

Appendix A – Tax Structure Illinois

Following is a description of the applicable revenue sources that will be collected.

- Sales Tax

The State of Illinois charges a sales tax on retail goods purchased. Sellers owe the tax to the Illinois Department of Revenue. The total sales tax rate for the State is 6.25%. However, portions of the sales taxes are distributed to counties and local governments. Eighty percent (5.0% of the 6.25%) is kept by the State while 20% is distributed to local governments.

Taxable sales result from the spending of direct, indirect and induced employees. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of taxable spending and resulting sales tax receipts is calculated. The estimated taxable spending is based on the State of Illinois tax structure and takes into consideration only the goods that are taxed by the State.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the State.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- State Income Tax

The State of Illinois collects taxes on personal income. The personal income tax rate is 3.0% and is applied to the wages and earnings of direct, indirect and induced employment resulting from the operation of the company. One-tenth of the net collections are distributed to municipal and county governments, while the remainder is kept by the state.

- Realty Transfer Tax

This tax is imposed on the privilege of transferring titles of real estate. The State rate is 50 cents for each \$500 of value or fraction thereof. In order to determine the number of home sales affected by the population supported in the model, a figure is used based on the number of residents that move annually from the American Housing Survey for the United States.

- Motor Fuels Tax

The State of Illinois currently collects a motor fuel tax of \$0.19 per gallon. The model estimates the impact on a per employee basis and assumes the average worker drives 12,000 miles per year at 15 miles per gallon. These factors are applied to the projected direct, indirect and induced employee count.

About 87% fuel taxes are distributed after legislated deductions. The State retains 45.6% while 54.4% is distributed.



- Gas Tax
The State of Illinois imposes a gas tax on persons in the business of selling or distributing natural gas. The rate is levied at 5% of gross receipts and for the purpose of this model is assumed that the average worker drives 12,000 miles per year at 15 miles per gallon with an average per gallon cost. This rate will fluctuate overtime and should be reconsidered regularly.
- Vehicle Licenses & Fees
A vehicle use tax is imposed on motor vehicles purchased by residents. This model assumes that, based on annual revenues, the average worker contributes \$5.88 to total collections. In addition, vehicle owners pay an annual registration fee of \$78. These factors are applied to the projected direct, indirect and induced employee count supported by the construction and operations impacts in the model.
- Telecommunication Excise Tax
The tax is imposed on telecommunications gross receipts at a rate of 7%. Total collections from the 5% that was effective August 1, 1967 are deposited in the State General Fund. The additional 2% increase effective January 1, 1998 are divided equally between the School Infrastructure Fund and the Common School Fund.
- Electricity Excise Tax
The tax is imposed on the privilege of using electricity purchased in Illinois for use and consumption. The tax levied varies by kilowatt hour. Self assessing purchasers pay 5.1% of all electricity distributed.

The above tax categories represent the largest sources of revenues that will be generated to State of Illinois.

