

Preliminary Revenue Impact Estimates on Illinois Taxes Resulting from the Tax Cuts and Jobs Act

This table provides information about the potential impact of Public Law 115-97, the Tax Cuts and Jobs Act (the Act), on Illinois' individual income tax, corporate income tax, and personal property replacement tax. The estimates are subject to revision as our understanding of the Act's impact on Illinois taxpayers continues to evolve. To calculate the revenue impact of each provision, the Department relied on Illinois tax return data, the IRS's Statistics of Income datasets, and estimates produced by the Joint Committee on Taxation (JCT).

<i>All dollar amounts are in millions</i>		Individual Income Tax		Corporate Income Tax		Personal Property Replacement Tax	
		FY18	FY19	FY18	FY19	FY18	FY19
		Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Potential Increases							
Limitations on Business Deductions							
	Excess losses	\$70 - 80	\$120 - 130	\$0	\$0	\$21 - 24	\$36 - 39
	Interest expense	3 - 4	6 - 8	12 - 16	30 - 40	5 - 7	13 - 17
	Net operating loss	45 - 50	70 - 80	0	0	14 - 15	21 - 24
	Business entertainment	5 - 7	7 - 9	7 - 9	17 - 23	4 - 5	8 - 11
	FDIC premiums	0	0	5 - 6	12 - 16	1 - 2	4 - 6
	Executive compensation	0	0	2 - 4	6 - 10	1 - 2	2 - 4
	Related-Party expenses	0	0	0 - 1	0 - 2	0 - 1	0 - 1
Accounting method changes							
	Research expenses	0	0	0	0	0	0
	Accrual method changes	0	0	4 - 6	10 - 14	1 - 2	4 - 5
Business Dividends*		390 - 430	60 - 80	70 - 90	43-93	120 - 140	15 - 25
	Domestic dividends	-Included in Business Dividends-		-Included in Business Dividends-		-Included in Business Dividends-	
	Repatriation Transition	-Included in Business Dividends-		-Included in Business Dividends-		-Included in Business Dividends-	
	Global intangible income	-Included in Business Dividends-		-Included in Business Dividends-		-Included in Business Dividends-	
Total Increases		513 - 571	263 - 307	100 - 132	85 - 125	167 - 198	103 - 132
Potential Decreases							
Business asset expensing							
	Small business expensing	(30) - (40)	(55) - (60)	(2) - (3)	(6) - (8)	(10) - (13)	(19) - (21)
	Bonus depreciation	(39) - (50)	(45) - (55)	(46) - (50)	(230) - (250)	(28) - (33)	(96) - (106)
Accounting method changes							
	Cash method	(55) - (60)	(55) - (60)	(5) - (7)	(5) - (7)	(18) - (21)	(18) - (21)
Foreign dividends deduction		-Netted out of Business Dividends-		-Netted out of Business Dividends-		-Netted out of Business Dividends-	
Other provisions affecting individuals							
	ABLE accounts	Little revenue impact		0	0	0	0
	Education loans	Little revenue impact		0	0	0	0
Total Decreases		(124) - (150)	(155) - (175)	(53) - (60)	(241) - (265)	(56) - (67)	(133) - (148)
Net Effect		\$363 - 447	\$88 - 152	\$40 - 79	\$(180) - (116)	\$100 - 142	\$(45) - (1)

*Repatriation is a one-time revenue source mostly impacting FY18. All other components are expected to continue in FY 19.