Policy Statement

Illinois’ Tax Sunset Laws

In 1994, Illinois adopted what has commonly been referred to as the “sunset laws.” Under these laws, any sales or income tax exemption, deduction, or tax credit enacted after the effective date of the provisions, and not otherwise exempted, automatically expires after five years. All exemptions, deductions, or credits in existence prior to the sunset laws continue to exist unless separately repealed or modified.

We believe Illinois is the only state with this type of provision and it impacts two tenets of sound tax policy: predictability and stability. Most states occasionally review their tax structure and Illinois should do so as well, but the sunset laws reflect poorly on our states’ tax climate. When Illinois’ tax provisions are compared to those in other states, a footnote is commonly necessary to indicate that Illinois’ provision is scheduled to expire in the near future. Other states’ permanent provisions do not require that qualification.

We support legislation to repeal Illinois’ “sunset laws” and replace them with a process, possibly a joint committee of both houses of the General Assembly, that would periodically review our overall state and local tax structure.