



May 2023

## Personal Property Replacement Tax Allocation Statement

Each tax year, the Illinois Department of Revenue (IDOR) distributes Personal Property Replacement Tax (PPRT) and Local Government Distributive Fund (LGDF) distributions to local taxing districts as estimated payments. These estimated payments are required by state statute and consist of monies derived from taxpayers who pay consolidated estimated taxes (corporate income tax, replacement tax, and pass-through income tax).

By statute, estimated payments made to local taxing districts must be reconciled with final tax returns once IDOR has received them. Taxpayers have varying due dates for filing their returns, and often times IDOR will not receive the final tax return until the extended due date of the return. For many corporations, this is not until November 15 of the following year, i.e. income tax returns for tax year 2021 were not due until November 15, 2022.

In a process agreed upon by IDOR and other interested parties, IDOR reconciles PPRT allocations for taxing districts on an annual basis. Reconciling PPRT and LGDF estimates with final returns occurs approximately four months after the extended due date. Once this reconciliation occurs, state statute requires an accounting of allocations, which results in a reallocation of funds for taxing districts.

The reallocation of these funds has been minimal over the past several years, ranging from 1.38% to 0.16%. After IDOR completed its review of tax year 2021 returns, however, it calculated a 5% reallocation.

The 5% reallocation was most likely caused by tax policy changes, such as the federal government enacting the State and Local Tax (SALT) deduction cap, the State of Illinois creation of the Pass-Through Entity Tax (PTE), and large increases in business income tax receipts.

The reallocation in fund distributions that will begin in Fiscal Year 2024, which is required by state statutes, will result in an increase in LGDF allocations and reductions in PPRT allocations to taxing districts.

Fiscal year 2024 estimates for PPRT will be posted to IDOR's website at [tax.illinois.gov](http://tax.illinois.gov) in early August.

**LOCAL TAX ALLOCATION DIVISION (3-500)**  
**ILLINOIS DEPARTMENT OF REVENUE**  
**101 W JEFFERSON ST**  
**SPRINGFIELD IL 62702**

**217 785-6518**  
**REV.LOCALTAX@ILLINOIS.GOV**

