

Governor Quinn's Tax Incentive Package
- PROPOSED -

Item	Description	Effective Date	Revenue Impact
Bonus Depreciation	Decouple from the federal government on the latest bonus depreciation for the current tax year and beyond. This is expected to generate \$571 million in FY 2012. This is not new revenue, but an acceleration of revenue which would have been realized in later years. The value of this decoupling is reduced to \$354 million in FY 2013 and continues to decline until the earlier state benefit is recovered by taxpayers.	1/1/2011	\$571 million
Revenue Generated		Total	\$571 million
CME	This proposal would alter the way the Chicago Mercantile Exchange and other exchanges can source their revenue to Illinois. Its revenue is currently sourced at nearly 100% within Illinois. The proposal would require CME to source only a percentage of its exchange revenue equal to Illinois' percentage of revenue earned by exchanges compared to the nation as a whole (27.54%). This will provide CME with an \$85 million reduction in income tax liability. This will be phased in over 2 years.	1/1/2012	\$42.5 million
Research & Development Credit	This proposal would reinstate the R&D tax credit that expired on 12/31/10. The credit would have a 5-year sunset, but would allow for a 5-year carry-forward in the 5th year.	1/1/2011	\$30 million
Net Operating Loss	This proposal would restore changes made in January. The approximate cost is \$275 million annually.	1/1/2012	\$275 million
LLC Filing Fee	This proposal would reduce the organizing fee for an LLC from \$750 to \$100.	1/1/2012	\$11.5 million
Estate Tax	Currently, taxpayers are allowed a \$2 million exemption on the state's estate tax. This proposal would increase the exemption to \$5 million over 2 years. The first year exemption is \$3.5 million and will cost \$22 million. The second year exemption increases to \$5 million for a total cost of \$44 million annually. When a full year of receipts are realized (payment is delayed 9 months), the annual cost will be approximately \$88 million.	1/1/2012	\$22 million
Sears	Under this proposal, Sears would retain \$15 million of the withholding taxes collected from its employees for the next 10 years, for a total cost of \$150 million.	1/1/2012	\$15 million
Earned Income Tax Credit (EITC)	Currently this credit is 5% of the federal credit. The proposal increases it to 15% of the federal credit over the next 2 years. The credit would increase the first year (1/1/2012) to 10% at a cost of \$90 million, and increase the 2nd year (1/1/2013) to 15% at a cost of \$180 million.	1/1/2012	\$90 million
Personal Exemption	The current personal income tax exemption is \$2,000. This proposal would increase the credit annually indexed to inflation.	1/1/2012	\$20 million
Revenue Loss (first year)		Total	\$506 million