

# FY 2020 State of Illinois Budget Impact

*June 17, 2019*

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## Revenue Distribution (Rounded FY2020 Values)

Home Rule Sales Tax Collection Service Fee - Continues at 1.5%:

- ▶ Gross 2020 HRST: \$23,600,000
- ▶ Service Fee: \$354,000

Income Tax Distribution Reduction/Cut - Continues at 5%:

- ▶ Gross 2020 Income Tax: \$7,800,000
- ▶ Distribution Reduction: \$390,000
- ▶ Total State Reductions: \$744,000

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## State Motor Fuel Tax

State Motor Fuel Tax doubled from 19 cents per gallon to 38 cents:

- ▶ COB Average MFT: \$1,800,000
- ▶ Increase: \$900,000 (50% of existing - based on IML Fact Sheet / review)
- ▶ Revised Total MFT: \$2,700,000 (FY2020 will not realize the entire 900K increase due to the State fiscal year differing from the City fiscal year)

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## Expansion of Internet Sales Tax Legislation

- ▶ Starting 1/1/20, Marketplace Facilitators, like Amazon, will be required to collect Use Tax (State base rate of 6.25%) from remote or out-of-state retailers.
- ▶ Starting 7/1/20, locally-imposed sales taxes will need to be included.

Summary: A burden of collection is being placed on Facilitators with the end goal of all local taxes being collected, and distributed, to local taxing bodies by 7/1/20.

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## Expansion of Internet Sales Tax Legislation - Continued

- ▶ Due to FY19 trends, the Local Use Tax (current category associated with Internet Sales) FY20 Budget was increased by \$450K over FY19.
- ▶ Estimating Internet sales volume associated with this increase would result in an approximate additional \$200K in Home Rule Taxes.
- ▶ It is difficult to estimate what sales had not been reported previously, that may be captured going forward related to the Market Facilitators' requirements.

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## Other Items

- ▶ Legalized Cannabis - Potential for revenues from sales taxes including up to a 3% local tax (pending Council action).
- ▶ Video Gaming - Potential for revenues from increases in terminals allowed, bet limits etc.
- ▶ Aviation Fuel Sales Tax - Potential diversion of current revenue to an Aviation Trust Fund. Under review for potential exemption - request to IML.
- ▶ Parking Tax - Potential need to include 6% State tax on parking revenues. Under review.