Roland W. Burris

Comptroller
State of Illinois

June 10,1981

201 State House
Springfield, Illinois 62706
2171782-6000

Mr. Joseph R. Oldani
Rural Route One
Manhattan, Illinois 60442

Dear Mr. Oldani:

As I indicated to you in my letter dated April 14, I asked my chief economist to study the percentage of personal and corporate income in Illinois devoted to property taxes.

I am informed that two problems arise in trying to make these estimates. Corporate income data is not available for Illinois since corporations with multi-state operations report their profits on a nationwide basis, and the Department of Revenue does not separate business property tax payments from individual property tax payments.

The only way to measure corporate income earned in Illinois is to base the estimates on Illinois corporate income tax collections. The state requires companies earning multi-state income to allocate their income to Illinois according to the share of their sales, assets, and payroll located in Illinois. For calendar 1977, Illinois taxable corporate income computed from corporate tax collections adjusted for overpayments as reflected in refund data equalled $10.148 billion.

Taxable persona1 income in Illinois for 1977 also computed from tax collections also adjusted for refunds equalled $58.627 billion. This is substantially less than the personal income for Illinois reported by the U.S. Bureau of Economic Analysis since taxable personal income excludes deductions and income not subject to income taxes.

The Advisory Committee on Intergovernmental Relations (A.C.I.R.) has done a study of the breakdown in property tax payments between business and individuals for 1977. The A.C.I.R. found that of an estimated $3,188.5 million in real and personal property taxes paid that year $1,256.3 million was paid by non-farm businesses, $1,649.5 million was paid by individuals, and $282.7 million was paid by farmers.

For 1977, the ratio of business property tax payments to business taxable income was 12.4%. The ratio of personal property tax payments to taxable personal income was 2.8%. One reason the business ratio is so much higher than the personal ratio is that businesses still paid the personal property tax in 1977. Finally, these ratios should not be looked on as tax rates since property tax payments are counted as a cost of doing business and are deducted from business revenues when computing taxable business income.

I hope you find this information useful. Please feel free to contact me on this, or any other matter of concern that may arise.

Sincerely,

Note: Mr. Burris's Signature was not scanned by the OCR software.

Roland W. Burris
Comptroller