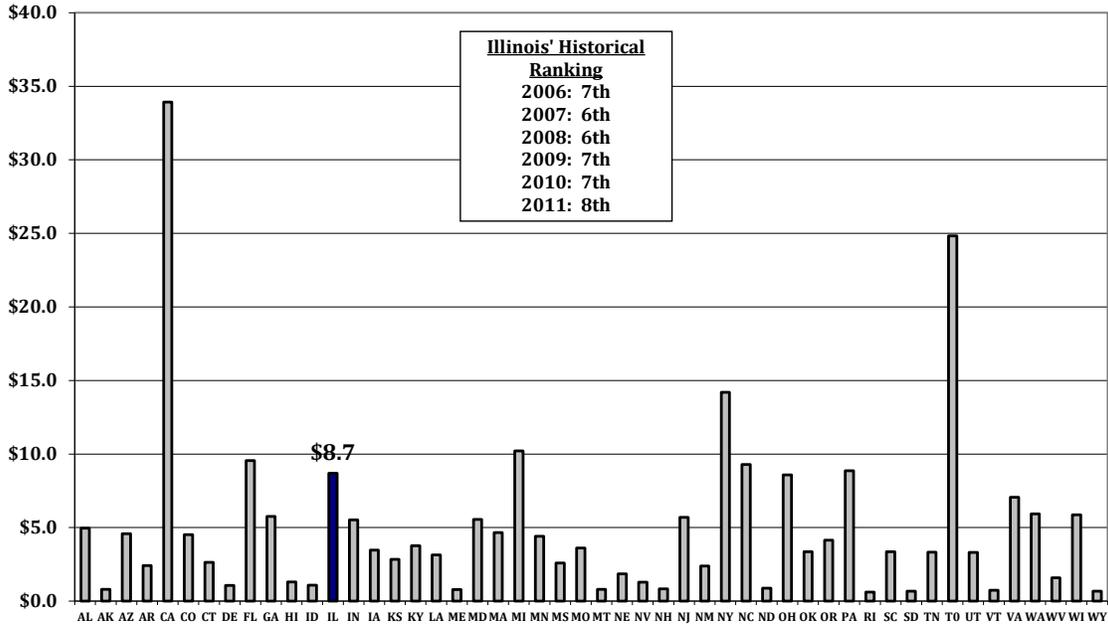
	Higher Education Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Higher Education Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
United States	\$252.3	-	\$810	-	United States	\$252.3	-	\$810	-
Alabama	\$5.0	17	\$1,034	11	Montana	\$0.8	45	\$799	31
Alaska	\$0.8	44	\$1,113	8	Nebraska	\$1.9	36	\$1,009	13
Arizona	\$4.6	19	\$707	37	Nevada	\$1.3	39	\$471	50
Arkansas	\$2.4	34	\$822	29	New Hampshire	\$0.8	43	\$639	43
California	\$33.9	1	\$900	19	New Jersey	\$5.7	14	\$646	42
Colorado	\$4.5	20	\$884	21	New Mexico	\$2.4	35	\$1,149	6
Connecticut	\$2.6	32	\$736	33	New York	\$14.2	3	\$729	34
Delaware	\$1.1	41	\$1,179	3	North Carolina	\$9.3	6	\$962	16
Florida	\$9.6	5	\$502	49	North Dakota	\$0.9	42	\$1,293	1
Georgia	\$5.8	13	\$587	46	Ohio	\$8.6	9	\$744	32
Hawaii	\$1.3	38	\$954	17	Oklahoma	\$3.4	26	\$886	20
Idaho	\$1.1	40	\$682	40	Oregon	\$4.1	22	\$1,071	9
<b>Illinois</b>	<b>\$8.7</b>	<b>8</b>	<b>\$675</b>	<b>41</b>	Pennsylvania	\$8.9	7	\$695	38
Indiana	\$5.5	16	\$847	27	Rhode Island	\$0.6	50	\$586	47
Iowa	\$3.5	25	\$1,134	7	South Carolina	\$3.4	27	\$718	35
Kansas	\$2.8	31	\$991	14	South Dakota	\$0.7	49	\$816	30
Kentucky	\$3.8	23	\$864	25	Tennessee	\$3.3	28	\$519	48
Louisiana	\$3.1	30	\$686	39	Texas	\$24.8	2	\$967	15
Maine	\$0.8	46	\$598	45	Utah	\$3.3	29	\$1,174	4
Maryland	\$5.6	15	\$953	18	Vermont	\$0.7	47	\$1,173	5
Massachusetts	\$4.7	18	\$708	36	Virginia	\$7.1	10	\$873	22
Michigan	\$10.2	4	\$1,035	10	Washington	\$5.9	11	\$868	24
Minnesota	\$4.4	21	\$824	28	West Virginia	\$1.6	37	\$855	26
Mississippi	\$2.6	33	\$869	23	Wisconsin	\$5.9	12	\$1,028	12
Missouri	\$3.6	24	\$602	44	Wyoming	\$0.7	48	\$1,206	2

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

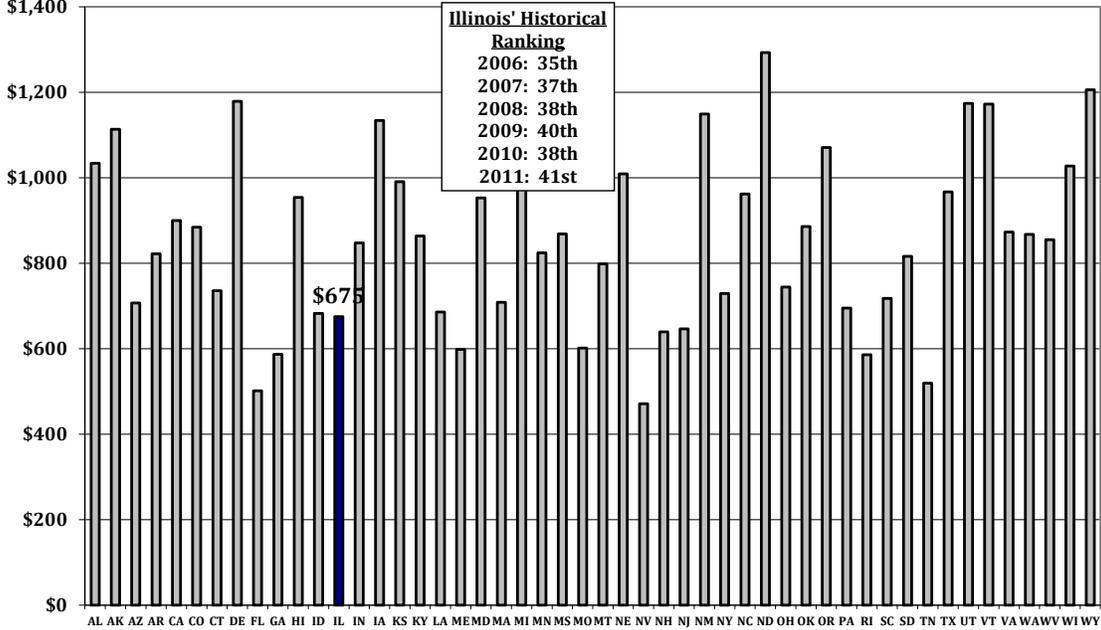
Grey Areas= Midwest Region

**CHART 31: Higher Education Expenditures by State and Local Governments in 2011  
(National Total = \$252.3 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 32: Per-Capita Higher Education Expenditures by State and Local Governments in 2011  
(National Per Capita = \$810)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## **Category 17: State and Local Government Expenditures for Police Protection**

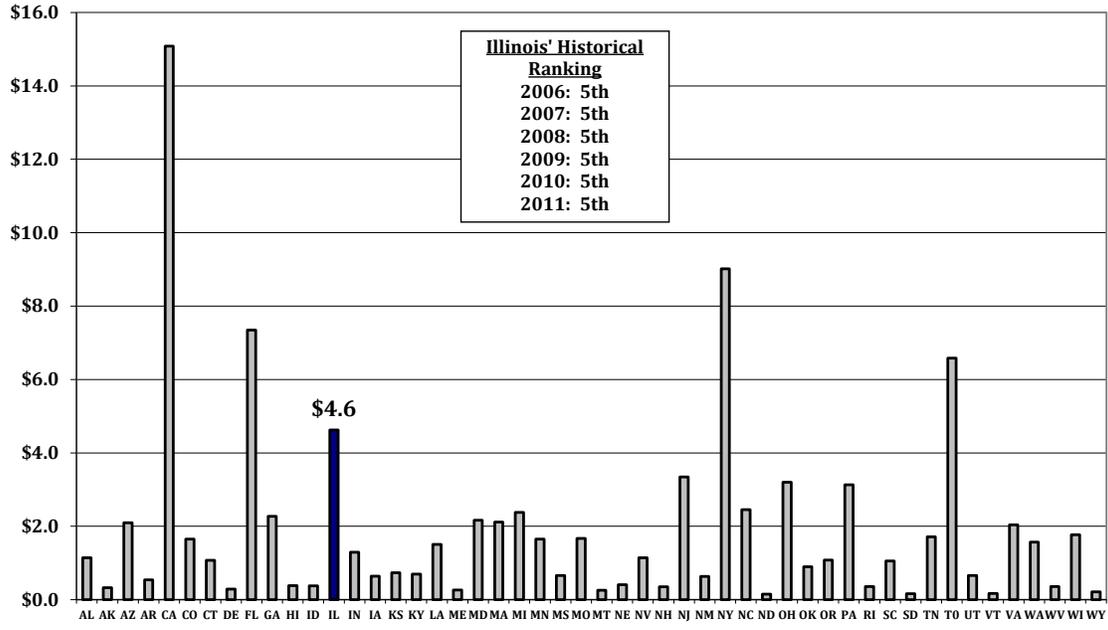
In 2011, Illinois ranked 5<sup>th</sup> in the nation in the amount of state and local government expenditures for police protection. California ranked 1<sup>st</sup>. On a per-capita basis, Illinois ranked 9<sup>th</sup> in the nation with a value of \$359 per capita, above the national average of \$309. 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 \$463.

<b>TABLE 24: Police Protection Expenditures by State and Local Governments in 2011</b>									
<b>\$ in billions</b>									
	<b>Police Protection Expenditures</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>		<b>Police Protection Expenditures</b>	<b>Total Dollars Ranking</b>	<b>Amount Per Capita</b>	<b>Per Capita Ranking</b>
<b>United States</b>	\$96.3	-	\$309	-	<b>United States</b>	\$96.3	-	\$309	-
<b>Alabama</b>	\$1.1	25	\$237	35	<b>Montana</b>	\$0.3	46	\$258	27
<b>Alaska</b>	\$0.3	43	\$453	2	<b>Nebraska</b>	\$0.4	37	\$223	41
<b>Arizona</b>	\$2.1	14	\$324	12	<b>Nevada</b>	\$1.1	24	\$421	3
<b>Arkansas</b>	\$0.5	36	\$185	49	<b>New Hampshire</b>	\$0.4	42	\$267	26
<b>California</b>	\$15.1	1	\$400	4	<b>New Jersey</b>	\$3.3	6	\$379	6
<b>Colorado</b>	\$1.7	20	\$323	13	<b>New Mexico</b>	\$0.6	35	\$306	18
<b>Connecticut</b>	\$1.1	27	\$300	19	<b>New York</b>	\$9.0	2	\$463	1
<b>Delaware</b>	\$0.3	44	\$320	15	<b>North Carolina</b>	\$2.5	9	\$254	30
<b>Florida</b>	\$7.4	3	\$386	5	<b>North Dakota</b>	\$0.2	50	\$223	42
<b>Georgia</b>	\$2.3	11	\$232	38	<b>Ohio</b>	\$3.2	7	\$277	23
<b>Hawaii</b>	\$0.4	38	\$281	20	<b>Oklahoma</b>	\$0.9	29	\$237	36
<b>Idaho</b>	\$0.4	39	\$240	34	<b>Oregon</b>	\$1.1	26	\$278	21
<b>Illinois</b>	<b>\$4.6</b>	<b>5</b>	<b>\$359</b>	<b>9</b>	<b>Pennsylvania</b>	\$3.1	8	\$246	32
<b>Indiana</b>	\$1.3	23	\$199	46	<b>Rhode Island</b>	\$0.4	41	\$339	10
<b>Iowa</b>	\$0.6	34	\$210	44	<b>South Carolina</b>	\$1.1	28	\$226	40
<b>Kansas</b>	\$0.7	30	\$255	29	<b>South Dakota</b>	\$0.2	49	\$197	47
<b>Kentucky</b>	\$0.7	31	\$160	50	<b>Tennessee</b>	\$1.7	17	\$267	25
<b>Louisiana</b>	\$1.5	22	\$329	11	<b>Texas</b>	\$6.6	4	\$256	28
<b>Maine</b>	\$0.3	45	\$199	45	<b>Utah</b>	\$0.7	33	\$234	37
<b>Maryland</b>	\$2.2	12	\$371	8	<b>Vermont</b>	\$0.2	48	\$276	24
<b>Massachusetts</b>	\$2.1	13	\$321	14	<b>Virginia</b>	\$2.0	15	\$252	31
<b>Michigan</b>	\$2.4	10	\$241	33	<b>Washington</b>	\$1.6	21	\$230	39
<b>Minnesota</b>	\$1.7	19	\$309	17	<b>West Virginia</b>	\$0.4	40	\$192	48
<b>Mississippi</b>	\$0.7	32	\$222	43	<b>Wisconsin</b>	\$1.8	16	\$310	16
<b>Missouri</b>	\$1.7	18	\$278	22	<b>Wyoming</b>	\$0.2	47	\$376	7

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.  
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

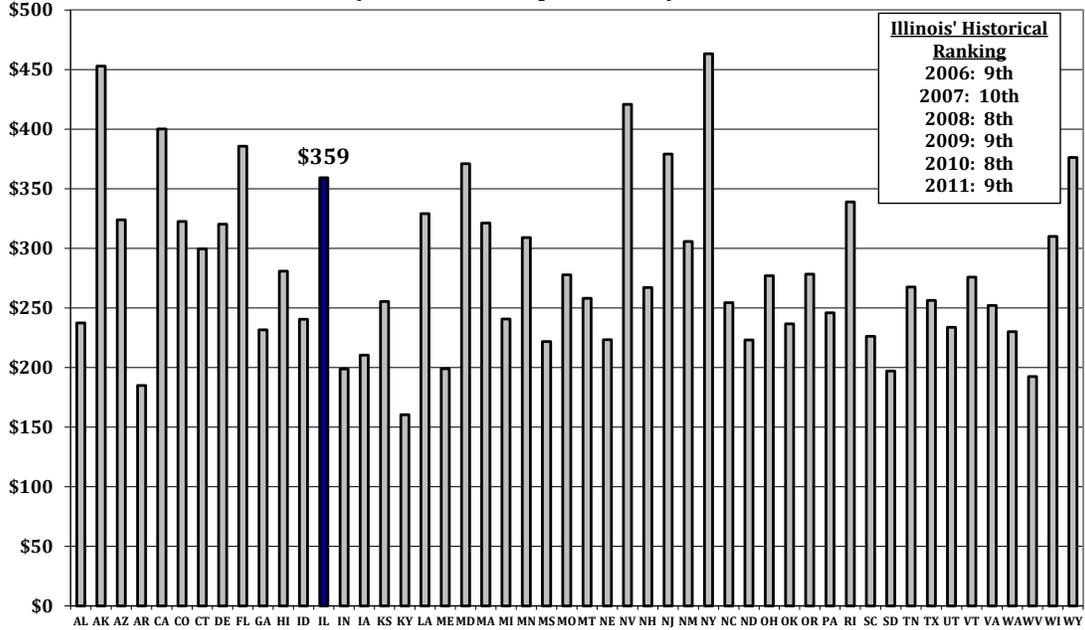
*Grey Areas= Midwest Region*

**CHART 33: Police Protection Expenditures by State and Local Governments in 2011**  
**(National Total = \$96.3 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 34: Per-Capita Police Protection Expenditures by State and Local Governments in 2011**  
**(National Per Capita = \$309)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## **Category 18: State and Local Government Expenditures for Corrections**

Illinois ranked 8<sup>th</sup> in the nation in the amount of state and local government expenditures for corrections in 2011, spending \$2.2 billion. California ranked 1<sup>st</sup> spending \$13.6 billion. On a per-capita basis, Illinois ranked 37<sup>th</sup> with a value of \$172 per capita, which was well below the national per-capita rate of \$235. The highest ranked state on a per-capita basis was Alaska with a per-capita value of \$397.

Illinois' ranking on a per-capita basis had been on a steady decline over the last several years. Illinois was ranked 29<sup>th</sup> in 1997, 38<sup>th</sup> in 2004, 43<sup>rd</sup> in 2006, and 46<sup>th</sup> in 2010, before rising to its current position of 37<sup>th</sup>. Despite Illinois' relatively low ranking, several other states in the Midwest (Kentucky: 38<sup>th</sup>, Ohio: 39<sup>th</sup>, Indiana: 44<sup>th</sup>, Iowa: 45<sup>th</sup>, Missouri: 47<sup>th</sup>) had lower per-capita values than Illinois in this category.

**TABLE 25: Corrections Expenditures  
by State and Local Governments in 2011**

\$ in billions

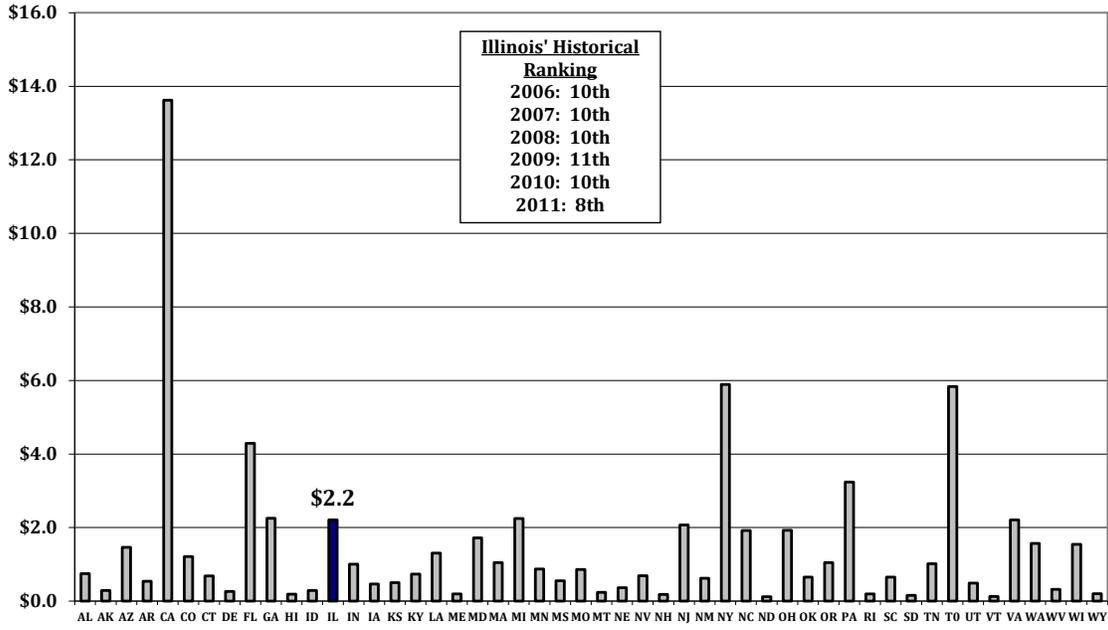
	Total					Total			
	Corrections Expenditures	Dollars Ranking	Amount Per Capita	Per Capita Ranking		Corrections Expenditures	Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$73.2	-	\$235	-	<b>United States</b>	\$73.2	-	\$235	-
Alabama	\$0.7	25	\$155	43	Montana	\$0.2	42	\$241	14
Alaska	\$0.3	40	\$397	1	Nebraska	\$0.4	37	\$198	25
Arizona	\$1.5	16	\$226	21	Nevada	\$0.7	27	\$255	12
Arkansas	\$0.5	33	\$184	30	New Hampshire	\$0.2	47	\$139	49
California	\$13.6	1	\$361	2	New Jersey	\$2.1	10	\$235	16
Colorado	\$1.2	18	\$237	15	New Mexico	\$0.6	31	\$300	5
Connecticut	\$0.7	28	\$192	27	New York	\$5.9	2	\$303	4
Delaware	\$0.3	41	\$294	7	North Carolina	\$1.9	12	\$199	24
Florida	\$4.3	4	\$225	22	North Dakota	\$0.1	50	\$177	32
Georgia	\$2.3	6	\$230	17	Ohio	\$1.9	11	\$167	39
Hawaii	\$0.2	46	\$139	50	Oklahoma	\$0.7	30	\$172	36
Idaho	\$0.3	39	\$184	31	Oregon	\$1.1	20	\$271	10
<b>Illinois</b>	<b>\$2.2</b>	<b>8</b>	<b>\$172</b>	<b>37</b>	Pennsylvania	\$3.2	5	\$254	13
Indiana	\$1.0	22	\$154	44	Rhode Island	\$0.2	44	\$187	28
Iowa	\$0.5	36	\$153	45	South Carolina	\$0.7	29	\$140	48
Kansas	\$0.5	34	\$175	33	South Dakota	\$0.2	48	\$194	26
Kentucky	\$0.7	26	\$168	38	Tennessee	\$1.0	21	\$159	42
Louisiana	\$1.3	17	\$286	8	Texas	\$5.8	3	\$227	20
Maine	\$0.2	45	\$148	46	Utah	\$0.5	35	\$175	34
Maryland	\$1.7	13	\$295	6	Vermont	\$0.1	49	\$202	23
Massachusetts	\$1.1	19	\$160	41	Virginia	\$2.2	9	\$273	9
Michigan	\$2.2	7	\$227	19	Washington	\$1.6	14	\$230	18
Minnesota	\$0.9	23	\$163	40	West Virginia	\$0.3	38	\$174	35
Mississippi	\$0.6	32	\$186	29	Wisconsin	\$1.5	15	\$270	11
Missouri	\$0.9	24	\$143	47	Wyoming	\$0.2	43	\$355	3

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

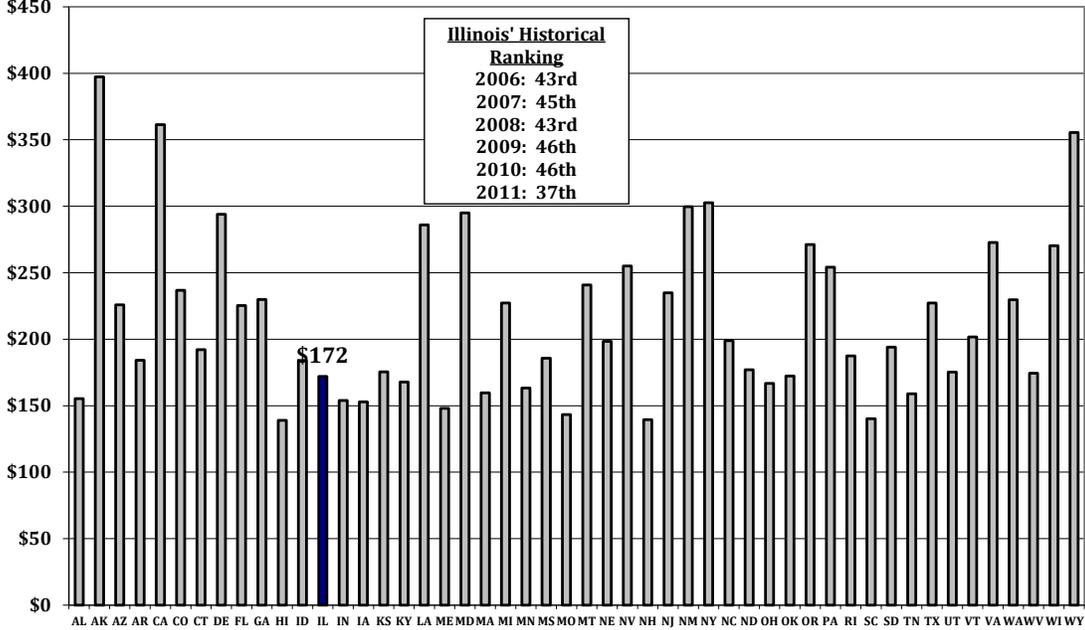
Grey Areas= Midwest Region

**CHART 35: Corrections Expenditures  
by State and Local Governments in 2011  
(National Total = \$73.2 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 36: Per-Capita Corrections Expenditures  
by State and Local Governments in 2011  
(National Per Capita = \$235)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

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

In 2011, Illinois ranked 7<sup>th</sup> in the nation in the category of state and local government expenditures for housing and community development with an amount of \$2.3 billion. Again, California had the highest total at \$10.2 billion. On a per-capita basis, Illinois ranked 17<sup>th</sup> with a value of \$181, which was just above the national average of \$180. Illinois was the third highest ranked state in the Midwest Region, with Indiana (13<sup>th</sup>) and Ohio (12<sup>th</sup>) slightly higher.

**TABLE 26: Housing and Community Development Expenditures by State and Local Governments in 2011**

\$ in billions

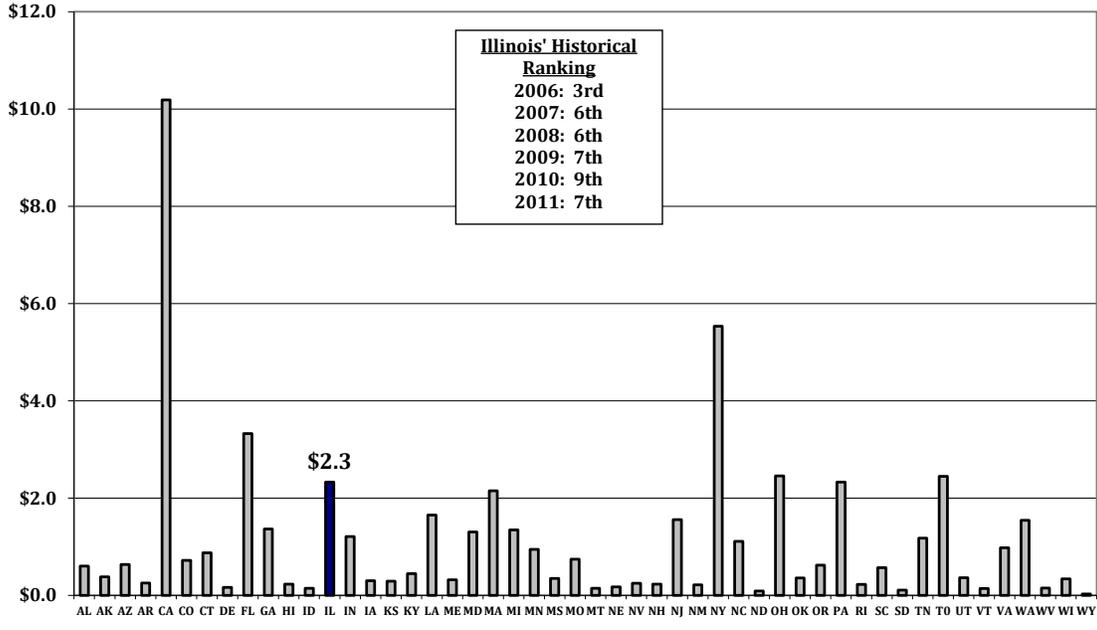
Housing & Community Development Expenditures					Housing & Community Development Expenditures				
	Total Dollars	Ranking	Amount Per Capita	Per Capita Ranking		Total Dollars	Ranking	Amount Per Capita	Per Capita Ranking
United States	\$56.1	-	\$180	-	United States	\$56.1	-	\$180	-
Alabama	\$0.6	25	\$126	31	Montana	\$0.1	46	\$148	24
Alaska	\$0.4	28	\$531	1	Nebraska	\$0.2	42	\$95	43
Arizona	\$0.6	23	\$98	41	Nevada	\$0.3	37	\$92	46
Arkansas	\$0.3	36	\$88	47	New Hampshire	\$0.2	39	\$175	20
California	\$10.2	1	\$270	5	New Jersey	\$1.6	10	\$177	19
Colorado	\$0.7	22	\$141	25	New Mexico	\$0.2	41	\$104	37
Connecticut	\$0.9	20	\$245	6	New York	\$5.5	2	\$284	4
Delaware	\$0.2	43	\$183	16	North Carolina	\$1.1	17	\$115	36
Florida	\$3.3	3	\$175	21	North Dakota	\$0.1	49	\$134	29
Georgia	\$1.4	12	\$139	26	Ohio	\$2.5	4	\$213	12
Hawaii	\$0.2	38	\$168	22	Oklahoma	\$0.4	30	\$95	44
Idaho	\$0.1	45	\$93	45	Oregon	\$0.6	24	\$161	23
<b>Illinois</b>	<b>\$2.3</b>	<b>7</b>	<b>\$181</b>	<b>17</b>	Pennsylvania	\$2.3	6	\$183	15
Indiana	\$1.2	15	\$186	13	Rhode Island	\$0.2	40	\$214	11
Iowa	\$0.3	34	\$98	40	South Carolina	\$0.6	26	\$122	33
Kansas	\$0.3	35	\$101	39	South Dakota	\$0.1	48	\$135	28
Kentucky	\$0.4	27	\$103	38	Tennessee	\$1.2	16	\$184	14
Louisiana	\$1.7	9	\$361	2	Texas	\$2.4	5	\$95	42
Maine	\$0.3	33	\$241	7	Utah	\$0.4	29	\$130	30
Maryland	\$1.3	14	\$224	10	Vermont	\$0.1	47	\$226	9
Massachusetts	\$2.2	8	\$327	3	Virginia	\$1.0	18	\$121	34
Michigan	\$1.3	13	\$137	27	Washington	\$1.5	11	\$226	8
Minnesota	\$0.9	19	\$178	18	West Virginia	\$0.2	44	\$81	48
Mississippi	\$0.3	31	\$117	35	Wisconsin	\$0.3	32	\$59	49
Missouri	\$0.7	21	\$124	32	Wyoming	\$0.0	50	\$48	50

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

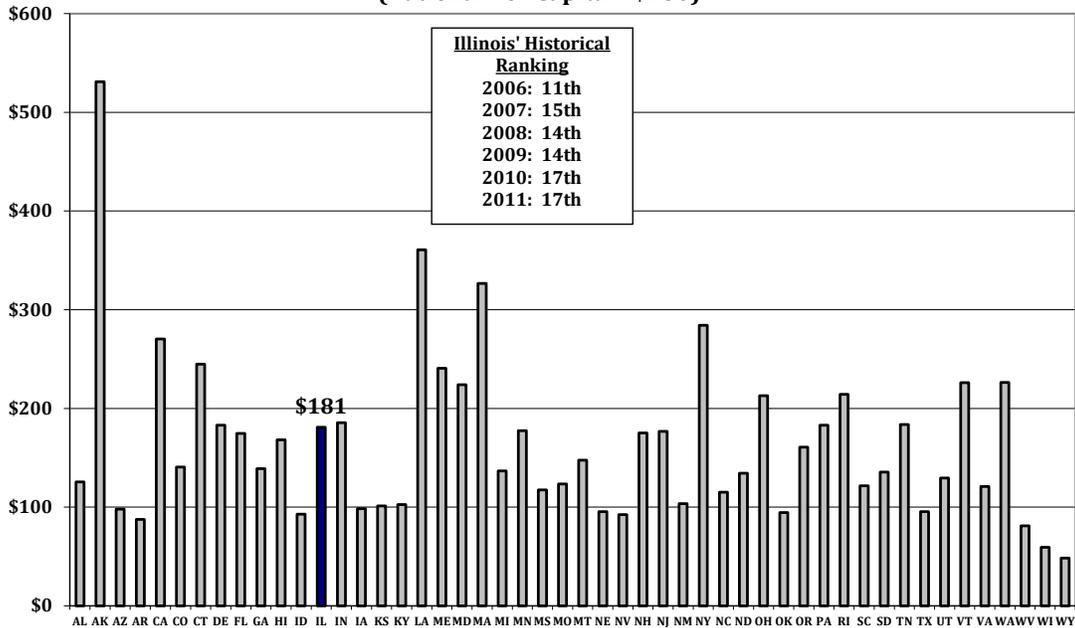
Grey Areas= Midwest Region

**CHART 37: Housing and Community Development Expenditures  
by State and Local Governments in 2011  
(National Total = \$56.1 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 38: Per-Capita Housing and Community Development Expenditures  
by State and Local Governments in 2011  
(National Per Capita = \$180)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## Category 20: State and Local Government Expenditures for Parks and Recreation

In 2011, in the category of state and local government expenditures for parks and recreation, Illinois ranked 4<sup>th</sup> in the nation in total dollars with spending totaling \$2.5 billion. California ranked 1<sup>st</sup> with an amount of \$5.8 billion. Illinois, on a per-capita basis, ranked 6<sup>th</sup> with a per-capita value of \$195, which was well above the national average of \$124 per capita. Illinois was the highest ranked Midwest Region state. Colorado had the highest per-capita ranking overall with a value of \$258.

**TABLE 27: Parks and Recreation Expenditures  
by State and Local Governments in 2011**

\$ in billions

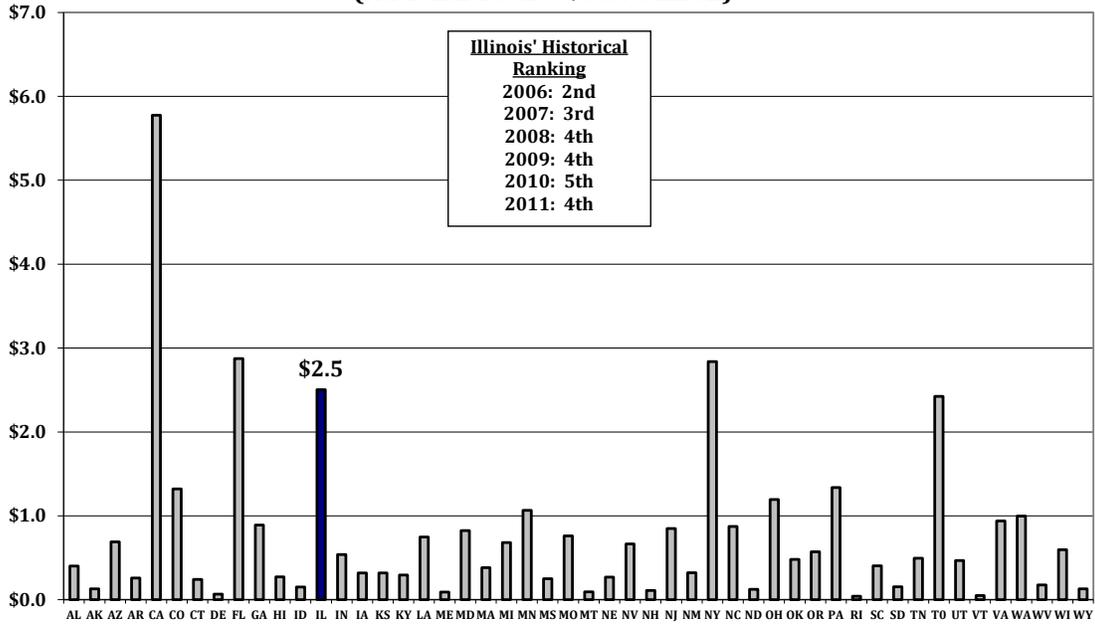
	Parks and Recreation Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Parks and Recreation Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$38.7	-	\$124	-	<b>United States</b>	\$38.7	-	\$124	-
Alabama	\$0.4	28	\$84	40	Montana	\$0.1	46	\$93	33
Alaska	\$0.1	43	\$180	9	Nebraska	\$0.3	35	\$147	16
Arizona	\$0.7	18	\$107	24	Nevada	\$0.7	20	\$245	2
Arkansas	\$0.3	36	\$88	36	New Hampshire	\$0.1	45	\$85	38
California	\$5.8	1	\$153	13	New Jersey	\$0.8	14	\$96	29
Colorado	\$1.3	7	\$258	1	New Mexico	\$0.3	30	\$155	12
Connecticut	\$0.2	38	\$68	47	New York	\$2.8	3	\$146	18
Delaware	\$0.1	48	\$72	44	North Carolina	\$0.9	13	\$90	35
Florida	\$2.9	2	\$151	14	North Dakota	\$0.1	44	\$182	8
Georgia	\$0.9	12	\$91	34	Ohio	\$1.2	8	\$103	28
Hawaii	\$0.3	34	\$199	5	Oklahoma	\$0.5	25	\$127	21
Idaho	\$0.2	41	\$95	30	Oregon	\$0.6	22	\$148	15
<b>Illinois</b>	<b>\$2.5</b>	<b>4</b>	<b>\$195</b>	<b>6</b>	Pennsylvania	\$1.3	6	\$105	25
Indiana	\$0.5	23	\$83	41	Rhode Island	\$0.0	50	\$40	50
Iowa	\$0.3	31	\$104	26	South Carolina	\$0.4	27	\$86	37
Kansas	\$0.3	32	\$111	23	South Dakota	\$0.2	40	\$187	7
Kentucky	\$0.3	33	\$67	48	Tennessee	\$0.5	24	\$77	43
Louisiana	\$0.7	17	\$163	11	Texas	\$2.4	5	\$94	32
Maine	\$0.1	47	\$68	46	Utah	\$0.5	26	\$166	10
Maryland	\$0.8	15	\$141	19	Vermont	\$0.1	49	\$80	42
Massachusetts	\$0.4	29	\$58	49	Virginia	\$0.9	11	\$116	22
Michigan	\$0.7	19	\$69	45	Washington	\$1.0	10	\$146	17
Minnesota	\$1.1	9	\$199	4	West Virginia	\$0.2	39	\$95	31
Mississippi	\$0.3	37	\$84	39	Wisconsin	\$0.6	21	\$104	27
Missouri	\$0.8	16	\$127	20	Wyoming	\$0.1	42	\$229	3

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

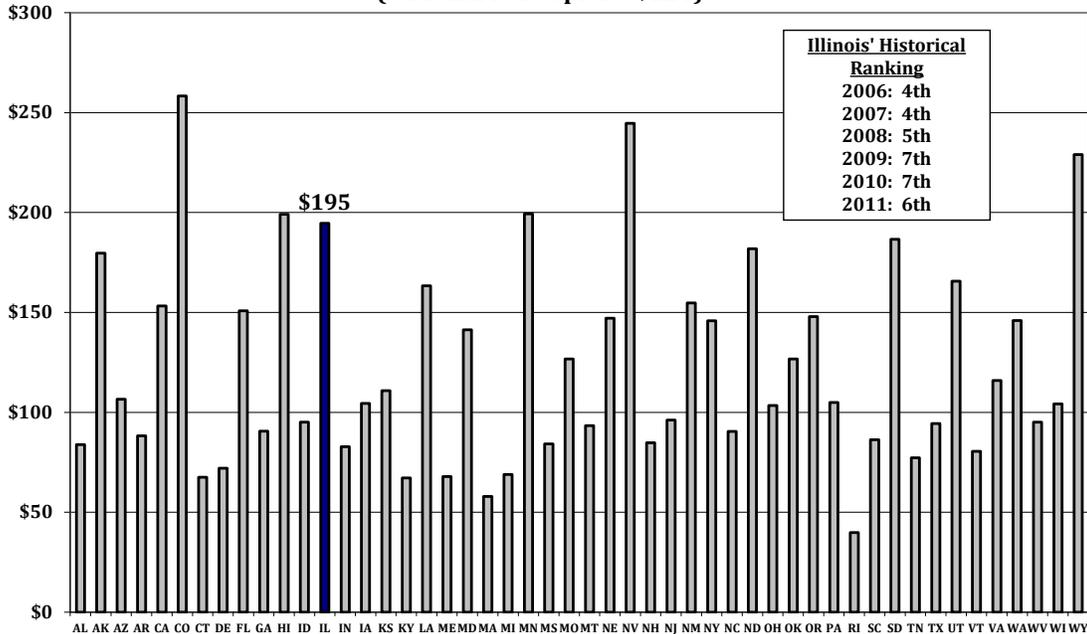
Grey Areas= Midwest Region

**CHART 39: Parks and Recreation Expenditures  
by State and Local Governments in 2011  
(National Total = \$38.7 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 40: Per-Capita Parks and Recreation Expenditures  
by State and Local Governments in 2011  
(National Per Capita = \$124)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## Category 21: State and Local Government Expenditures for Public Welfare Programs

In 2011, in the category of state and local government expenditures for public welfare programs, Illinois ranked 7<sup>th</sup> in the nation in total dollars with a value of \$18.5 billion. California ranked 1<sup>st</sup> with spending totaling \$67.7 billion. Illinois, on a per-capita basis, ranked 27<sup>th</sup> with a per-capita value of \$1,437, which was below the national average of \$1,579 per capita. Ohio (12<sup>th</sup>) was the highest ranked Midwest Region state with a per-capita value of \$1,757. New York had the highest per-capita ranking overall with a value of \$2,589.

**TABLE 28: Public Welfare Program Expenditures  
by State and Local Governments in 2011**

\$ in billions

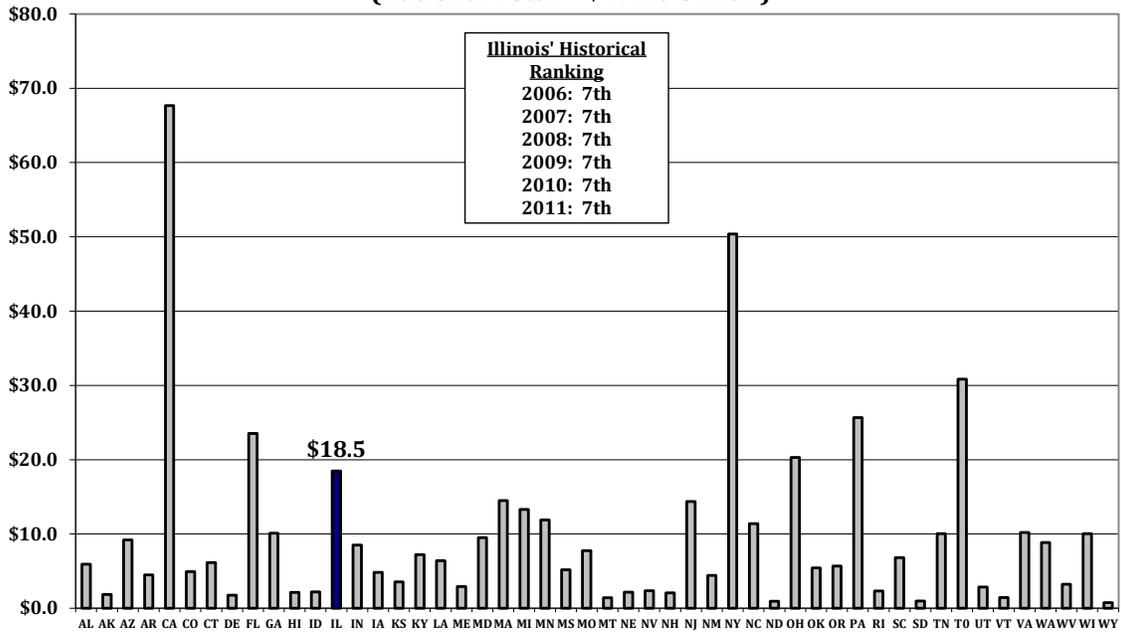
	Public Welfare Programs Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Public Welfare Programs Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$492.0	-	\$1,579	-	<b>United States</b>	\$492.0	-	\$1,579	-
Alabama	\$5.9	26	\$1,237	41	Montana	\$1.4	47	\$1,414	30
Alaska	\$1.9	44	\$2,570	2	Nebraska	\$2.2	41	\$1,182	44
Arizona	\$9.2	18	\$1,420	29	Nevada	\$2.3	38	\$861	50
Arkansas	\$4.5	32	\$1,532	24	New Hampshire	\$2.1	43	\$1,588	20
California	\$67.7	1	\$1,795	11	New Jersey	\$14.4	9	\$1,629	19
Colorado	\$4.9	30	\$966	49	New Mexico	\$4.4	33	\$2,127	8
Connecticut	\$6.2	25	\$1,720	16	New York	\$50.4	2	\$2,589	1
Delaware	\$1.8	45	\$1,935	10	North Carolina	\$11.4	12	\$1,179	46
Florida	\$23.5	5	\$1,235	42	North Dakota	\$1.0	49	\$1,406	31
Georgia	\$10.1	14	\$1,031	47	Ohio	\$20.3	6	\$1,757	12
Hawaii	\$2.1	42	\$1,562	23	Oklahoma	\$5.4	28	\$1,433	28
Idaho	\$2.2	40	\$1,394	33	Oregon	\$5.7	27	\$1,465	25
<b>Illinois</b>	<b>\$18.5</b>	<b>7</b>	<b>\$1,437</b>	<b>27</b>	Pennsylvania	\$25.7	4	\$2,015	9
Indiana	\$8.5	20	\$1,304	36	Rhode Island	\$2.3	39	\$2,219	5
Iowa	\$4.8	31	\$1,577	21	South Carolina	\$6.8	23	\$1,456	26
Kansas	\$3.6	34	\$1,242	40	South Dakota	\$1.0	48	\$1,181	45
Kentucky	\$7.2	22	\$1,656	17	Tennessee	\$10.1	15	\$1,571	22
Louisiana	\$6.4	24	\$1,403	32	Texas	\$30.8	3	\$1,201	43
Maine	\$2.9	36	\$2,203	6	Utah	\$2.9	37	\$1,016	48
Maryland	\$9.5	17	\$1,630	18	Vermont	\$1.5	46	\$2,338	3
Massachusetts	\$14.5	8	\$2,202	7	Virginia	\$10.2	13	\$1,258	39
Michigan	\$13.3	10	\$1,346	34	Washington	\$8.9	19	\$1,296	37
Minnesota	\$11.9	11	\$2,225	4	West Virginia	\$3.2	35	\$1,745	14
Mississippi	\$5.2	29	\$1,739	15	Wisconsin	\$10.0	16	\$1,757	13
Missouri	\$7.7	21	\$1,288	38	Wyoming	\$0.8	50	\$1,345	35

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

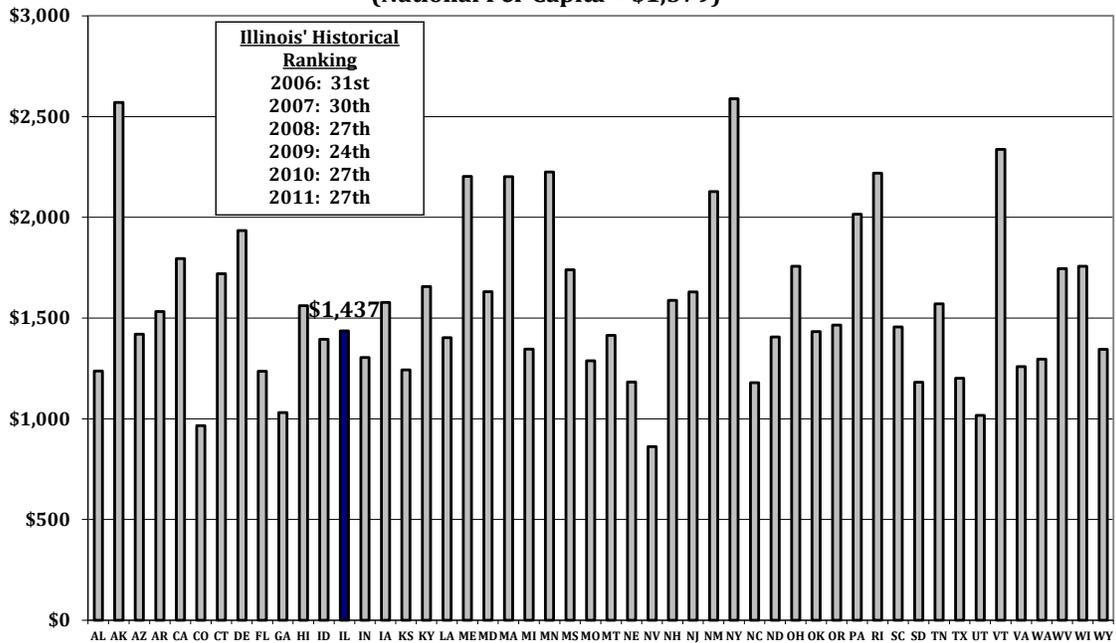
Grey Areas= Midwest Region

**CHART 41: Public Welfare Programs Expenditures  
by State and Local Governments in 2011  
(National Total = \$492.0 billion)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

**CHART 42: Public Welfare Programs Expenditures  
by State and Local Governments in 2011  
(National Per Capita = \$1,579)**



Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections, 2011 Annual Surveys of State and Local Government Finances.

## Category 22: State and Local Government Expenditures for Highways

In 2011, Illinois ranked 6<sup>th</sup> in the nation in the category of state and local government expenditures for highways with an amount of \$7.1 billion. California had the highest total at \$14.7 billion. On a per-capita basis, Illinois ranked 25<sup>th</sup> with a value of \$551, which was above the national average of \$491. Illinois' ranking has fluctuated over the past five years going from a 33<sup>rd</sup> ranking in 2006 to 15<sup>th</sup> in 2010 to its current ranking of 25<sup>th</sup>.

Illinois was the third highest ranked state in the Midwest Region on a per-capita basis behind Iowa (ranked 10<sup>th</sup>) and Wisconsin (ranked 14<sup>th</sup>). In looking at the highest ranked states, it is not surprising that these top states are the larger states in terms of area, as they have more highway miles to take care of. Alaska, being the largest state in the nation in terms of area, had by far the highest per-capita rate in the country at \$2,341 per capita.

**TABLE 29: Highway Expenditures  
by State and Local Governments in 2011**

\$ in billions

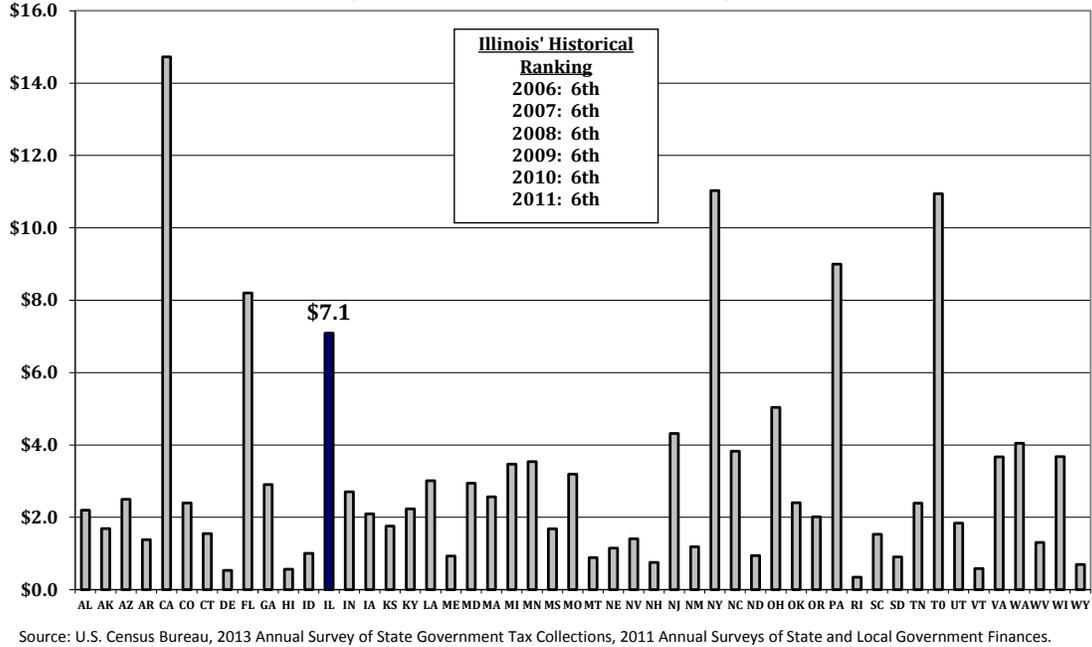
	Highway Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking		Highway Expenditures	Total Dollars Ranking	Amount Per Capita	Per Capita Ranking
<b>United States</b>	\$153.0	-	\$491	-	<b>United States</b>	\$153.0	-	\$491	-
Alabama	\$2.2	26	\$458	34	Montana	\$0.9	44	\$890	6
Alaska	\$1.7	31	\$2,341	1	Nebraska	\$1.1	39	\$623	17
Arizona	\$2.5	21	\$386	45	Nevada	\$1.4	35	\$516	28
Arkansas	\$1.4	36	\$470	32	New Hampshire	\$0.8	45	\$570	21
California	\$14.7	1	\$391	43	New Jersey	\$4.3	8	\$490	31
Colorado	\$2.4	23	\$468	33	New Mexico	\$1.2	38	\$570	22
Connecticut	\$1.5	33	\$432	37	New York	\$11.0	2	\$567	23
Delaware	\$0.5	49	\$592	20	North Carolina	\$3.8	10	\$397	42
Florida	\$8.2	5	\$430	38	North Dakota	\$0.9	41	\$1,383	2
Georgia	\$2.9	18	\$296	50	Ohio	\$5.0	7	\$436	36
Hawaii	\$0.6	48	\$411	41	Oklahoma	\$2.4	22	\$634	15
Idaho	\$1.0	40	\$632	16	Oregon	\$2.0	28	\$520	27
<b>Illinois</b>	<b>\$7.1</b>	<b>6</b>	<b>\$551</b>	<b>25</b>	Pennsylvania	\$9.0	4	\$706	7
Indiana	\$2.7	19	\$415	40	Rhode Island	\$0.3	50	\$330	48
Iowa	\$2.1	27	\$685	10	South Carolina	\$1.5	34	\$328	49
Kansas	\$1.8	30	\$611	18	South Dakota	\$0.9	43	\$1,101	4
Kentucky	\$2.2	25	\$511	29	Tennessee	\$2.4	24	\$373	46
Louisiana	\$3.0	16	\$659	12	Texas	\$10.9	3	\$426	39
Maine	\$0.9	42	\$701	9	Utah	\$1.8	29	\$652	13
Maryland	\$2.9	17	\$505	30	Vermont	\$0.6	47	\$936	5
Massachusetts	\$2.6	20	\$389	44	Virginia	\$3.7	12	\$453	35
Michigan	\$3.5	14	\$351	47	Washington	\$4.0	9	\$592	19
Minnesota	\$3.5	13	\$662	11	West Virginia	\$1.3	37	\$705	8
Mississippi	\$1.7	32	\$565	24	Wisconsin	\$3.7	11	\$644	14
Missouri	\$3.2	15	\$532	26	Wyoming	\$0.7	46	\$1,227	3

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

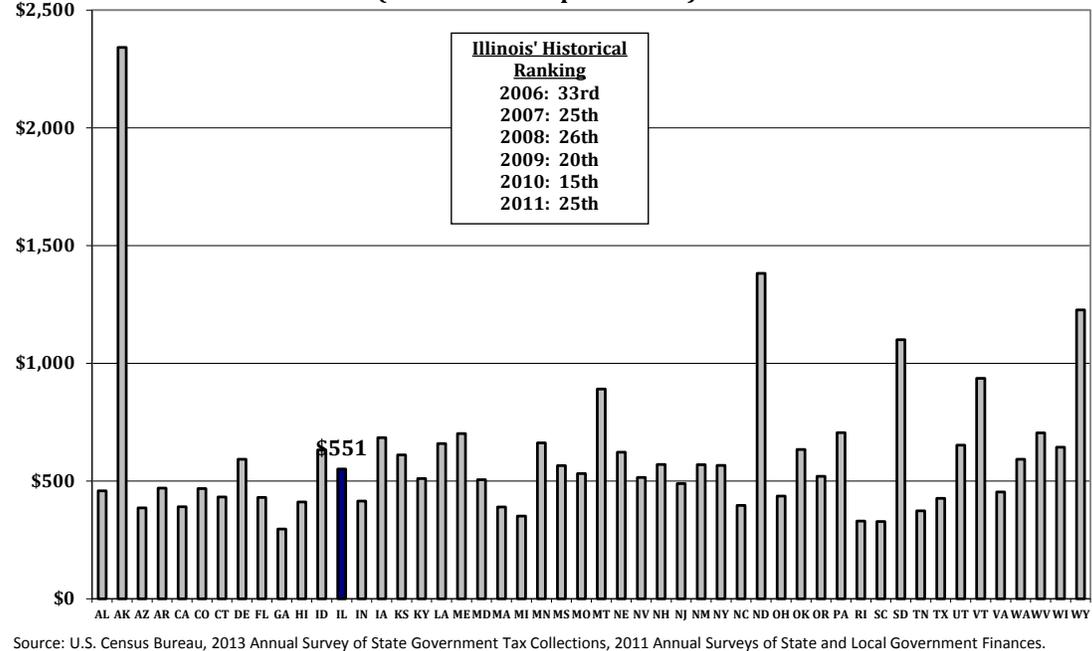
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

**CHART 43: Highway Expenditures  
by State and Local Governments in 2011  
(National Total = \$153.0 billion)**



**CHART 44: Highway Expenditures  
by State and Local Governments in 2011  
(National Per Capita = \$491)**



## Category 23: State and Local Government Debt Outstanding

In 2011, Illinois ranked 5<sup>th</sup> in the nation with a total debt of \$145.5 billion. 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. California had the highest level of debt outstanding with \$418.8 billion. On a per-capita basis, Illinois ranked 7<sup>th</sup> with a value of \$11,305. This amount was above the national average of \$9,332. Illinois has consistently been the highest ranked state in the Midwest Region in both total dollars and on a per-capita basis over the last several years.

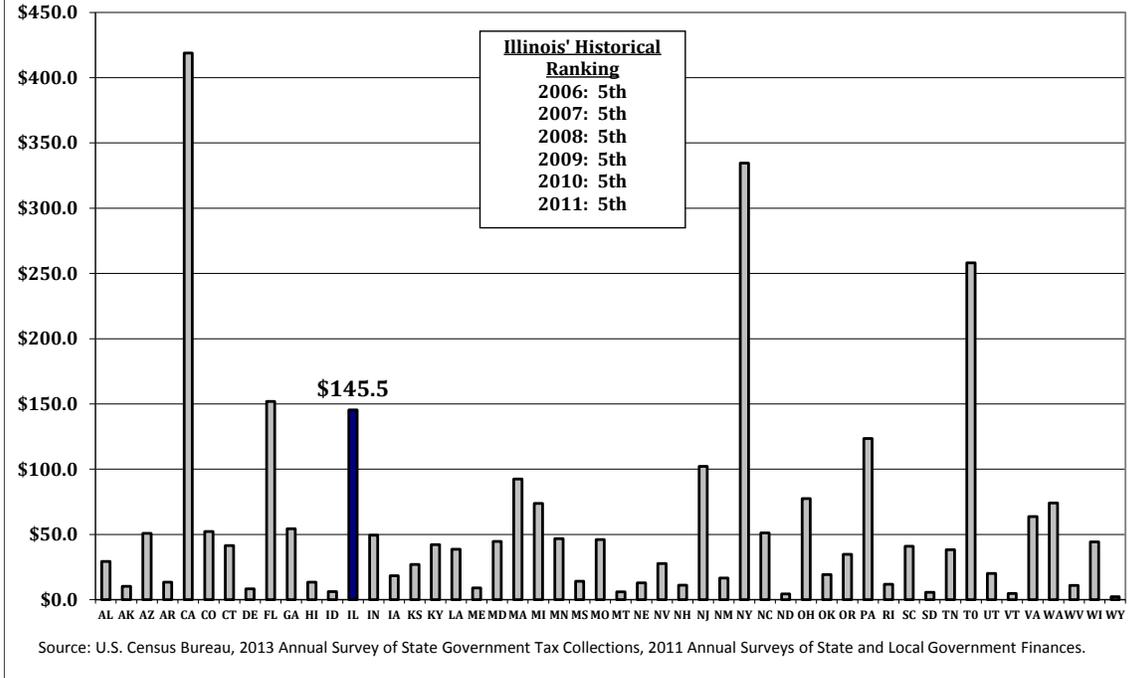
<b>TABLE 30: State and Local Government Debt Outstanding in 2011</b>									
\$ in billions									
	Total Dollars	Amount Per Capita	Per Capita Ranking		Debt Outstanding	Total Dollars	Amount Per Capita	Per Capita Ranking	
	Debt Outstanding	Ranking				Ranking			
<b>United States</b>	\$2,907.8	-	\$9,332	-	<b>United States</b>	\$2,907.8	-	\$9,332	-
Alabama	\$29.3	28	\$6,104	39	Montana	\$6.0	46	\$5,988	40
Alaska	\$10.2	42	\$14,110	2	Nebraska	\$12.9	38	\$7,024	34
Arizona	\$50.9	16	\$7,856	26	Nevada	\$27.7	29	\$10,174	11
Arkansas	\$13.5	36	\$4,610	48	New Hampshire	\$11.2	40	\$8,525	21
California	\$418.8	1	\$11,112	8	New Jersey	\$102.3	7	\$11,593	4
Colorado	\$52.2	14	\$10,199	10	New Mexico	\$16.6	34	\$7,996	23
Connecticut	\$41.5	23	\$11,587	5	New York	\$334.6	2	\$17,191	1
Delaware	\$8.3	44	\$9,125	17	North Carolina	\$51.2	15	\$5,301	45
Florida	\$151.9	4	\$7,971	24	North Dakota	\$4.4	49	\$6,471	38
Georgia	\$54.4	13	\$5,539	44	Ohio	\$77.5	9	\$6,716	37
Hawaii	\$13.4	37	\$9,730	13	Oklahoma	\$19.2	32	\$5,065	46
Idaho	\$6.2	45	\$3,931	50	Oregon	\$34.8	27	\$8,976	18
<b>Illinois</b>	<b>\$145.5</b>	<b>5</b>	<b>\$11,305</b>	<b>7</b>	Pennsylvania	\$123.5	6	\$9,690	14
Indiana	\$49.4	17	\$7,581	30	Rhode Island	\$11.9	39	\$11,357	6
Iowa	\$18.3	33	\$5,985	41	South Carolina	\$41.1	24	\$8,774	19
Kansas	\$27.1	30	\$9,447	16	South Dakota	\$5.7	47	\$6,959	35
Kentucky	\$42.2	22	\$9,651	15	Tennessee	\$38.3	26	\$5,982	42
Louisiana	\$38.6	25	\$8,442	22	Texas	\$258.2	3	\$10,058	12
Maine	\$9.0	43	\$6,764	36	Utah	\$20.1	31	\$7,147	33
Maryland	\$44.6	20	\$7,653	29	Vermont	\$4.7	48	\$7,549	31
Massachusetts	\$92.6	8	\$14,051	3	Virginia	\$63.8	12	\$7,882	25
Michigan	\$73.8	11	\$7,477	32	Washington	\$74.1	10	\$10,848	9
Minnesota	\$46.8	18	\$8,749	20	West Virginia	\$11.0	41	\$5,924	43
Mississippi	\$14.2	35	\$4,763	47	Wisconsin	\$44.3	21	\$7,751	27
Missouri	\$46.1	19	\$7,671	28	Wyoming	\$2.4	50	\$4,171	49

Source: U.S. Census Bureau, 2011 Annual Surveys of State and Local Government Finances.

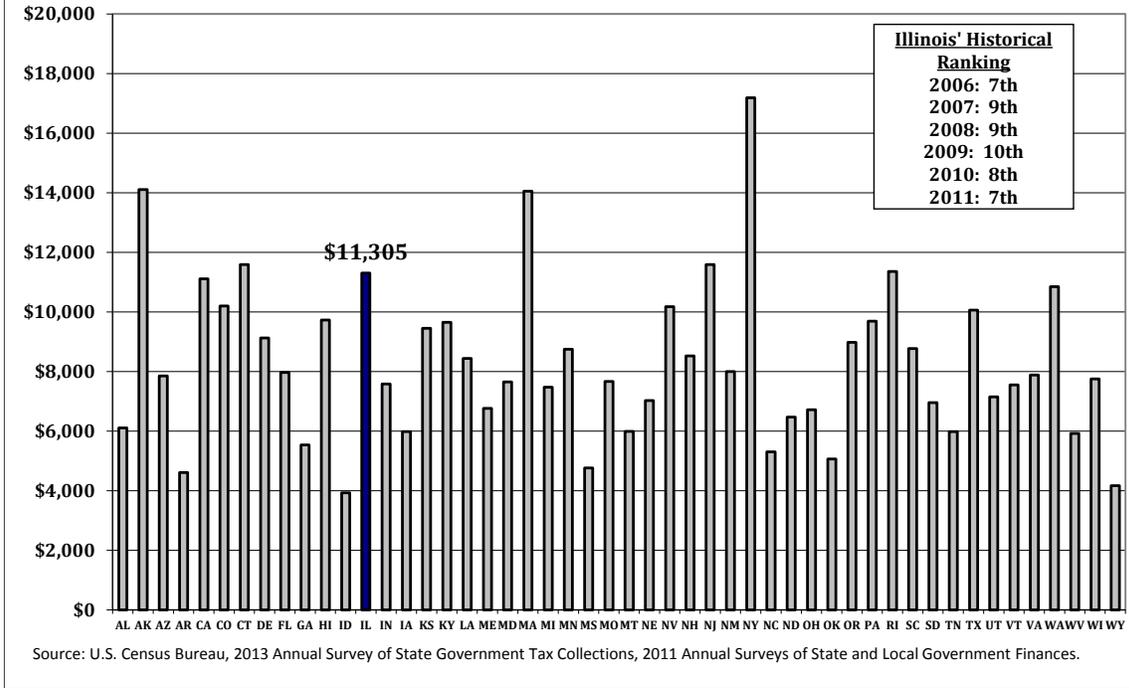
Source: U.S. Census Bureau, 2013 Annual Survey of State Government Tax Collections

Grey Areas= Midwest Region

**CHART 45: State and Local Government Debt Outstanding in 2011  
(National Total = \$2,907.8 billion)**



**CHART 46: Per Capita State and Local Government Debt Outstanding in 2011  
(National Per Capita = \$9,332)**



### **Business Climate Rankings by State**

**In past *Illinois' National Ranking* editions, the Commission has included a brief look at how Illinois' business climate compares with other states by providing a summary of the Tax Foundation's *State Business Tax Climate Index*. The Commission took a deeper look into business climate rankings in its January 2014 report entitled, "Illinois Tax Incentives" by looking at four different studies seeking to quantitatively compare states across the nation: *The State Business Tax Climate Index*, the SBE Council's *Small Business Policy Index*, Beacon Hill's *Competitiveness Report*, and the American Legislative Exchange Council's *Economic Competitiveness Index*. This section of the Commission's report includes updated rankings from two of the four studies.**

In a January 2014 article in Site Selection Magazine entitled "What Makes a Business Climate Good?", when asked the question "How important is a state's business climate when first evaluating potential locations for a project?", 87% of the respondents said either "very important" (25%) or "somewhat important" (62%). Only 13% of the respondents replied that a state's business climate was not important.

For Illinois to succeed in attracting and retaining businesses, the State must continuously evaluate their business climate and compare itself to other states across the country. This means reviewing policies, tax structures, and various other factors in the business industry to see how Illinois compares to the nation. If Illinois is perceived inadequate in any area, changes may be necessary to keep the State competitive in the business world. On the other hand, areas where Illinois is shown to be comparatively strong could be looked at as the focus for promoting Illinois to the business community or as an opportunity for revenue growth through the adjustments of perhaps over-zealous tax incentives.

So if business climate is important to most businesses, how does Illinois compare to other states in this area? This is a difficult question to answer because there are numerous factors that could affect the business climate of a state. What may be important to one state may not be as important to another state in attracting jobs. The importance also depends on the type of company that is doing business in a particular area. While difficult, several studies throughout the country have attempted to answer this question of how states compare by quantifying factors that they consider important to businesses. By quantifying these factors, these studies provide rankings intended to help compare the business climate of one state to another.

This portion of the report will focus on four of these national studies, the State Business Tax Climate Index, The Small Business Policy Index, Beacon Hill's Competitiveness Reports, and the American Legislative Exchange Council's Economic Competitiveness Index. Each of these studies has their own ways of evaluating the business climate of a state. Sometimes the same variables are used in each study, while some studies utilize unique variables in their evaluation. And even if the same variable is used, the weight that each variable holds in comparison to other variables in the study may differ. Because of these factors, the rankings of each state can vary to the point where one state may rank high in one study, but rank poorly in another.

The following pages provide a summary of each study and displays how Illinois ranks in comparison to the rest of the nation. For each of these studies, the overall rankings are shown along with a short synopsis of how these rankings were conceived. Following these summaries is an evaluation of the rankings and a discussion of why some believe these rankings should be viewed with much caution. The first study that will be discussed is the State Business Tax Climate Index.

### **State Business Tax Climate Index**

There are numerous factors that go into a company's decision to headquarter in a particular location. But in an October 2013 background paper promoting their 2014 State Business Tax Climate Index, the Tax Foundation stresses how important it is for states to have a welcoming business tax climate.

*The modern market is characterized by mobile capital and labor, with all types of business, small and large, tending to locate where they have the greatest competitive advantage. The evidence shows that states with the best tax systems will be the most competitive in attracting new businesses and most effective at generating economic and employment growth. It is true that taxes are but one factor in business decision-making. Other concerns, such as raw materials or infrastructure or a skilled labor pool, matter, but a simple, sensible tax system can positively impact business operations with regard to these very resources. Furthermore, unlike changes to a state's healthcare, transportation, or education systems which can take decades to implement changes to the tax code can quickly improve a state's business climate. Source: [taxfoundation.org](http://taxfoundation.org)*

While it is difficult to know what each business's deciding factor is for making a decision where to locate, this 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 over 100 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 for 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 31st best State Business Tax Climate in the nation for FY 2014. The highest ranked states were Wyoming, South Dakota, and Nevada. The lowest ranked states were New Jersey, New York, and California. Rankings of states surrounding Illinois include Indiana (10th), Missouri (16th), Wisconsin (43rd), Kentucky (27th), and Iowa (40th). Illinois' ranking of 31st was a slight drop from their FY 2013 ranking of 30th. Before the recent income tax increases, Illinois was ranked as high as 23rd, according to the 2011 report.

Looking at each component of the index individually, Illinois ranked in the top half in the individual income tax index (11th), but was in the lower half of the rankings for the corporate tax index (47th), sales tax index (33rd), unemployment insurance tax index (43rd), and property tax index (44th). For more information regarding the findings of this study, please see the Tax Foundation's website at [www.taxfoundation.org](http://www.taxfoundation.org).

Major Components of the State Business Tax Climate Index						
FY 2014						
State	Overall Rank	Corporate Tax Index Rank	Individual Income Tax Index Rank	Sales Tax Index Rank	Unemployment Insurance Tax Index Rank	Property Tax Index Rank
Alabama	21	19	22	37	15	10
Alaska	4	28	1	5	29	25
Arizona	22	26	18	49	1	6
Arkansas	35	39	26	42	11	19
California	48	31	50	41	16	14
Colorado	19	21	15	44	28	22
Connecticut	42	35	33	32	23	49
Delaware	13	50	28	2	2	13
Florida	5	13	1	18	6	16
Georgia	32	8	41	12	24	31
Hawaii	30	4	35	16	38	12
Idaho	18	18	23	23	47	3
<b>Illinois</b>	<b>31</b>	<b>47</b>	<b>11</b>	<b>33</b>	<b>43</b>	<b>44</b>
Indiana	10	24	10	11	13	5
Iowa	40	49	32	24	36	38
Kansas	20	37	17	31	12	29
Kentucky	27	27	29	10	48	17
Louisiana	33	17	25	50	4	24
Maine	29	45	21	9	33	40
Maryland	41	15	46	8	40	41
Massachusetts	25	34	13	17	49	47
Michigan	14	9	14	7	44	28
Minnesota	47	44	47	35	41	33
Mississippi	17	11	20	28	5	32
Missouri	16	7	27	26	9	7
Montana	7	16	19	3	21	8
Nebraska	34	36	30	29	8	39
Nevada	3	1	1	40	42	9
New Hampshire	8	48	9	1	43	42
New Jersey	49	41	48	46	32	50
New Mexico	38	40	34	45	17	1
New York	50	25	49	38	45	45
North Carolina	44	29	42	47	7	30
North Dakota	28	22	38	21	19	2
Ohio	39	23	44	30	10	20
Oklahoma	36	12	39	39	3	11
Oregon	12	32	31	4	34	15
Pennsylvania	24	46	16	19	39	43
Rhode Island	46	43	36	27	50	46
South Carolina	37	10	40	22	30	21
South Dakota	2	1	1	34	37	18
Tennessee	15	14	8	43	27	37
Texas	11	38	7	36	14	35
Utah	9	5	12	20	18	4
Vermont	45	42	45	13	22	48
Virginia	26	6	37	6	35	26
Washington	6	30	1	48	20	23
West Virginia	23	20	24	25	26	27
Wisconsin	43	33	43	15	25	36
Wyoming	1	1	1	14	31	34

Note: A rank of 1 is more favorable for business than a rank of 50. Rankings do not average to total. States without a tax rank equally as 1. Report shows tax systems as of July 1, 2013 (the beginning of Fiscal Year 2014). Rankings do not average across to total. States without a given tax rank equally as number 1.

Source: Tax Foundation. Full report can be found at [www.taxfoundation.org](http://www.taxfoundation.org).

**Major Components of the State Business Tax Climate Index**  
**Overall Rank: FY 2009 - 2014**

State	Overall Rank FY 2014	Overall Rank FY 2013	Overall Rank FY 2012	Overall Rank FY 2011	Overall Rank FY 2010	Overall Rank FY 2009
Alabama	21	20	20	28	19	20
Alaska	4	4	4	2	3	4
Arizona	22	27	27	34	28	24
Arkansas	35	32	30	39	40	35
California	48	48	48	49	48	49
Colorado	19	19	17	15	13	13
Connecticut	42	43	41	47	38	37
Delaware	13	13	12	8	8	10
Florida	5	5	5	5	5	5
Georgia	32	35	32	25	29	27
Hawaii	30	31	34	22	24	22
Idaho	18	18	18	18	18	29
<b>Illinois</b>	<b>31</b>	<b>30</b>	<b>28</b>	<b>23</b>	<b>30</b>	<b>23</b>
Indiana	10	11	11	10	12	14
Iowa	40	40	40	45	46	44
Kansas	20	26	25	35	32	31
Kentucky	27	25	26	19	20	34
Louisiana	33	33	33	36	35	33
Maine	29	29	37	31	34	40
Maryland	41	41	43	44	45	45
Massachusetts	25	24	23	32	36	32
Michigan	14	14	19	17	17	21
Minnesota	47	45	45	43	43	41
Mississippi	17	17	16	21	21	19
Missouri	16	16	15	16	16	16
Montana	7	7	7	6	6	6
Nebraska	34	34	35	29	33	42
Nevada	3	3	3	4	4	3
New Hampshire	8	8	8	7	7	7
New Jersey	49	49	50	48	50	50
New Mexico	38	38	38	33	23	26
New York	50	50	49	50	49	47
North Carolina	44	44	44	41	39	39
North Dakota	28	28	29	20	25	30
Ohio	39	39	39	46	47	48
Oklahoma	36	36	31	30	31	18
Oregon	12	12	14	14	14	8
Pennsylvania	24	22	21	26	27	28
Rhode Island	46	47	46	42	44	46
South Carolina	37	37	36	24	26	25
South Dakota	2	2	2	1	1	2
Tennessee	15	15	13	27	22	17
Texas	11	10	10	13	11	9
Utah	9	9	9	9	10	11
Vermont	45	46	47	38	41	43
Virginia	26	23	24	12	15	15
Washington	6	6	6	11	9	12
West Virginia	23	21	22	37	37	36
Wisconsin	43	42	42	40	42	38
Wyoming	1	1	1	3	2	1

Note: A rank of 1 is more favorable for business than a rank of 50. The 2011 edition states that Illinois rose from 30th to 23rd from FY 2010 to FY 2011 by "gridlocking" while several states that ranked higher - Arizona, Alabama, New Mexico, and Tennessee - enacted taxes that pushed their scores beneath Illinois. The ranking drop from 23rd to 31st in FY 2014 can be attributed to the income tax rate increases which became effective 1/1/11.

Source: Tax Foundation. Full report can be found at [www.taxfoundation.org](http://www.taxfoundation.org).

## **The Small Business Policy Index**

In December 2013, the Small Business and Entrepreneurship Council released its 18th edition of the “Small Business Policy Index”. This report ranks the 50 states according to some of the major government-imposed or government-related costs affecting investment, entrepreneurship, and business. The Council summarizes their comparison tool by stating that “the Index ranks the states according to their public policy climates for the risk taking that drives economic growth and job creation”. The Index involves 47 different measuring tools. Of these, 22 are taxes or tax related, 14 relate to regulation, five deal with government spending and debt issues, with the remainder “gauging the effectiveness of various important government undertakings”.

Under the Small Business Policy Index (SBPI), the authors state that the lower the index number, the lighter the governmental burdens, and the better the environment for entrepreneurship. They report the SBPI as “a measure by which states can be compared according to how the state and local governments treat small business and entrepreneurs. In essence, it is a comparative measure of economic incentives relating to government policies: the lower the “Small Business Policy Index” number, the greater the incentives to invest and take risks in that particular state.”

Overall, Illinois ranked 35th in the nation in the SBPI. The below table shows how Illinois fared in each of the main categories that make up the overall ranking.

<b>Small Business Policy Index (SBPI) 2013: State Rankings (How Illinois Ranked in each of the Major Categories of the Index)</b>	
<b>Category of SBSI</b>	<b>Rank</b>
Personal Income Tax Rates	20th
Individual Capital Gains Tax Rates	23rd
Individual Dividends and Interest Tax Rates	35th
Corporate Income Tax Rates	47th
Corporate Capital Gains Tax Rates	47th
State and Local Property Taxes	40th
State and Local Sales, Gross Receipts and Excise Taxes	15th
Adjusted Unemployment Taxes	25th
State Gas Taxes	45th
State Diesel Taxes	45th
Wireless Taxes	46th
Number of Health Insurance Mandates	32nd
Electric Utility Costs	34th
Workers' Compensation Compensation Employer Costs Per \$100 of Payroll	33rd
Crime Rate	21st
Number of Government Employees per 100 Residents	8th
State and Local Government Six-Year Spending Trends	36th
State and Local Government Expenditures	31st
Per Capita State and Local Government Debt	44th
Revenue from Fed Govt as a Share of State and Local Revenue	8th
Highway Cost Effectiveness	34th
<b>OVERALL RANKING</b>	<b>35TH</b>
Source: <a href="http://www.sbecouncil.org/wp-content/uploads/2013/12/SBPI2013FINAL.pdf">http://www.sbecouncil.org/wp-content/uploads/2013/12/SBPI2013FINAL.pdf</a>	

While Illinois ranks near the middle of the pack in most categories, their ranking is relatively high in the areas of “number of government employees per 100 residents” and “revenue from the federal government as a share of State and local revenue”, but relatively low in categories relating to corporate income taxes, motor fuel taxes, and in the category of “Per Capita State and Local Government Debt”.

In previous editions of this Index, Illinois’ ranking in the indexes related to the individual income tax rate, were very favorable for the State. But since Illinois has increased its individual income tax rate from 3% to 5%, Illinois’ ranking has fallen from 10th (2008) to its current ranking of 20th. Similarly, Illinois’ ranking for the corporate income tax has fallen from 28th (2008) to 47th. It is not known how these rankings would be affected if Illinois allows the statutory rates for tax year 2015 to take effect (personal 3.75%, corporate 5.25%).

Below are the overall 2013 rankings of the Small Business Policy Index for all 50 states. As shown, Illinois ranks 35th overall in this index.

<b>Small Business Policy Index (SBPI) 2013: State Rankings</b>						
<b>(Ranked from the Friendliest to the Least Friendly Policy Environments for Entrepreneurship)</b>						
<b>Rank</b>	<b>State</b>	<b>SBSI</b>		<b>Rank</b>	<b>State</b>	<b>SBSI</b>
1	South Dakota	34.627		26	Missouri	73.703
2	Nevada	37.537		27	New Mexico	76.799
3	Texas	39.520		28	West Virginia	79.011
4	Wyoming	44.415		29	Wisconsin	80.024
5	Florida	48.863		30	Kentucky	80.061
6	Washington	54.500		31	North Carolina	80.777
7	Alabama	57.758		32	Idaho	80.782
8	Indiana	58.138		33	Montana	81.169
9	Ohio	61.372		34	Delaware	81.452
10	Utah	62.740		<b>35</b>	<b>Illinois</b>	<b>83.047</b>
11	Michigan	62.782		36	Arkansas	83.462
12	North Dakota	63.490		37	Maryland	84.491
13	Arizona	64.590		38	Massachusetts	86.408
14	Colorado	65.500		39	Nebraska	88.476
15	Virginia	65.538		40	Rhode Island	94.255
16	Mississippi	66.713		41	Connecticut	94.632
17	South Carolina	66.808		42	Oregon	94.952
18	Tennessee	68.081		43	Iowa	97.002
19	New Hampshire	68.789		44	Maine	103.264
20	Alaska	69.487		45	Minnesota	103.486
21	Louisiana	70.051		46	Hawaii	107.070
22	Georgia	70.307		47	New York	107.213
23	Kansas	71.645		48	Vermont	107.221
24	Oklahoma	73.392		49	New Jersey	109.265
25	Pennsylvania	73.685		50	California	113.637

<http://www.sbecouncil.org/wp-content/uploads/2013/12/SBPI2013FINAL.pdf>

## **The State Competitiveness Report**

Another report comparing the business climate of states across the country comes from the Beacon Hill Institute at Suffolk University with their release of its 13th Annual Competitiveness Report (released April 2014). The Institute claims that their report has “increasingly drawn the attention of policy makers, economists and public officials seeking to identify the strengths and weaknesses in their state’s ability to promote economic growth.” The author discusses what distinguishes this study from other business climate studies:

*The BHI Index is different from most state business climate indices. It goes beyond tax policy and regulatory analyses that extend beyond those familiar narratives. The BHI Index identifies how well a state performs in its ability to cultivate, for example, a solid base of scientists and engineers or how well a state is doing in protecting its environment while holding down utility costs. It also underscores the importance of human capital suggesting that the overall health and educational attainment of its workers is as important as fiscal rectitude or natural endowments...A common thread identifying success is the development of human capital – well educated workers as well as risk takers who can draw venture capital. Not to be discounted is a commitment to strong governance and transparency...Pointing to economic growth at the state level, the BHI Index has been successful because it serves as a clarion call for policymakers to protect the gains maintained over a decade and to identify the weak spots that invite policy changes.*

As shown below and on the following page, in an effort to quantify the level of competitiveness, the Institute classifies indicators into eight groups: Government and fiscal policies, security, infrastructure, human resources, technology, business incubation, openness, and environmental policy. These indicators are used to create a competitiveness indicator index.

<b>Components of Sub-Indexes for States 2013</b>	
<b>Sub-Index</b>	<b>Competitiveness Indicators Index ("objective")</b>
Government & Fiscal Policy	State and local taxes per capita / income per capita (-) Workers' compensation premium rates (-) Bond rating (composite of S&P's and Moody's, scale 1-25) (+) Budget surplus/deficit as % of Gross State Product (+) Average weekly payment to insured unemployed (-) Full-time-equivalent state and local government employees per 100 residents (-)
Security	Crime index per 100,000 inhabitants (-) % Change in crime index, YoY (-) Murders index per 100,000 inhabitants (-) The BGA Integrity Index (+)
Infrastructure	Mobile Phones per 1000 (+) High-speed lines per 1000 (+) Air passengers per capita (+) Average travel time to work (-) Electricity Prices per kwh (-) Average rent of 2 bedroom apartment (-)
Human Resources	% of population without health insurance (-) % of population aged 25 and over that graduated from high school (+) Unemployment rate, not seasonally adjusted (-) % of students enrolled in degree-granting institutions per 1000 (+) % of adults in the labor force (+) Infant mortality rate in deaths per 1,000 live births (-) Total active physicians per 100,000 inhabitants (+) % of students at or above proficient in mathematics, Grade 4 public schools (+)

Components of Sub-indexes for States 2013 (cont...)	
Sub-Index	Competitiveness Indicators Index ("objective")
Technology	Academic Science and Engineering R&D per \$1,000 GSP (+) NIH support of institutions in the state, per capita (+) Patents per 100,000 inhabitants (+) Number of S&E graduate students per 100,000 residents (+) S&E degrees awarded per 100,000 residents (+) Individuals in science and engineering occupations as % of the labor force (+) Employment in high-tech industry as a % of total employment (+)
Business Incubation	Deposits in commercial banks and savings institutions, per capita (+) Venture capital investment dollars per worker (+) Employer firm births per 100,000 inhabitants (+) IPO volume, in \$ per capita (+) % of labor force that is respected by unions (-) Minimum wage (-) Pacific Research Institute's Tort Liability Index (-) Cost of labor adjusted for educational attainment (-)
Openness	Exports per capita, \$ (+) Employment in majority-owned U.S. Affiliates in State/Total employment in State, (+) (proxy for Foreign Direct Investment) % of population born abroad (+)
Environmental Policy	Toxic release inventory, on-site and off-site, total (new and original industries), pounds/sq. miles (-) Greenhouse Gas Emissions (million metric tons of carbon equivalent (MTCE) per 1000 Sq. Miles (-) Air quality (% good average days) (+)
<a href="http://www.beaconhill.org/Compete13/Compete2013.pdf">http://www.beaconhill.org/Compete13/Compete2013.pdf</a>	

As shown on the following page, overall, Illinois ranked 45th in the nation for this competitiveness index. Its highest ranking in the sub-indexes came in the area of “openness” (ranked 10th), which is defined as “how connected the firms and people in a state are with the rest of the world...based on the level of exports, as well as the percent of the population born abroad.” The State’s lowest rankings came in the sub index of “business incubation” (ranked 49th) and in the Government and Fiscal Policy Sub-Index Ranking (ranked 50th).

The term “business incubation” is described in the report as the idea that “businesses also need to be able to mobilize financing for investment, both internally and from the financial system”. Illinois was specifically shown at a competitive disadvantage in the areas of “employer firm births per 100,000 inhabitants” (ranked 41st), minimum wage (ranked 45th), and in the Pacific Research Institute Tort Index (ranked 47th).

The Government and Fiscal Policy Sub-Index Ranking is calculated in the report with the idea that “businesses are more likely to be attracted to areas with moderate tax rates and clear evidence of financial discipline (as evidenced, for instance, by high state and municipal bond ratings, and budgetary balance)”. Again, Illinois was rated last in the nation under this sub-index.

While Illinois was rated favorably in the category of full-time equivalent state and local government employees per 100 residents (ranked 12th), the State was considered at a competitive disadvantage in the following sub-categories: worker’s compensation premium rates (ranked 47th); bond rating: composite (ranked 50th); Budget deficit, % of GSP (ranked 43rd); and average weekly payment to insured unemployed (ranked 36th).

These rankings and other areas where the study felt that Illinois had a competitive advantage and competitive disadvantages compared to the other states across the nation are laid out in the report, as shown on the following page.

<b>Illinois' Rankings in the 13th Annual Competitiveness Report (April 2014)</b>			
<b>Illinois' Overall National Ranking: 45th</b>			
<b>Competitive Advantages</b>		<b>Competitive Disadvantages</b>	
<i>Variable</i>	<i>Rank</i>	<i>Variable</i>	<i>Rank</i>
<b>Government and Fiscal Policy Subindex Ranking: 50th</b>			
Full-time-equivalent state & local govt employees per 100 residents	12	Workers' compensation premium rates	47
		Bond rating: composite	50
		Budget deficit, % of GSP	43
		Average weekly payment to insured unemployed	36
<b>Security Subindex Ranking: 11th</b>			
Crime Index Change 2011-2012	13	Murder index, per 100,000 inhabitants	39
The BGA Integrity Index	3		
<b>Infrastructure Subindex Ranking: 30th</b>			
High-speed lines per 1000	17	Mobile Phones per 1000	41
Air passengers per capita	9	Average travel time to work	47
Electricity Prices per kWh	15	Average rent of 2 bedroom apartment	33
<b>Human Resources Subindex Ranking: 32nd</b>			
% of population enrolled in degree-granting institutions	18	Unemployment Rate, non seasonally adjusted	41
Rate of active physicians per 100,000 inhabitants	13	Infant mortality rate, deaths per 1000 live births	31
		% of students at or above proficient in mathematics, grade 4 - public schools	36
<b>Technology Subindex Ranking: 21st</b>			
Patents per 100,000	17	Academic Science and engineering R&D per \$1,000 GSP	32
Science & Engineering grad students per 100,000 inhabitants	12		
S&E degrees awarded per 100,000 inhabitants	16		
<b>Business Incubation Subindex Ranking: 48th</b>			
Total deposits (Commercial banks and Savings institutions) per capita	10	Venture capital per capita	32
IPO volume, in \$ per capita	12	Employer firm births per 100,000 inhabitants	41
		% of labor force that is represented by unions	38
		Minimum Wage	45
		Pacific Research Institute Tort Index	47
		Cost of Labor Adjusted for Educ. Attainment	37
<b>Openness Subindex Ranking: 10th</b>			
Exports per capita, dollars	12		
Incoming foreign direct investment per capita	16		
% of population born abroad	9		
<b>Environmental Policy Subindex Ranking: 41st</b>			
		Toxic release inventory, pounds per sq. miles	43
		Carbon emission per 1000 sq. miles	40
		Air Quality Index	33
<i>Source: <a href="http://www.beaconhill.org/Compete13/Compete2013.pdf">http://www.beaconhill.org/Compete13/Compete2013.pdf</a></i>			

# Beacon Hill's 13 Annual Competitiveness Report

## State Rankings 2013 by State

	Overall		Subindexes, Rank in 2013															
			Govt/Fis Policy		Security		InfrStrc		Hum. Res.		Tech		Biz Incub.		Openness		Enviro Pcly	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Alabama	3.71	46	5.47	18	3.25	50	4.61	34	3.59	46	4.67	33	4.48	34	4.72	31	5.03	27
Alaska	4.12	40	3.97	42	4.68	34	5.44	15	5.08	23	3.80	47	3.75	46	5.43	15	4.99	29
Arizona	5.00	23	5.98	9	4.24	37	4.38	38	5.02	26	5.33	16	5.44	16	4.78	28	4.82	31
Arkansas	4.02	42	4.96	31	4.39	36	4.71	29	3.93	44	3.62	49	5.54	14	3.89	43	5.81	13
California	4.62	29	3.19	47	4.72	32	3.68	46	3.89	45	6.01	5	5.82	10	6.72	3	4.73	32
Colorado	6.06	7	5.45	19	4.80	27	6.44	5	5.56	15	5.92	6	5.01	22	4.34	39	5.89	12
Connecticut	4.77	27	3.23	46	5.61	17	4.74	28	5.68	12	5.84	8	3.15	50	6.54	5	4.47	36
Delaware	5.33	20	6.02	8	3.90	43	4.63	33	4.88	29	4.97	26	7.09	2	6.24	7	3.34	47
Florida	4.59	30	6.62	1	4.81	26	4.06	41	4.08	41	4.17	38	5.07	20	5.42	16	4.46	37
Georgia	5.42	18	6.04	7	4.79	28	4.81	26	3.94	43	4.51	34	6.70	5	5.36	17	5.20	25
Hawaii	3.55	49	3.70	44	5.91	10	3.33	49	5.64	13	4.33	37	4.24	39	5.25	19	2.92	48
Idaho	5.73	13	5.59	16	6.00	9	5.40	17	4.60	33	4.70	31	6.35	7	3.99	42	5.73	16
Illinois	3.85	45	2.59	50	5.78	11	4.68	30	4.71	32	5.11	21	3.40	48	5.92	10	4.12	41
Indiana	4.23	37	6.41	2	5.21	22	3.82	43	4.84	31	4.68	32	4.59	31	5.27	18	2.71	49
Iowa	6.25	6	5.26	25	6.49	5	5.67	13	6.70	4	5.31	18	4.79	28	4.36	38	5.44	21
Kansas	5.72	14	4.58	34	4.70	33	6.21	6	5.69	11	5.01	24	5.65	12	4.89	27	5.56	19
Kentucky	4.27	35	4.35	40	6.26	6	4.87	25	4.17	38	4.00	43	4.37	36	5.22	20	4.41	38
Louisiana	4.15	39	5.28	23	3.80	44	5.72	12	3.55	47	3.96	45	5.02	21	6.17	9	3.76	44
Maine	4.95	24	4.21	41	5.74	12	4.64	32	5.60	14	3.77	48	5.13	19	4.66	34	6.08	5
Maryland	5.26	21	5.59	14	4.76	31	3.41	48	5.73	9	7.47	2	4.22	40	5.00	24	4.68	33
Massachusetts	7.57	1	5.19	28	6.65	3	4.49	36	7.10	1	9.00	1	5.67	11	6.20	8	4.00	42
Michigan	4.41	32	5.21	27	3.55	47	5.04	24	4.59	34	5.52	14	3.55	47	5.03	23	5.62	17
Minnesota	6.48	5	4.55	36	5.74	13	6.04	8	6.95	2	6.04	4	4.79	27	4.59	35	6.07	7
Mississippi	3.51	50	5.33	21	4.20	38	4.75	27	2.73	50	3.97	44	4.97	24	3.72	45	5.52	20
Missouri	4.74	28	6.40	3	4.04	39	5.50	14	5.01	28	4.92	28	4.50	33	3.79	44	4.99	28
Montana	4.25	36	5.02	29	3.33	49	5.99	9	5.04	24	4.41	35	4.91	26	2.91	50	5.96	11
Nebraska	6.51	4	5.61	12	6.03	8	6.18	7	6.25	7	4.98	25	5.50	15	4.18	40	6.13	4
Nevada	4.37	34	5.93	10	3.96	42	6.96	2	3.31	49	3.37	50	4.52	32	5.61	13	4.31	40
New Hampshire	6.85	3	5.02	30	7.24	1	4.33	39	6.52	5	5.83	9	5.58	13	5.45	14	6.00	9
New Jersey	4.02	41	2.86	49	6.79	2	3.65	47	5.13	22	4.70	29	4.45	35	6.91	2	2.35	50
New Mexico	3.88	44	5.27	24	3.62	46	4.01	42	4.15	40	5.07	23	4.63	30	3.61	46	6.03	8
New York	4.80	26	3.48	45	5.69	15	3.05	50	5.17	20	5.68	11	4.26	38	6.45	6	5.58	18
North Carolina	5.68	16	5.25	26	4.92	24	5.11	22	4.18	37	5.33	16	6.97	3	5.05	22	5.38	23
North Dakota	7.06	2	4.93	32	5.39	19	7.65	1	6.34	6	5.21	19	6.77	4	4.55	36	5.80	14
Ohio	4.39	33	5.32	22	5.00	23	5.36	18	5.02	27	4.93	27	4.04	45	4.69	32	3.70	45
Oklahoma	3.70	47	4.57	35	3.97	41	5.22	20	4.34	35	4.09	40	4.74	29	3.50	48	5.39	22
Oregon	5.37	19	5.59	15	4.88	25	5.76	11	5.02	25	5.14	20	4.15	42	4.67	33	5.98	10
Pennsylvania	4.55	31	4.49	37	5.64	16	5.10	23	5.16	21	5.53	13	4.04	44	4.74	30	3.85	43
Rhode Island	5.43	17	4.39	39	6.51	4	5.17	21	4.87	30	6.17	3	4.17	41	5.74	11	4.39	39
South Carolina	4.19	38	6.12	6	3.34	48	4.31	40	3.52	48	4.05	42	5.29	18	5.73	12	5.03	26
South Dakota	5.83	11	5.59	17	3.72	45	6.67	3	5.55	16	4.39	36	7.31	1	3.04	49	6.40	1
Tennessee	3.97	43	6.15	5	3.98	40	3.75	44	4.16	39	4.17	38	4.94	25	4.96	25	4.57	35
Texas	5.91	9	5.33	20	5.28	20	5.36	18	4.02	42	4.70	30	5.89	9	7.11	1	5.25	24
Utah	6.01	8	5.83	11	5.52	18	5.41	16	5.91	8	5.57	12	6.52	6	4.91	26	3.59	46
Vermont	5.78	12	3.89	43	5.70	14	4.60	35	6.91	3	5.91	7	4.14	43	5.05	21	6.30	2
Virginia	5.88	10	6.35	4	6.25	7	4.39	37	5.45	17	5.36	15	5.32	17	4.77	29	4.95	30
Washington	5.70	15	4.46	38	4.79	30	5.94	10	5.30	19	5.79	10	3.25	49	6.63	4	6.08	5
West Virginia	3.57	48	5.60	13	4.42	35	3.73	45	4.27	36	3.84	46	4.37	37	4.55	37	4.62	34
Wisconsin	5.15	22	4.92	33	5.22	21	4.65	31	5.72	10	5.09	22	4.98	23	4.14	41	5.78	15
Wyoming	4.85	25	2.87	48	4.79	28	6.58	4	5.44	18	4.07	41	5.96	8	3.56	47	6.22	3

*Note: Further information regarding the details of these rankings can be found at the Institute's homepage at [www.beaconhill.org](http://www.beaconhill.org).*

## American Legislative Exchange Council’s “Economic Competitiveness Index”

The American Legislative Exchange Council annually issues a publication entitled, “Rich States, Poor States”. This publication is an annual economic competitiveness study which is designed to identify which policies can lead a state to economic prosperity. By using these identified policies, the study “makes sound research-based conclusions about which states are poised to achieve greater economic prosperity and those that are stuck on the path to a lackluster economy.” From this, the authors created the State Economic Outlook Rankings, which is described by the authors as follows:

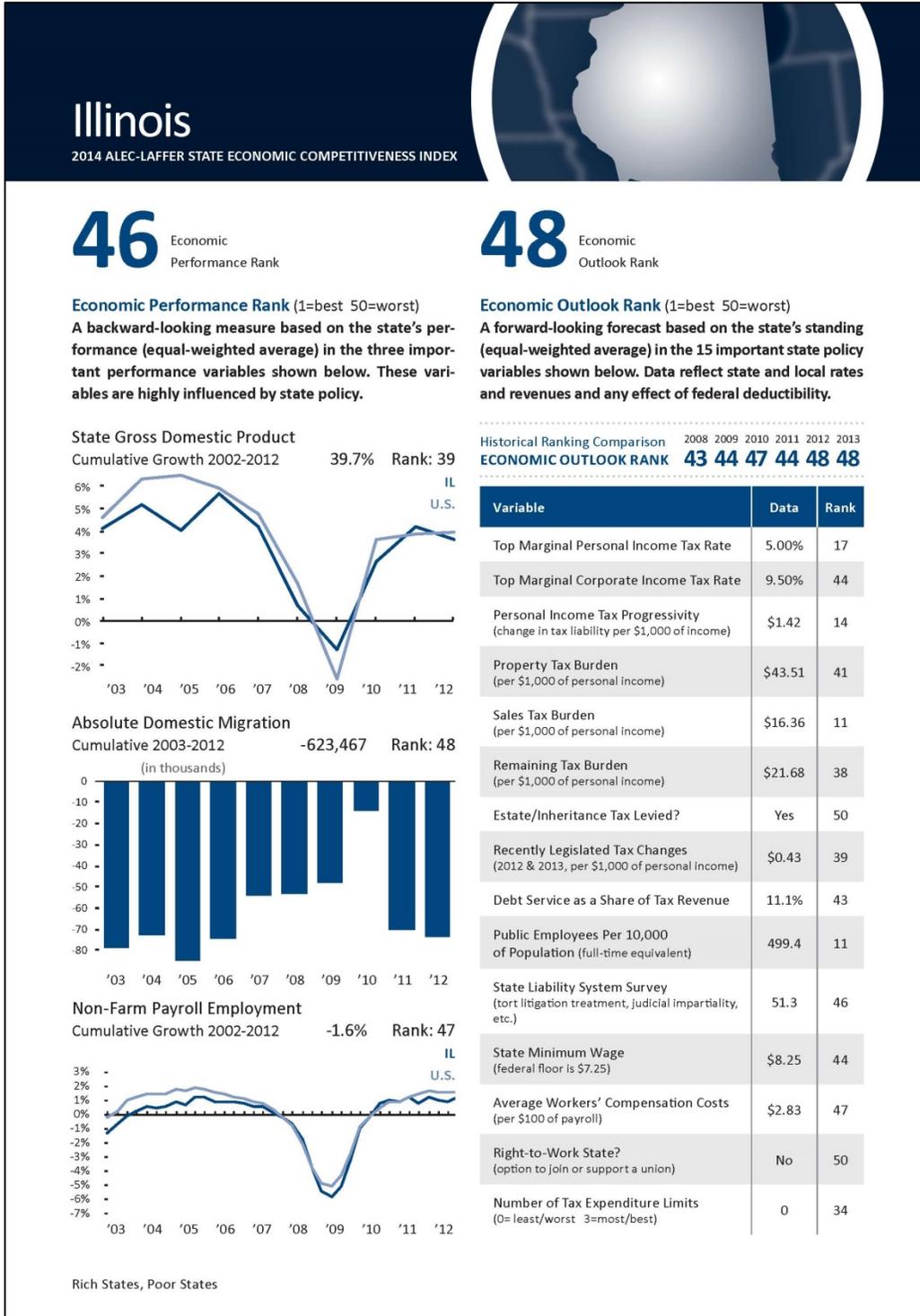
*The Economic Outlook Ranking is a forecast based on a state’s current standing in 15 state policy variables. Each of these factors is influenced directly by state lawmakers through the legislative process. Generally speaking, states that spend less—especially on income transfer programs, and states that tax less—particularly on productive activities such as working or investing—experience higher growth rates than states that tax and spend more.*

*The Economic Performance Ranking is a backward-looking measure based on a state’s performance on three important variables: State Gross Domestic Product, Absolute Domestic Migration, and Non-Farm Payroll Employment—all of which are highly influenced by state policy. This ranking details states’ individual performances over the past 10 years based on this economic data.*

ALEC - Laffer State Economic Outlook Rankings 2014				
Rank	State		Rank	State
1	Utah		26	Arkansas
2	South Dakota		27	Delaware
3	Indiana		28	Massachusetts
4	North Dakota		29	Louisiana
5	Idaho		30	West Virginia
6	North Carolina		31	South Carolina
7	Arizona		32	New Hampshire
8	Nevada		33	Pennsylvania
9	Georgia		34	Maryland
10	Wyoming		35	Nebraska
11	Virginia		36	Hawaii
12	Michigan		37	New Mexico
13	Texas		38	Washington
14	Mississippi		39	Kentucky
15	Kansas		40	Maine
16	Florida		41	Rhode Island
17	Wisconsin		42	Oregon
18	Alaska		43	Montana
19	Tennessee		44	Connecticut
20	Alabama		45	New Jersey
21	Oklahoma		46	Minnesota
22	Colorado		47	California
23	Ohio		<b>48</b>	<b>Illinois</b>
24	Missouri		49	Vermont
25	Iowa		50	New York

Source: <http://www.alec.org/publications/rich-states-poor-states/>

Below is the section on Illinois that is included in the report. Illinois' Economic Ranking of 48th is shown along with a list of the variables used to calculate this ranking. Also shown in this graphic is the study's ranking for Economic Performance between 2002 and 2012. Illinois is ranked 46th overall according to this index. The below-par ranking in this area is influenced by low rankings in the areas of State Gross Domestic Product (39<sup>th</sup>), Absolute Domestic Migration (48<sup>th</sup>) and Non-Farm Payroll Employment (47<sup>th</sup>).



Source: [http://alec.org/docs/RSPS\\_7th\\_Edition.pdf](http://alec.org/docs/RSPS_7th_Edition.pdf)

## **What do the Business Climate Rankings Tell Us?**

For each of the studies shown in this report, Illinois' overall ranking was in the lower half of the rankings. On page 68 is a summary of all of the final rankings discussed in this report, including their average ranking. As shown, Illinois' average ranking was 39.8 for the four studies, which made them the 46<sup>th</sup> highest ranked state overall.

When combining all of the rankings together, there are several states that rank high in each study. South Dakota, Utah, and Texas all score in the top 15 of each study. New Jersey was the only state that scored in the bottom 15 of each study. But, Illinois was one of only nine states that ranked in the lower half of each of the studies.

It should be noted the results of each study present some noticeable differences. For example, although Illinois' ranking stayed relatively consistent, Massachusetts had very diverse results. In the Small Business Policy Index, Massachusetts ranked 38<sup>th</sup>. However, in the Competitiveness Report, Massachusetts ranked 1<sup>st</sup>. The other two studies ranked the state 25<sup>th</sup> and 28<sup>th</sup>. Minnesota ranked 5<sup>th</sup> in the Competitiveness Report, but ranked in the 40s in the other three indices.

Looking at all the studies, 24 different states could brag that they had a top ten ranking in one of the studies. Thirty-five different states could boast that they are in the top 20 of a study. Since the results of these states vary so much, the question becomes, which of these studies accurately show which state is best for business and do these rankings actually serve a useful purpose? These are questions that were addressed in the May 2013 article written by Greg LeRoy, executive director of Good Jobs First, entitled, "Grading Places: What Do the Business Climate Rankings Really Tell Us?". The following is an excerpt from this article, which can be found at [www.goodjobsfirst.org](http://www.goodjobsfirst.org).

*Indeed, the underlying frame of these studies—that there is such a thing as a state “business climate” that can be measured and rated—is nonsensical. The needs of different businesses and facilities vary far too widely. Besides, states are not the meaningful unit of competition in economic development: metro areas are, and conditions can vary more among metro areas within a state than they do between states. Young tech start-ups need lots of engineers and venture capital. Server farms and mini-mills need cheap electricity. Warehouses need proximity to interstate highways. Headquarters need access to finance, marketing and industry-specific talent pools. Given these realities, “business climate” studies must be viewed for what they actually are: attempts by corporate sponsors to justify their demands for lower taxes and to gain public-sector help suppressing wages....*

*... (W)e question whether the entire enterprise of measuring an overall business tax climate for a state can be valid or useful. State tax systems are complex, and interact in complex ways with the asset structure and geographic characteristics of firms. The favorability of a state's tax system to an economic development project can be measured accurately only when the details of the business and facility are taken into account.*

In response to the disparity in some of the rankings for some states, the author writes the following:

*These disparate results are in part due to the inherent methodological difficulties involved and the different ways in which the groups addressed those difficulties. But they clearly also reflect the fact that the very concept of an average business tax level, or business tax climate, is suspect. Even within the same state, effective tax rates can vary dramatically depending on the financial characteristics of an industry, or the size and age of the firm. It also can depend crucially on whether one is considering an established firm or a new enterprise, or a branch plant expansion of a firm that already has a presence in the state or one previously located entirely outside the state, and whether the firm is multi-state or multi-national or operates only within the state. Finally, effective tax rates can vary enormously depending upon where a firm chooses to locate, because rents, property prices, and property tax rates vary enormously and local property taxes are the costliest taxes paid by businesses.*

The author concludes the article with the following:

*We emphasize again: state and local taxes are a very small share of business costs—less than two percent—and we know from decades of research that other, non-tax considerations dominate most business location decisions. These factors include the availability of labor with the needed skills, wage rates, proximity to suppliers and markets, access to transportation hubs, and energy costs, as well as factors affecting the ability to hire, attract and retain workers and their families—the quality of public school systems, cultural and recreational amenities, and environmental quality. All that said, one size does not fit all: the variables that matter most in any given project differ greatly depending on what a company makes or does and what part of the company will reside in the proposed facility.*

*State and local governments have a great deal of power to affect the other 98+percent of companies' cost structures, particularly in the education and skill levels of the workforce, the efficiency of infrastructure, and the quality of public services generally. These critical roles of states and cities are often neglected in the single-minded pursuit of tax cutting as an economic development policy. The business tax rankings examined here, particularly the index rankings that ignore any constructive role for the public sector, are worse than meaningless – they distract policy makers from the most important responsibilities of the public sector and help to undermine the long run foundations of state economic growth and prosperity.*

While the Commission acknowledges that the validity and usefulness of these types of rankings are debatable and often should be discounted, their mere existence must be taken seriously because many businesses look at these rankings for guidance when making business decisions. Recent results have created a perception that Illinois is a below-average “business climate” state. And this is a stigma that Illinois has to overcome to attract and retain new businesses.

State Rankings of Various "Business Climate" Studies						
State	State Business Tax Climate Index Rank	Small Business Policy Index Rank	Competitiveness Report Rank	Economic Outlook Rank	Overall Average Ranking	Overall Rank
South Dakota	2	1	11	2	4.0	1
Utah	9	10	8	1	7.0	2
Texas	11	3	9	13	9.0	3
Wyoming	1	4	25	10	10.0	4
North Dakota	28	12	2	4	11.5	5
Nevada	3	2	34	8	11.8	6
Florida	5	5	30	16	14.0	7
Indiana	10	8	37	3	14.5	8
Colorado	19	14	7	22	15.5	9
New Hampshire	8	19	3	32	15.5	9
Virginia	26	15	10	11	15.5	9
Arizona	22	13	23	7	16.3	12
Washington	6	6	15	38	16.3	12
Idaho	18	32	13	5	17.0	14
Michigan	14	11	32	12	17.3	15
Kansas	20	23	14	15	18.0	16
Georgia	32	22	18	9	20.3	17
Alaska	4	20	40	18	20.5	18
Massachusetts	25	38	1	28	23.0	19
Alabama	21	7	46	20	23.5	20
Delaware	13	34	20	27	23.5	20
Missouri	16	26	28	24	23.5	20
Tennessee	15	18	43	19	23.8	23
Mississippi	17	16	50	14	24.3	24
North Carolina	44	31	16	6	24.3	24
Ohio	39	9	33	23	26.0	26
Wisconsin	43	29	22	17	27.8	27
Nebraska	34	39	4	35	28.0	28
Pennsylvania	24	25	31	33	28.3	29
Iowa	40	43	6	25	28.5	30
Oregon	12	42	19	42	28.8	31
Montana	7	33	36	43	29.8	32
Louisiana	33	21	39	29	30.5	33
South Carolina	37	17	38	31	30.8	34
Oklahoma	36	24	47	21	32.0	35
West Virginia	23	28	48	30	32.3	36
Kentucky	27	30	35	39	32.8	37
Maryland	41	37	21	34	33.3	38
Maine	29	44	24	40	34.3	39
Arkansas	35	36	42	26	34.8	40
Minnesota	47	45	5	46	35.8	41
Rhode Island	46	40	17	41	36.0	42
New Mexico	38	27	44	37	36.5	43
Connecticut	42	41	27	44	38.5	44
Vermont	45	48	12	49	38.5	44
<b>Illinois</b>	<b>31</b>	<b>35</b>	<b>45</b>	<b>48</b>	<b>39.8</b>	<b>46</b>
Hawaii	30	46	49	36	40.3	47
New York	50	47	26	50	43.3	48
California	48	50	29	47	43.5	49
New Jersey	49	49	41	45	46.0	50

Sources: State Business Climate Index: [www.taxfoundation.org](http://www.taxfoundation.org). Competitiveness Report: [www.beaconhill.org](http://www.beaconhill.org)  
Small Business Policy Index: [www.sbecouncil.org](http://www.sbecouncil.org) Economic Outlook: [www.alec.org](http://www.alec.org)

## **Employment Statistics and Rankings**

While the nation's employment levels have seen significant improvement over the last couple of years, states continue to struggle to reach levels experienced before the "Great Recession". During this economic collapse, job numbers fell to levels not seen in decades. Many states, in fact, recorded historically high unemployment rates in late 2010. While Illinois did not reach a "record high" during this time, the State was not immune to these job losses as Illinois' unemployment rate surpassed the 11% mark for the first time since August 1983.

The latest figure (May 2014) from the Bureau of Labor Statistics places Illinois' seasonally adjusted unemployment rate at 7.5%. While this is a significant improvement from levels seen in 2010, Illinois' levels remain notably higher than the U.S. rate of 6.3%. This rate places Illinois in a tie with Michigan for the 44<sup>th</sup> highest unemployment rate in the country. Only California (7.6%), Kentucky (7.7%), Mississippi (7.7%), Nevada (7.9%) and Rhode Island (8.2%) have a higher unemployment rate than Illinois. North Dakota, at 2.6%, had the lowest unemployment rate in the country. These figures and rankings are show on the following page.

Illinois' comparatively high unemployment rates and its struggles to regain its pre-recession job levels have understandably generated much attention from the media and the general public. Consequently, lawmakers have made numerous inquiries to the Commission regarding the job market in Illinois, asking questions such as, "What types of jobs have Illinois lost?", "How has Illinois' employment situation changed over the years?", and "How does Illinois' employment figures compare to other states throughout the nation?". In an effort to address these questions, the Commission compiled employment statistics from the U.S. Bureau of Labor Statistics over the last two decades. The data used in this analysis can be obtained at the Bureau's website ([www.bls.gov](http://www.bls.gov)).

The latest data (total non-farm employment, seasonally adjusted) shows that there were approximately 5.8 million Illinois residents employed in May 2014. Illinois employed the 5<sup>th</sup> most workers during this month and made up approximately 4.2% of the nation's jobs. Considering Illinois is the 5<sup>th</sup> most populated state in the country, Illinois' high ranking in this category is not necessarily surprising. California, with the largest population, had the most employed at 15.4 million.

## May 2014 Unemployment Rates (Seasonally Adjusted) for States and Historical Highs/Lows

*NATIONAL RATE = 6.3%*

State	May 2014		Historical High		Historical Low	
	Rate	Rate Ranking	Date	Rate	Date	Rate
Alabama	6.8	38	Dec. 1982	14.3	Apr. 2007	3.2
Alaska	6.4	31	June 1986	11.5	May 2013	5.9
Arizona	6.8	38	Jan. 1983	11.6	July 2007	3.5
Arkansas	6.4	31	July 1983	10.1	Nov. 2000	4.0
California	7.6	47	Oct. 2010	12.4	Jan. 2001	4.7
Colorado	5.8	26	Nov. 2010	9.1	Jan. 2001	2.6
Connecticut	6.9	41	Dec. 2010	9.5	Oct. 2000	2.1
Delaware	5.9	27	Dec. 1976	9.3	Feb. 1989	2.8
District of Columbia	7.5	44	Feb. 1983	11.6	May 1989	4.8
Florida	6.3	29	Mar. 2010	11.4	Aug. 2006	3.3
Georgia	7.2	43	Jan. 2010	10.4	Dec. 2000	3.3
Hawaii	4.4	7	Jan. 1976	9.9	Dec. 2006	2.3
Idaho	4.9	14	Feb. 1983	9.6	Mar. 2007	2.7
<b>Illinois</b>	<b>7.5</b>	<b>44</b>	<b>Feb. 1983</b>	<b>12.9</b>	<b>Feb. 1999</b>	<b>4.2</b>
Indiana	5.7	23	Jan. 1983	12.7	Apr. 1999	2.6
Iowa	4.4	7	Mar. 1983	8.6	Oct. 1999	2.5
Kansas	4.8	13	Aug. 2009	7.5	Apr. 1979	3.0
Kentucky	7.7	48	Jan. 1983	12.0	June 2000	4.1
Louisiana	4.9	14	Nov. 1986	12.8	July 2006	3.6
Maine	5.7	23	Jan. 1977	9.0	Jan. 2001	3.1
Maryland	5.6	20	Nov. 1982	8.4	Feb. 2008	3.3
Massachusetts	5.6	20	Jan. 1976	11.1	Oct. 2000	2.6
Michigan	7.5	44	Dec. 1982	16.8	Mar. 2000	3.3
Minnesota	4.6	10	Dec. 1982	9.1	Mar. 1999	2.5
Mississippi	7.7	48	Apr. 1983	13.5	Apr. 2001	4.9
Missouri	6.6	36	Feb. 1983	10.6	Jan. 2000	2.8
Montana	4.6	10	Mar. 1983	8.8	Dec. 2006	3.1
Nebraska	3.6	3	Feb. 1983	6.7	Feb. 1998	2.2
Nevada	7.9	50	Oct. 2010	13.9	Apr. 2000	3.8
New Hampshire	4.4	7	Sept. 1992	7.6	May 1987	2.1
New Jersey	6.8	38	Dec. 1976	10.7	July 2000	3.6
New Mexico	6.5	35	Mar. 1983	10.0	June 2007	3.4
New York	6.7	37	Nov. 1976	10.3	Apr. 1988	4.0
North Carolina	6.4	31	Feb. 2010	11.3	Mar. 1999	3.1
North Dakota	2.6	1	Feb. 1983	6.8	Apr. 2014	2.5
Ohio	5.5	19	Jan. 1983	13.9	Jan. 2001	3.8
Oklahoma	4.6	10	June 1983	9.2	Dec. 2000	2.8
Oregon	6.9	41	Jan. 1983	12.1	Feb. 1995	4.7
Pennsylvania	5.6	20	Mar. 1983	12.9	Mar. 2000	4.0
Rhode Island	8.2	51	Feb. 2010	11.9	July 1988	2.9
South Carolina	5.3	18	Jan. 2010	11.9	Mar. 1998	3.2
South Dakota	3.8	5	Feb. 1983	6.0	Mar. 2000	2.5
Tennessee	6.4	31	Jan. 1983	12.8	May 2000	3.9
Texas	5.1	16	Nov. 1986	9.3	Jan. 2001	4.2
Utah	3.6	3	Mar. 1983	10.0	Mar. 2007	2.4
Vermont	3.3	2	Jan. 1976	8.8	Apr. 2000	2.4
Virginia	5.1	16	Jan. 1983	7.8	Dec. 2000	2.2
Washington	6.1	28	Nov. 1982	12.2	May 2007	4.4
West Virginia	6.3	29	Mar. 1983	18.1	Mar. 2008	3.9
Wisconsin	5.7	23	Jan. 1983	11.5	Feb. 2000	3.0
Wyoming	3.8	5	Jan. 1987	9.1	Apr. 1979	2.3

Note: The May 2014 figures are preliminary. Rates shown are a percentage of the labor force. Data refer to place of residence. Series begin in January 1976. Historical highs and lows show the most recent month that a rate was recorded in the event of multiple occurrences. Estimates for at least the latest five years are subject to revision early in the following calendar year.

Source: <http://www.bls.gov/web/laus/lausthl.htm>

As shown in the table below, in looking at May employment levels since 2000 (seasonally adjusted), Illinois hit a high of over six million jobs at the beginning of the century in May 2000. The state hit its low point in the midst of the Great Recession in 2010. Comparing Illinois' latest 2014 figure with its "lowpoint", Illinois employment levels have improved 3.2% since hitting this trough in 2010. At first glance, this improvement may appear encouraging, but compared to other states, Illinois ranks 47<sup>th</sup> in the nation in the rate of improvement from a state's "lowpoint" with its current value.

A similar finding was calculated when looking at how Illinois compares to its "highpoint". Illinois' latest employment value is still 246 thousand jobs, or 4.1%, below its highpoint reached in 2000. This ranked Illinois 45<sup>th</sup> in the nation – meaning that only 6 states have had slower job recoveries than Illinois. The State of Michigan is ranked last in the nation with employment levels still 12.1% below its highpoint. A table displaying the highpoints, lowpoints, and current levels of employment for all of the states in the nation is shown below.

<b>Employment "High-Point" and "Low-Point" by State</b> (2000-2014, Year over Year Comparisons by Current Month of May) (Employment Values in thousands)											
	Current Value (May 2014)	% of Country	Ranking of Jobs	2000 to Present Lowpoint	Current vs. Chg. From Lowpoint	Current vs. Change from Lowpoint (%)	Ranking of Change	2000 to Present Highpoint	Current vs. Chg. From Highpoint	Current vs. Change from Highpoint (%)	Ranking of Change
Alabama	1,914.4	1.4%	25	1,868.2	46.2	2.5%	50	2,004.2	-89.8	-4.5%	47
Alaska	339.9	0.2%	49	283.0	56.9	20.1%	5	339.9	0.0	0.0%	1
Arizona	2,541.3	1.8%	21	2,242.7	298.6	13.3%	12	2,674.8	-133.5	-5.0%	48
Arkansas	1,189.4	0.9%	34	1,141.9	47.5	4.2%	42	1,204.8	-15.4	-1.3%	33
California	15,448.0	11.2%	1	14,250.8	1,197.2	8.4%	21	15,448.0	0.0	0.0%	1
Colorado	2,443.8	1.8%	22	2,148.4	295.4	13.7%	10	2,443.8	0.0	0.0%	1
Connecticut	1,665.5	1.2%	28	1,611.6	53.9	3.3%	45	1,708.1	-42.6	-2.5%	40
Delaware	436.6	0.3%	47	414.0	22.6	5.5%	36	439.4	-2.8	-0.6%	27
Dist. Of Columbia	749.3	0.5%	39	645.8	103.5	16.0%	7	749.3	0.0	0.0%	1
Florida	7,761.9	5.6%	4	7,039.9	722.0	10.3%	16	8,029.1	-267.2	-3.3%	42
Georgia	4,104.4	3.0%	10	3,860.9	243.5	6.3%	33	4,160.4	-56.0	-1.3%	35
Hawaii	623.9	0.5%	42	549.8	74.1	13.5%	11	625.3	-1.4	-0.2%	21
Idaho	644.1	0.5%	41	560.9	83.2	14.8%	9	655.8	-11.7	-1.8%	39
<b>Illinois</b>	<b>5,804.0</b>	<b>4.2%</b>	<b>5</b>	<b>5,623.6</b>	<b>180.4</b>	<b>3.2%</b>	<b>47</b>	<b>6,049.6</b>	<b>-245.6</b>	<b>-4.1%</b>	<b>45</b>
Indiana	2,974.0	2.1%	15	2,789.1	184.9	6.6%	31	3,021.9	-47.9	-1.6%	37
Iowa	1,548.7	1.1%	30	1,436.2	112.5	7.8%	23	1,548.7	0.0	0.0%	1
Kansas	1,383.3	1.0%	31	1,313.4	69.9	5.3%	37	1,396.9	-13.6	-1.0%	31
Kentucky	1,849.5	1.3%	26	1,767.7	81.8	4.6%	40	1,869.8	-20.3	-1.1%	32
Louisiana	1,968.2	1.4%	23	1,847.8	120.4	6.5%	32	1,968.2	0.0	0.0%	1
Maine	610.3	0.4%	43	591.3	19.0	3.2%	46	620.0	-9.7	-1.6%	36
Maryland	2,617.0	1.9%	20	2,448.1	168.9	6.9%	27	2,617.0	0.0	0.0%	1
Massachusetts	3,404.6	2.5%	13	3,205.9	198.7	6.2%	34	3,404.6	0.0	0.0%	1
Michigan	4,124.9	3.0%	8	3,861.5	263.4	6.8%	29	4,690.1	-565.2	-12.1%	51
Minnesota	2,817.0	2.0%	17	2,641.4	175.6	6.6%	30	2,817.0	0.0	0.0%	1
Mississippi	1,123.2	0.8%	35	1,093.3	29.9	2.7%	49	1,161.8	-38.6	-3.3%	41
Missouri	2,766.1	2.0%	19	2,660.9	105.2	4.0%	43	2,803.8	-37.7	-1.3%	34
Montana	453.3	0.3%	46	392.3	61.0	15.5%	8	453.3	0.0	0.0%	1
Nebraska	986.7	0.7%	36	911.8	74.9	8.2%	22	986.7	0.0	0.0%	1
Nevada	1,215.0	0.9%	33	1,024.0	191.0	18.7%	6	1,297.3	-82.3	-6.3%	50
New Hampshire	648.5	0.5%	40	614.7	33.8	5.5%	35	651.1	-2.6	-0.4%	23
New Jersey	3,934.6	2.8%	11	3,839.7	94.9	2.5%	51	4,080.7	-146.1	-3.6%	44
New Mexico	812.8	0.6%	37	743.7	69.1	9.3%	18	849.2	-36.4	-4.3%	46
New York	9,011.4	6.5%	3	8,398.1	613.3	7.3%	25	9,011.4	0.0	0.0%	1
North Carolina	4,122.3	3.0%	9	3,791.0	331.3	8.7%	19	4,149.7	-27.4	-0.7%	28
North Dakota	462.0	0.3%	45	327.7	134.3	41.0%	1	462.0	0.0	0.0%	1
Ohio	5,298.3	3.8%	7	5,031.1	267.2	5.3%	38	5,636.2	-337.9	-6.0%	49
Oklahoma	1,657.3	1.2%	29	1,468.3	189.0	12.9%	14	1,657.3	0.0	0.0%	1
Oregon	1,720.7	1.2%	27	1,567.7	153.0	9.8%	17	1,733.0	-12.3	-0.7%	29
Pennsylvania	5,794.9	4.2%	6	5,615.0	179.9	3.2%	48	5,820.7	-25.8	-0.4%	24
Rhode Island	477.6	0.3%	44	458.4	19.2	4.2%	41	494.1	-16.5	-3.3%	43
South Carolina	1,929.2	1.4%	24	1,800.7	128.5	7.1%	26	1,939.6	-10.4	-0.5%	25
South Dakota	419.0	0.3%	48	377.5	41.5	11.0%	15	419.0	0.0	0.0%	1
Tennessee	2,799.4	2.0%	18	2,619.9	179.5	6.9%	28	2,799.4	0.0	0.0%	1
Texas	11,531.8	8.3%	2	9,356.6	2,175.2	23.2%	3	11,531.8	0.0	0.0%	1
Utah	1,325.0	1.0%	32	1,068.2	256.8	24.0%	2	1,325.0	0.0	0.0%	1
Vermont	307.9	0.2%	50	297.9	10.0	3.4%	44	309.0	-1.1	-0.4%	22
Virginia	3,766.1	2.7%	12	3,494.8	271.3	7.8%	24	3,787.2	-21.1	-0.6%	26
Washington	3,044.2	2.2%	14	2,691.7	352.5	13.1%	13	3,044.2	0.0	0.0%	1
West Virginia	783.1	0.6%	38	722.1	61.0	8.4%	20	783.1	0.0	0.0%	1
Wisconsin	2,857.6	2.1%	16	2,730.0	127.6	4.7%	39	2,880.5	-22.9	-0.8%	30
Wyoming	292.8	0.2%	51	239.4	53.4	22.3%	4	297.7	-4.9	-1.6%	38
<b>Totals</b>	<b>138,504.8</b>	<b>100.0%</b>									

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

The next table compares the May 2014 employment figure of each state with the May employment levels of last year, three years ago, five years ago, ten years ago, and twenty years ago. As shown, throughout these years of comparison, Illinois is consistently in the lower half of improvement compared to other states.

For example, although Illinois' employment levels have improved 6.3% from twenty years ago, this rate of growth only ranks Illinois as 49<sup>th</sup> in the nation. Only Ohio (4.8%) and Michigan (0.2%) have lower rates of growth for this twenty-year time period. The state with the greatest improvement over this time period is Nevada growing 66.2%, followed by North Dakota (57.5%), Utah (55.3%), and Arizona (51.8%). These numbers suggest that over the last two decades, jobs have tended to migrate from the Midwest to the western parts of the United States.

Total Nonfarm Employment Year-Over-Year Change (Year over Year Comparisons are Compared to May 2014 Data) (Employment Values in thousands)											
	Current Value (May 2014)	Current Value vs. 1-Year Ago	Rank of Change	Current Value vs. 3-yrs Ago	Rank of Change	Current Value vs. 5-yrs Ago	Rank of Change	Current Value vs. 10-yrs Ago	Rank of Change	Current Value vs. 20-yrs Ago	Rank of Change
Alabama	1,914.4	0.7%	42	2.5%	45	1.2%	49	0.9%	44	9.6%	46
Alaska	339.9	1.3%	26	3.7%	30	6.3%	13	12.8%	5	32.8%	11
Arizona	2,541.3	1.2%	29	5.4%	15	4.2%	30	7.3%	16	51.8%	4
Arkansas	1,189.4	1.2%	28	1.9%	49	2.1%	46	2.9%	36	15.4%	36
California	15,448.0	2.3%	10	7.9%	6	7.1%	7	5.2%	25	26.9%	15
Colorado	2,443.8	3.0%	5	8.4%	4	8.5%	4	12.3%	6	39.9%	7
Connecticut	1,665.5	0.8%	41	2.6%	44	2.2%	44	1.0%	43	8.0%	47
Delaware	436.6	2.3%	9	4.7%	22	4.3%	29	3.2%	33	23.5%	23
Dist. Of Columbia	749.3	0.6%	46	3.7%	33	7.4%	5	11.0%	9	12.9%	40
Florida	7,761.9	2.9%	8	7.2%	7	7.1%	6	4.2%	30	35.0%	9
Georgia	4,104.4	2.1%	13	5.1%	18	4.9%	25	5.0%	27	25.3%	18
Hawaii	623.9	1.2%	30	5.6%	11	5.3%	24	7.5%	15	16.9%	30
Idaho	644.1	0.7%	43	5.9%	10	5.8%	17	9.9%	11	40.7%	6
<b>Illinois</b>	<b>5,804.0</b>	<b>0.3%</b>	<b>48</b>	<b>2.4%</b>	<b>47</b>	<b>2.4%</b>	<b>43</b>	<b>-0.1%</b>	<b>46</b>	<b>6.3%</b>	<b>49</b>
Indiana	2,974.0	1.8%	16	4.3%	26	6.6%	10	1.4%	42	10.3%	45
Iowa	1,548.7	1.7%	19	4.4%	24	4.6%	27	6.6%	19	17.8%	28
Kansas	1,383.3	1.1%	31	3.3%	36	2.8%	41	4.4%	28	19.0%	27
Kentucky	1,849.5	0.9%	38	3.6%	35	4.6%	26	3.2%	34	16.0%	32
Louisiana	1,968.2	1.0%	35	3.6%	34	3.4%	36	2.8%	38	15.3%	37
Maine	610.3	1.5%	23	3.2%	38	2.0%	47	-0.1%	45	15.2%	39
Maryland	2,617.0	0.9%	40	3.1%	39	3.5%	35	4.2%	29	21.9%	24
Massachusetts	3,404.6	1.5%	24	4.8%	20	6.2%	14	6.2%	21	17.6%	29
Michigan	4,124.9	0.6%	45	4.7%	21	6.4%	11	-6.2%	51	0.2%	51
Minnesota	2,817.0	1.6%	20	4.8%	19	5.8%	16	5.0%	26	21.8%	25
Mississippi	1,123.2	1.4%	25	2.7%	43	2.2%	45	-0.2%	47	6.9%	48
Missouri	2,766.1	1.5%	22	3.7%	28	2.7%	42	2.8%	37	12.6%	41
Montana	453.3	1.0%	34	5.2%	17	5.6%	20	10.5%	10	33.9%	10
Nebraska	986.7	0.9%	37	3.7%	29	3.9%	32	7.3%	17	23.6%	21
Nevada	1,215.0	3.9%	2	8.1%	5	5.7%	18	6.3%	20	66.2%	1
New Hampshire	648.5	1.2%	27	3.2%	37	2.8%	40	3.3%	32	24.9%	19
New Jersey	3,934.6	0.0%	50	2.5%	46	0.8%	50	-1.5%	48	10.9%	43
New Mexico	812.8	-0.1%	51	0.9%	51	-0.1%	51	3.1%	35	24.9%	20
New York	9,011.4	1.1%	32	4.1%	27	5.5%	22	6.7%	18	15.4%	35
North Carolina	4,122.3	1.9%	15	5.4%	13	5.4%	23	7.9%	13	23.5%	22
North Dakota	462.0	4.6%	1	17.9%	1	26.0%	1	37.1%	1	57.5%	2
Ohio	5,298.3	0.9%	39	4.3%	25	4.5%	28	-1.9%	49	4.8%	50
Oklahoma	1,657.3	1.7%	18	5.3%	16	5.6%	21	11.9%	7	28.8%	13
Oregon	1,720.7	3.0%	6	6.4%	8	6.7%	9	7.6%	14	26.2%	16
Pennsylvania	5,794.9	1.1%	33	1.8%	50	3.1%	38	2.8%	39	11.8%	42
Rhode Island	477.6	1.6%	21	3.7%	31	3.8%	33	-2.4%	50	10.4%	44
South Carolina	1,929.2	2.0%	14	5.6%	12	6.4%	12	5.6%	22	21.1%	26
South Dakota	419.0	0.5%	47	3.0%	40	3.5%	34	9.3%	12	27.6%	14
Tennessee	2,799.4	2.1%	12	5.4%	14	6.9%	8	3.8%	31	15.8%	33
Texas	11,531.8	3.4%	3	9.4%	3	11.8%	2	21.8%	2	49.7%	5
Utah	1,325.0	3.0%	7	10.2%	2	11.3%	3	20.4%	3	55.3%	3
Vermont	307.9	0.7%	44	2.8%	42	3.3%	37	1.6%	41	16.9%	31
Virginia	3,766.1	0.1%	49	2.2%	48	2.9%	39	5.3%	24	25.7%	17
Washington	3,044.2	2.1%	11	6.1%	9	6.1%	15	11.5%	8	32.0%	12
West Virginia	783.1	3.1%	4	4.7%	23	5.7%	19	5.5%	23	15.6%	34
Wisconsin	2,857.6	1.7%	17	3.7%	32	3.9%	31	2.1%	40	15.3%	38
Wyoming	292.8	1.0%	36	2.9%	41	1.6%	48	15.0%	4	35.4%	8

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

But even from a more recent time-frame perspective, Illinois has struggled to recover jobs in comparison to other states. As the previous table displays, compared to a year ago (May 2013 vs May 2014), Illinois' employment figures improved 0.3%. However, this rate of growth ranked Illinois 48<sup>th</sup> in the nation. Similar results are seen when comparing Illinois' numbers from three years ago (+2.4% growth, rank of 47<sup>th</sup>), five years ago (+2.4% growth, rank of 43<sup>rd</sup>), and ten years ago (-0.1% growth, rank of 46<sup>th</sup>). The level of job growth, or lack thereof, over the past two decades is concerning, especially as compared to the rate of growth of other states throughout the country. The following tables attempt to answer the question of which types of jobs are experiencing the greatest falloff/slow-down in Illinois.

The Bureau of Labor Statistics categorizes the employment data into 11 sectors. The latest data (as shown in the table below) shows that the "Trade, Transportation, and Utilities" sector had the highest composition of jobs in Illinois at 20.1%. This was followed by the "Professional and Business Services" sector (composing 15.3%) and the "Education and Health Services" sector (composing 15.2%). The table below also shows that this breakout is similar to the U.S. composition, in that the Trade, Transportation, and Utilities" sector has the highest composition (19.0%), but is slightly different in that the "Government" sector has the second highest composition of jobs in the U.S. (15.8%). In Illinois, the "Government" sector is ranked 4<sup>th</sup> at 14.4%.

<b>Illinois Nonfarm Employment Sector Composition by Year</b>									
<b>(Using Current Month of May)</b>									
	1990	1995	2000	2005	2010	2011	2012	2013	2014
Mining and Logging	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Construction	4.2%	3.9%	4.5%	4.6%	3.6%	3.5%	3.3%	3.3%	3.3%
Manufacturing	17.4%	16.1%	14.5%	11.8%	10.0%	10.1%	10.2%	10.0%	9.8%
Trade, Transportation, and Utilities	21.7%	21.3%	20.6%	20.3%	20.0%	20.1%	20.1%	20.1%	20.1%
Information	2.5%	2.5%	2.4%	2.0%	1.8%	1.8%	1.8%	1.7%	1.7%
Financial Activities	7.1%	6.8%	6.7%	6.9%	6.5%	6.4%	6.4%	6.4%	6.3%
Professional and Business Services	10.8%	11.9%	13.9%	14.0%	14.2%	14.6%	15.0%	15.2%	15.3%
Education and Health Services	10.1%	11.1%	11.2%	12.7%	14.8%	14.9%	15.0%	15.1%	15.2%
Leisure and Hospitality	7.4%	8.0%	8.0%	8.7%	9.1%	9.2%	9.3%	9.4%	9.5%
Other Services	3.9%	4.0%	4.0%	4.4%	4.4%	4.4%	4.4%	4.3%	4.3%
Government	14.6%	14.3%	14.0%	14.4%	15.5%	14.8%	14.5%	14.3%	14.4%
<b>Total Nonfarm</b>	<b>100.0%</b>								

<b>U.S. Nonfarm Employment Sector Composition by Year</b>									
<b>(Using Current Month of May)</b>									
	1990	1995	2000	2005	2010	2011	2012	2013	2014
Mining and Logging	0.7%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.7%
Construction	4.8%	4.5%	5.1%	5.5%	4.2%	4.2%	4.2%	4.3%	4.3%
Manufacturing	16.2%	14.7%	13.1%	10.7%	8.8%	8.9%	8.9%	8.8%	8.7%
Trade, Transportation, and Utilities	20.7%	20.3%	19.8%	19.4%	18.8%	19.0%	19.0%	18.9%	19.0%
Information	2.4%	2.4%	2.7%	2.3%	2.1%	2.0%	2.0%	2.0%	1.9%
Financial Activities	6.0%	5.8%	5.9%	6.1%	5.9%	5.8%	5.8%	5.8%	5.7%
Professional and Business Services	9.9%	10.9%	12.6%	12.6%	12.7%	13.1%	13.3%	13.6%	13.8%
Education and Health Services	10.0%	11.4%	11.5%	13.1%	15.2%	15.3%	15.4%	15.5%	15.5%
Leisure and Hospitality	8.4%	8.9%	9.0%	9.6%	10.0%	10.1%	10.2%	10.4%	10.5%
Other Services	3.9%	3.9%	3.9%	4.0%	4.1%	4.1%	4.0%	4.0%	4.0%
Government	16.9%	16.6%	16.0%	16.3%	17.6%	16.8%	16.4%	16.1%	15.8%
<b>Total Nonfarm</b>	<b>100.0%</b>								

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

The previous table also shows how the composition of jobs has dramatically changed over the last twenty years. For example, in 1990, the “Manufacturing” sector made up 17.4% of Illinois jobs and was the second largest sector of jobs in the state. The latest data shows this composition percentage has dropped to 9.8% and is now the fifth largest employment sector. Although, it should be pointed out that this trend is also occurring nationally as the “Manufacturing” sector has fallen from 16.2% of the U.S. total in 1990 to its current level of 8.7%.

The “Professional and Business Services” and “Education and Health Services” sectors, on the other hand, have gained the most jobs over the last two decades as their composition in Illinois has risen from 10.8% and 10.1% of the total in 1990, to their current levels of 15.3% and 15.2%, respectively. Again, a similar trend has occurred nationally as the “Professional and Business Services” sector has increased from 9.9% of the nation’s jobs to 13.8%, while the “Education and Health Services” sector has increased from 10.0% to 15.5% of total employment in the U.S.

The table below looks at the Illinois data a little closer by displaying actual figures. Again, the largest sector of jobs in Illinois comes from the “Trade, Transportation, and Utilities” sector, employing over 1.164 million Illinois workers in May 2014. The next largest sector is the “Professional and Business Services” sector (889 thousand jobs), followed by the “Education and Health Services” sector (882 thousand), the “Government” sector (834 thousand), and the “Manufacturing” sector (569 thousand jobs). The table displays these statistics by year since 2000 and shows the annual change of these jobs sectors during that same time period.

<b>Illinois Nonfarm Employment by Sector</b> (Using Current Month of May)							
(In Thousands, Seasonally Adjusted)							
	2000	2005	2010	2011	2012	2013	2014
Mining and Logging	9.8	9.7	9.1	9.5	10.3	9.6	9.8
Construction	271.2	268.6	200.2	198.6	188.7	188.6	194.2
Manufacturing	874.6	690.5	560.2	574.4	583.1	580.5	569.1
Trade, Transp., and Util.	1,245.1	1,186.1	1,124.9	1,141.8	1,154.3	1,161.5	1,163.8
Information	146.8	118.5	101.7	100.6	100.7	99.4	96.9
Financial Activities	402.8	401.3	363.6	362.6	365.9	368.1	365.3
Prof. and Bus. Serv.	843.5	821.1	799.6	825.5	861.9	882.1	888.7
Ed. and Health Services	679.7	744.1	831.9	846.3	860.3	874.4	882.3
Leisure and Hospitality	483.9	512.0	513.8	520.3	534.3	545.0	550.5
Other Services	244.8	258.3	247.9	250.8	250.0	249.5	249.9
Government	847.4	844.4	870.7	839.3	831.7	826.1	833.5
<b>Total Nonfarm</b>	<b>6,049.6</b>	<b>5,854.6</b>	<b>5,623.6</b>	<b>5,669.7</b>	<b>5,741.2</b>	<b>5,784.8</b>	<b>5,804.0</b>
Annual % Change							
	2000	2005	2010	2011	2012	2013	2014
Mining and Logging	-8.4%	3.2%	-3.2%	4.4%	8.4%	-6.8%	2.1%
Construction	7.5%	-0.4%	-8.2%	-0.8%	-5.0%	-0.1%	3.0%
Manufacturing	-0.6%	-1.0%	-2.8%	2.5%	1.5%	-0.4%	-2.0%
Trade, Transp., and Util.	1.4%	0.4%	-1.5%	1.5%	1.1%	0.6%	0.2%
Information	2.9%	-2.2%	-4.6%	-1.1%	0.1%	-1.3%	-2.5%
Financial Activities	-0.8%	0.6%	-2.7%	-0.3%	0.9%	0.6%	-0.8%
Prof. and Bus. Serv.	3.2%	2.9%	1.5%	3.2%	4.4%	2.3%	0.7%
Ed. and Health Services	2.5%	2.2%	2.1%	1.7%	1.7%	1.6%	0.9%
Leisure and Hospitality	1.1%	1.3%	-0.9%	1.3%	2.7%	2.0%	1.0%
Other Services	0.4%	-0.7%	-4.0%	1.2%	-0.3%	-0.2%	0.2%
Government	2.9%	0.3%	1.1%	-3.6%	-0.9%	-0.7%	0.9%
<b>Total Nonfarm</b>	<b>1.7%</b>	<b>0.8%</b>	<b>-0.8%</b>	<b>0.8%</b>	<b>1.3%</b>	<b>0.8%</b>	<b>0.3%</b>

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

A closer look at the data shows only four of the eleven job sectors in Illinois have seen their employment levels grow since 2000. These are “Education and Health Services”, “Leisure and Hospitality”, “Professional and Business Services”, and “Other Services”. The largest falloff came from the “Manufacturing” sector, which is down 306 thousand jobs since 2000. This sector also had the largest percentage decline at -34.9%, followed by the Information sector (-34.0%) and the “Construction” sector (-28.4%).

The question, then, is whether Illinois’ changes in job composition is “normal” in today’s employment environment or is Illinois perhaps falling behind other states in employment activity? The rankings below may provide some insight into this question. The answer is tricky as it depends on which sector of employment is being discussed and over what time frame.

<b>Illinois Employment by Sector Year-Over-Year Change</b> (Comparisons are by Current Month of vs May of Past Years) (Employment Values in thousands)									
	Current Value (May 2014)	Current Value vs. 1-Yr Ago	Ranking of Change	Current Value vs. 2-Years Ago	Ranking of Change	Current Value vs. 3-Years Ago	Ranking of Change	Current Value vs. 4-Years Ago	Ranking of Change
Mining and Logging	9.8	2.1%	20	-4.9%	39	3.2%	26	7.7%	24
Construction	194.2	3.0%	29	2.9%	37	-2.2%	46	-3.0%	45
Manufacturing	569.1	-2.0%	45	-2.4%	45	-0.9%	35	1.6%	32
Trade, Transp., and Util.	1,163.8	0.2%	46	0.8%	42	1.9%	40	3.5%	38
Information	96.9	-2.5%	34	-3.8%	34	-3.7%	24	-4.7%	23
Financial Activities	365.3	-0.8%	40	-0.2%	44	0.7%	36	0.5%	38
Prof. and Bus. Serv.	888.7	0.7%	42	3.1%	39	7.7%	30	11.1%	26
Ed. and Health Services	882.3	0.9%	39	2.6%	35	4.3%	26	6.1%	24
Leisure and Hospitality	550.5	1.0%	42	3.0%	43	5.8%	34	7.1%	34
Other Services	249.9	0.2%	34	0.0%	39	-0.4%	37	0.8%	32
Government	833.5	0.9%	12	0.2%	19	-0.7%	17	-4.3%	20
<b>Totals</b>	<b>5,804.0</b>								
	Current Value (May 2014)	Current Value vs. 5-Yrs Ago	Ranking of Change	Current Value vs. 10-Yrs Ago	Ranking of Change	Current Value vs. 15-Yrs Ago	Ranking of Change	Current Value vs. 20-Yrs Ago	Ranking of Change
Mining and Logging	9.8	4.3%	28	4.3%	22	-8.4%	24	-33.3%	37
Construction	194.2	-11.0%	48	-28.0%	46	-23.0%	45	-10.0%	51
Manufacturing	569.1	-1.3%	31	-18.4%	29	-35.3%	33	-35.4%	33
Trade, Transp., and Util.	1,163.8	1.9%	40	-1.5%	38	-5.2%	46	-0.3%	47
Information	96.9	-9.1%	28	-20.0%	30	-32.0%	34	-30.9%	40
Financial Activities	365.3	-2.3%	41	-8.5%	46	-10.0%	50	-3.6%	46
Prof. and Bus. Serv.	888.7	12.8%	31	11.4%	44	8.7%	48	41.1%	43
Ed. and Health Services	882.3	8.2%	26	21.2%	30	33.1%	35	46.5%	43
Leisure and Hospitality	550.5	6.2%	38	9.0%	39	15.0%	43	29.0%	40
Other Services	249.9	-3.3%	45	-4.0%	44	2.5%	40	14.9%	38
Government	833.5	-3.2%	33	-1.0%	40	1.2%	44	6.1%	43
<b>Totals</b>	<b>5,804.0</b>								

Source: The Bureau of Labor Statistics at <http://www.bls.gov/sae/>. Data Compiled by CGFA.

For example, the sector with the highest ranking of job growth in the past year in Illinois is the “Government” sector, which ranks Illinois 12<sup>th</sup> in the nation. However, over the last ten years, the “Government” sector has fallen 1.0%, which ranks Illinois 40<sup>th</sup> in the percentage change over this time period.

Over the last year, Illinois’ “Construction” sector has grown 3.0%, which ranks Illinois 29<sup>th</sup> in the nation for growth in this job sector over the past year. While this rate of growth and ranking is somewhat encouraging, Illinois’ growth in this sector has performed near the bottom compared to other states when comparing other time periods (5-yr change: ranked 48<sup>th</sup>, 10-yr change: ranked 46<sup>th</sup>, 20-yr: ranked 51<sup>st</sup>).

For the highest employing sector, the “Trade, Transportation, and Utilities” sector, Illinois’ rate of growth has consistently been in the bottom third in the rankings of job change. Illinois grew in this sector by 0.2% compared to a year ago, which ranked them as having the 46<sup>th</sup> best growth rate for this time period. Compared to three years ago, Illinois’ growth of 1.9% ranks the State 40<sup>th</sup>. Illinois ranked 40<sup>th</sup> compared to five years ago, 38<sup>th</sup> compared to 10 years ago, and 47<sup>th</sup> compared to 20 years ago.

Numerous other comparisons could be made be looking at the table. Unfortunately, from an Illinois employment perspective, Illinois ranks in the lower half of job growth for most of the job sectors, especially when comparing employment levels from a decade or more ago. The shift in the nation’s population to the South and to the West has no doubt contributed to Illinois’ declines as it appears that U.S. residents are flocking to warmer weather climates.

***(Note: For a closer look at population shifts, and an extensive look at statistical demographic data and rankings from the 2010 census, please see the Commission’s 2012 report, entitled “Illinois Demographics”.***

### **Employment Earnings**

A concern to the economy of Illinois and its long-term financial outlook is the weekly earnings of the subsector of jobs seeing improvement and the earnings of those that the State is unable to retain. As stated earlier, the “Trade, Transportation, and Utilities” sector is the largest source of employment in Illinois, but as shown below, they have one of the lowest average weekly earning totals of any sector (May 2014 value of \$803). The “Education and Health Services” and the “Leisure and Hospitality” are two of three sectors that have seen growth in the number of jobs over the last five years in Illinois, but are two of the lowest sectors in terms of weekly earnings. Equally troublesome is that those sectors with the highest weekly earnings were the sectors that have lost the most jobs. (Data displaying these statistics can be seen in the following tables).

<b>Average Weekly Earnings and Employment Change by Subsector in Illinois</b>							
<b>Annual Averages: 2008 to 2014 (thru May)</b>							
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>Average</b>						
							<b>(thru May)</b>
<b>Mining*</b>	N/A						
<b>Construction</b>	\$1,137	\$1,212	\$1,236	\$1,278	\$1,284	\$1,262	\$1,245
<b>Manufacturing</b>	\$862	\$877	\$926	\$978	\$982	\$1,000	\$1,009
<b>Trade, Transportation, and Utilities</b>	\$670	\$670	\$693	\$734	\$766	\$790	\$803
<b>Information</b>	\$977	\$1,039	\$1,040	\$1,005	\$1,027	\$1,102	\$1,154
<b>Financial Activities</b>	\$1,006	\$1,068	\$1,036	\$1,054	\$1,131	\$1,116	\$1,183
<b>Professional and Business Services</b>	\$997	\$1,033	\$1,024	\$1,007	\$1,027	\$1,025	\$1,042
<b>Education and Health Services</b>	\$699	\$720	\$724	\$757	\$792	\$814	\$811
<b>Leisure and Hospitality</b>	\$310	\$325	\$319	\$322	\$337	\$323	\$327
<b>Other Services</b>	\$700	\$707	\$712	\$703	\$728	\$751	\$761
<b>Government*</b>	N/A						
<b>Statewide Average Weekly Earnings*</b>	<b>\$775</b>	<b>\$792</b>	<b>\$799</b>	<b>\$820</b>	<b>\$846</b>	<b>\$856</b>	<b>\$869</b>
<b>IL % Change in Avg. Weekly Earnings</b>	<b>-2.3%</b>	<b>2.1%</b>	<b>0.9%</b>	<b>2.6%</b>	<b>3.2%</b>	<b>1.2%</b>	<b>1.5%</b>
<b>U.S. % Change in Avg. Weekly Earnings</b>	<b>2.7%</b>	<b>1.1%</b>	<b>2.3%</b>	<b>2.7%</b>	<b>2.4%</b>	<b>1.8%</b>	<b>1.5%</b>

\* Because the Mining and Government subsectors' weekly earnings for Illinois are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and divided the sum of these figures by the total number of jobs from these nine subsectors.

Source: [www.bls.gov](http://www.bls.gov)

<b>State Rankings of Illinois' Employment Subsectors</b>						
<b>Employment Values, Non-Seasonally Adjusted (in thousands)</b>						
	<b>2014 Avg thru May Employment Totals</b>	<b>2014 Sector Ranking by # Employed</b>	<b>2009 to 2014 % Change in Jobs</b>	<b>Jobs Ranking by 5-Yr Change</b>	<b>2014 Avg thru May Weekly Wage</b>	<b>2014 Sector Earnings Ranking</b>
<b>Mining</b>	9.5	11	-1.0%	4	N/A	N/A
<b>Construction</b>	177.0	9	-26.4%	11	\$1,245	1
<b>Manufacturing</b>	570.9	5	-11.9%	9	\$1,009	5
<b>Trade, Transportation, and Utilities</b>	1,147.8	1	-3.3%	6	\$803	7
<b>Information</b>	97.3	10	-13.5%	10	\$1,154	3
<b>Financial Activities</b>	366.3	7	-5.9%	8	\$1,183	2
<b>Professional and Business Services</b>	883.4	2	2.7%	2	\$1,042	4
<b>Education and Health Services</b>	882.1	3	9.4%	1	\$811	6
<b>Leisure and Hospitality</b>	534.7	6	2.5%	3	\$327	9
<b>Other Services</b>	251.5	8	-5.1%	7	\$761	8
<b>Government</b>	839.6	4	-3.0%	5	N/A	N/A

Note: Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics

For example, the sector with the highest weekly earnings in May 2014 was “Construction”, paying, on average, \$1,245 per week. However, construction jobs are down 26.4% since May 2009. The next highest paying sectors are “Financial Activities” (\$1,183 per week) and “Information” (\$1,154 per week), but employment in these categories are down 5.9% and 13.5%, respectively, over the last five years. These statistics would suggest that although employment levels have improved in recent months, the majority of the jobs being added appear to be the lower paying jobs.

Comparatively, Illinois’ employment figures suggest that the State continues to fall behind most states in terms of job growth. But signs of improvement are out there. Illinois’ unemployment rate has improved from 9.2% in August 2013 to its current level of 7.5% (May 2014, seasonally adjusted). Between May 2013 and May 2014, the number employed in Illinois has grown by over 75,000. Still, Illinois appears to be lagging the nation as a whole, as the State’s unemployment rate of 7.5% remains well behind the nation’s unemployment rate of 6.3%.

An improvement in employment levels are important, especially from a State budgetary perspective, because these jobs have a direct correlation with the amount of State revenues collected for the State. The higher the wages paid to the employees, the more money that will be collected from the State’s income tax. And of course, the higher the pay, the more money that could be spent in Illinois to increase sales and other related tax revenues. But if the new jobs tend to be lower paying jobs, the increase in employment may not lead to the corresponding increase in Illinois tax revenues that the State has benefitted from in the past.

As always, the Commission will continue to monitor the progress of jobs in Illinois and will provide further updates as more data becomes available.

## 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  
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<http://cgfa.ilga.gov>