



TAXPAYERS' FEDERATION OF ILLINOIS
2020 STATE & LOCAL CONFERENCE
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Presentation by Illinois Department of Revenue
Opening Comments
David Harris, Director

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Some COVID-19 Humor

The Spread of COVID-19
Is Based On Two Factors:

1. How Dense The
Population is
2. How Dense The
Population is



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Did a BIG load of
pajamas so I would
have enough clean
work clothes for this
week.



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IDoR Director's Comments

- IDoR Operations
- Revenue Generally
- Income Tax
- Sales Tax
- Excise Taxes
- Motor Fuel Tax
- Cannabis Taxes
- PPRT Distribution
- Sales Tax Reform

IDoR Operations

■ Processing?

- *Simple answer – YES*
- *If No process – No Comptroller trnsf – No bills paid*

■ Staffing?

- *Held to <50% by Governor's direction*
- *Use rotations for Program Areas*

■ COVID-19 : Management Challenge

- *Staff notification – Area cleaning – HR tracking*

Revenue Generally

- FY'20 and FY'21 : large declines due to COVID-19
 - *FY'20 : decrease of \$2.3B from forecast*
 - *FY'21 : decrease of \$4.0B from forecast*
 - Poses serious challenges for all programs
 - *Federal assistance to states & municipalities?*
- Good bounce back in revenues since partial re-open

Income Tax – Fiscal Year to Date

- Individual Income Tax Receipts through 24 Sept
 - *Up 34% : a meaningless statistic*
 - *All caused by delay from 15 April to 15 July*
 - Nearly 100% of 6.2M IIT filers have filed
 - *+76,000 over last year*
- Business Income Tax Receipts through 24 Sept
 - *Up nearly 50% : again, due to delay*
 - *Fluctuations in Estimated payments*

Sales Tax

- Over the cliff when COVID-19 forced closures
 - *c.\$400M monthly decrease in Sales Tax*
 - food & beverage
 - *Big jump in grocery sales (little benefit to State)*
 - *Large increase in online sales*
- Strong rebound after re-opening
 - *Car sales strong*
 - MPEA struggling
 - *Food / drink establishments within limited taxing area*

Excise Taxes

- Not huge revenue sources, but important
- Cigarette taxes
 - *+24% FY to Date : big cig tax increase*
- Liquor taxes
 - *Higher FY to Date*
- Hotel taxes
 - *Seriously struggling : 60% FY decline?*
 - *Various distribution of tax revenues*

Motor Fuel Taxes

- Motor Fuel

- + 9% *FY to Date*

- *Not as much as expected : 100% increase in tax*

- *Miles driven & gas prices are down*

- Diesel back up to pre-COVID-19 fall

- Cook Cnty Non-Home Rule MMFT started 1 July

Cannabis Taxes

- Exceeding all forecasts
 - *Every month to date has been higher than previous*
 - August : \$10M excise taxes & \$8M sales taxes
- Municipal & County Cannabis 3% ROTs started 1 July
 - *July & Aug : \$1.6M each month for munies & \$1.3M each month for counties*
 - *First distribution begins in Oct*
 - *1 Oct & 1 Apr are deadlines for resolution/ordinance imposing tax*
 - Tax starts 3 months after closing date (1 Jan or 1 Jul)

Personal Property Replacement Tax

- PPRT estimated to be \$250M lower in FY'21
 - *Impact on receiving entities*
- PPRT estimate on IDoR website (tax.Illinois.gov)
 - *Can search by individual entity name*

Reform of Sales Tax

- Public Acts 101-0031 & 101-0604
 - *Structural changes to IL sales taxes*
 - Collection & Remittance requirements
 - Use of Certified Service Provider & Certified Automation Systems
 - IDoR is preparing Dept processes to handle
 - Proposed Rules on 1st Notice
 - Resource Page Posted on IDoR website
 - *Difference of opinion on current collection of UT & ROT*
 - Dept is proposing legislation at Veto Session to resolve issue

Constitutional Amendment

- Possible switch to a graduated income tax structure
 - *If passed, effective 1 Jan 2021*
 - *Rates have been established by PA 101-0008*
 - “break point” is \$250,000
- IDoR is preparing
 - *System changes*
 - *Update to Booklet IL-700-T*

QUESTIONS

????