Voters in Illinois will be asked in 1988 if a constitutional convention should be convened to review the state constitution approved in 1970. If a constitutional convention is mandated by the voters, one issue that seems sure to arise is the possibility of establishing limits on the taxing and spending activities of state government. In the last half of the decade of the 1970's and in the early 1980's, eight states approved some type of state-level limitation measure. Illinois, however, was not among this group. Recently two additional states adopted limitation measures, while two other states allowed their limitations to lapse. There is still considerable interest in some quarters in using this approach to control the size of state government.

In this paper, the role of state-level taxation and expenditure limitation measures will be reviewed and analyzed. The constitutional function of providing fiscal discipline to governments will be addressed in general terms first. Then, a system will be established to classify...
the various features of relatively new measures that explicitly limit the size of state government by restricting tax or spending levels. Next, the theoretical arguments for and against the use of explicit limits will be discussed. The experience of other states will then be reviewed. Finally, implications of possible limitation measures on Illinois government will be discussed.

I. CONSTITUTIONS AND FISCAL DISCIPLINE

Constitutions serve the dual role of providing the process for making decisions and establishing constraints that limit the substantive outcomes of the decision-making process. Limiting the range of possible outcomes of the fiscal decision-making process can help provide a stable economic environment that promotes economic growth. It can limit the impact of rent-seeking activities by participants in the political system who attempt to use the government’s redistributive powers to further their own interests. It can prevent every issue from being debated every year. On the negative side, however, these same stabilizing attributes may unduly limit the range of options in periods where dramatic change is desired.

Almost every state has a variety of constitutional measures intended to provide fiscal discipline to the governor and legislature as well as to local governments. For example, forty-nine states have a balanced budget requirement and forty-three provide the governor


4. Id. The only state currently without a balanced budget requirement is Vermont. While the Vermont governor is required, by statute, to make recommendations on how to alleviate prior deficits, there is no requirement that the governor submit a balanced budget. Id. at 40-41.

The following states have statutorily balanced budget requirements: Alaska, Arkansas, Connecticut, Florida, Hawaii, Kentucky, Maine, Minnesota, Mississippi, Nevada, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Utah, Virginia and Washington. The following states have constitutional balanced budget requirements (note that 15 of the 20 states with statutory balanced budget provisions also have some constitutional provision): Alaska, Alabama, Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming. Id. at 40 (Table 3).
with line item veto authority. More than half the states have constitutional restrictions on debt. For the most part, these are long-standing provisions that have been in place for many decades.

States also constrain the taxing powers and, to a lesser extent, the spending activities of local governments. Specific property tax rate limits for individual local governments are in place in thirty-one states, while twelve states have limits on the combined property tax rate. Property tax levy limits have been adopted in twenty-one states. In most cases, these limits can be exceeded with voter approval through the referendum process.

In Illinois, the 1970 Constitution requires that the governor submit a balanced budget each year and that appropriations by the General Assembly not exceed the funds expected to be available for the year. In addition, the governor has both line item and reduction veto powers on appropriation bills in Illinois. Unlike most other states, Illinois places constitutional limits on the level of income tax. Both the individual and corporate income tax must have non-graduated rates and the ratio of the corporate tax rate to the individual tax

5. Those states include: Alaska, Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming. Id. at 38 (Table 2).

6. Constitutional debt restrictions are imposed in: Alaska, Alabama, Arizona, California, Colorado, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, North Dakota, Ohio, Oregon, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming. Id. at 38 (Table 2).


10. Id.


12. Ill. Const. art. IV, § 9(d).

13. Ill. Const. art. IX, § 3.
rate cannot exceed 8:5. Accordingly, the corporate rate cannot exceed the individual rate by more than sixty percent.

The Illinois Constitution also gives state government the power to place fiscal limits on local governments. Local taxes, like state taxes, must comply with the constitutional requirements of uniformity and the prohibition of a graduated income tax. Non-home rule local governments have access only to taxes authorized by the state since these governments "have only the power granted them by law." Home rule units are also subject to limits set by the state. Therefore, the state can effectively ban certain taxes, such as the income tax, by not providing authorizing legislation and can set rate limitations on other taxes, such as the property tax and local sales taxes, through legislative initiative.

These traditional fiscal discipline measures imposed on, or available to, state governments seem to have provided a considerable degree of stability to both Illinois and to the other states in the union. States in general have, unlike the federal government, avoided long term deficits by either controlling spending or by raising taxes to provide funds for desired activities. This has been true historically and continues to be true today. Yet these measures seemed to do little to retard the growth of state governments before the 1980's.

II. STATE LEVEL LIMITATION MEASURES: A CLASSIFICATION

As a response to the rapid growth in state and local government in the post-World War II era, many states considered and some approved a variety of measures designed to reduce the size, or at least the rate of growth, of these governments. With the rapid growth of state governmental spending in the early 1970's, even with many of the traditional fiscal disciplinary measures in place, many states went further to adopt more explicit means of limiting the size or the rate of growth of state and local governments.

15. Ill. Const. art. VII, § 6(g).
17. See Giertz, supra note 2.
These explicit state tax and expenditure limitation measures should be considered part of the broader category of mechanisms designed to provide fiscal discipline to government decision-makers which range from very modest constraints that are little more than cosmetic (and seldom restrict or modify fiscal behavior) to ones that are an important force in the state budgeting process. After a period of inactivity in the early 1980's, specific tax and expenditure limitation issues have again arisen in several states. With the consideration of a constitutional convention, and the possibility of an acceleration in state spending should there be a major tax increase, state tax and expenditure limitation measures may be the subject of renewed interest in Illinois. 19

Such specific measures limit state governments in a variety of ways and they may be either constitutional or statutory in nature. 20 In choosing what restraints are suitable to limit the public economy, many states restrict appropriations; either total appropriations, tax revenue appropriations, or general fund appropriations. 21 A smaller number of states restrict revenues; either state tax revenue or total state revenue. 22 Two states limit the governor's general fund appropriation requests. 23

The mechanics of the limitations take one of three forms regardless of whether revenues or appropriations are the base that is restricted. The first form is a fixed percentage limit (such as seven percent) on the yearly growth in the base of revenues or appropriations. The second form is a variable limit on the yearly growth determined by the change in an exogenous factor or factors such as state personal income, population or inflation. The third form limits appropriations or revenues to a fixed percentage of state personal income.

19. State government tax and spending limitation measures addressed in this paper should not be confused with local limitations on local governments such as Proposition 13 in California or Proposition 2 1/2 in Massachusetts.


21. Id. at 148-51 (Table 92).

22. Id.

23. Id. Nevada and Rhode Island both have non-binding limitations on the Governor's appropriation request (Rhode Island) or expenditures (Nevada). Nevada's formula for growth involves a multiplier formula which incorporates population change and inflation. Rhode Island's formula limits appropriation requests to 6% growth. Id.
Every state has some escape clause to deal with unusual or
emergency situations. In many cases, support from a supermajority
of the legislature is necessary to exceed the limit.24 In a few states, a
referendum of voters is needed.25 However, in several states with weak
restrictions the limits can be amended by a simple majority of the
legislature or they are non-binding to begin with.26 Several states also
provide for adjustments when states take on new responsibilities, such
as the transfer of activities from the local to the state level, or for
transfers within the state budget from non-general to general fund
sources.27 Several states which limit revenues also have explicit pro-
visions for the use of excess revenues, such as tax relief or the building
up of a “rainy day” fund.28

Tax and expenditure limitation measures vary greatly from state to state. It is clear that their design is not a simple matter. The base
of what to limit (appropriations, revenues, taxes, etc.) must be
determined first, and then the appropriate constraint must be chosen.
Too low a limit may cause disruption of state activities, while too
large a limit may tacitly encourage a larger-sized government. The
difficulty lies in choosing a limit that effectively restrains excessive
government while not hampering vital state activities, especially when
the economic environment is rapidly changing.

III. ESTABLISHING LIMITS: ARGUMENTS PRO AND CON

The debate over the use of limitation measures has been very
heated. The intellectual discussion goes beyond the age-old argument
about whether taxes are too high or whether governments spend
excessive amounts. It goes to the fundamental question of the efficacy
of majority rule decision-making in regard to fiscal matters. Sophis-
ticated arguments favoring limitations suggest that political decision-
makers need to be constrained by a “fiscal constitution” because of
the potential inefficiency of unconstrained majority rule.

24. Id. at 148-51 (Table 92) (Alaska, Arizona, Hawaii, Idaho, Michigan,
    Missouri, Montana, South Carolina, Utah and Washington).
25. Id. (Alaska and New Jersey).
26. Id. (Colorado, Louisiana, Oregon and Tennessee).
27. Id.
28. Id. at 145, 160-63 (Tables 90 and 97) (Alaska, California, Colorado,
    Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Maine,
    Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, New York,
    Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota,
From a normative standpoint, it can be argued that the primary role of government is to provide various types of public services\(^{29}\) (e.g., national defense, social welfare programs, etc.) that cannot be adequately provided by the private market. Coercion is necessary to provide financing for these types of services because of the "free-rider" problem. Since citizens can potentially receive the benefits of public services regardless of whether they contribute to their provision, it is usually necessary for the government to finance these activities through compulsory taxes.

Governments have the potential to increase economic efficiency by exploiting gains from the provision of public services through their power to raise revenue through coercion. For example, governments must use their taxing power to provide needed activities such as national defense, police protection, and public health services. However, the various institutions created for these purposes may also be used to redistribute resources for reasons based upon the narrow self-interest of the recipients in a negative sum game. This process, known as rent-seeking, may result in substantial lobbying costs for those seeking the transfer as well as those attempting to thwart it.

With majority rule in a representative democracy, the various participants in the political process face differing incentives that affect how actively they participate. A relatively small group of rent-seeking activists may exert more influence on the legislative process than a passive majority. The potential gains to the small but active group may be very large on a per-member basis. They may be willing to spend large amounts of money and time to influence the outcome of the decision-making process. On the other hand, the larger unorganized majority may lack the cohesion to defend their own interests. The per-person cost imposed on this large, diffuse group by the small active group is small, creating limited incentives for the unorganized majority to mount an effective resistance.

This scenario suggests that legislatures may come to be dominated by coalitions of small special interest groups, each with its own spending priorities. Related theories have suggested that government fiscal behavior can be explained by budget-maximizing bureaucrats,\(^{30}\) or in the most extreme case, as a Leviathan exploiting citizens.\(^{31}\) These

\(^{29}\) Public goods are defined as goods and services that are not subject to exclusion (based on price) or rivalry. See generally H. Rosen, Public Finance ch. 5 (2d ed. 1988).

\(^{30}\) See W. Niskanen, Bureaucracy and Representative Government 24-29 (1971).

theories suggest that there is a strong tendency for unconstrained
democratic governments to grow too large and to respond to special
interests at the expense of more general, diffuse interests.

In summary, the arguments for tax and expenditure limits are
based on the belief that government has become, or is likely to grow,
too large because of failures by decision-making institutions. Some-
how, normal political institutions are incapable of accurately reflecting
the preferences of a majority of citizens regarding everyday taxation
and expenditure decisions. The reason for this failure may relate to
the undue power of special interest groups, the use of legislative
techniques such as log-rolling, or the lack of effective voter control
over elected officials and bureaucrats. Without this perceived political
failure, excessive governmental spending and taxation would be avoided
by the normal voting activities of citizens and by the actions of their
elected representatives.

To control fiscal excesses, proponents of tax and expenditure
limits suggest that extraordinary measures need to be put in place to
address the failures of the political system that result in an overly
large government sector. Effective limits would make it more difficult
for special interest groups to increase spending and would place more
pressure on bureaucrats to restrict their activities. Proponents do not
suggest that the limits should be immutable. Like any law or consti-
tutional provision, tax and expenditure limitations can be revised or
amended, although the process of change is purposely made more
difficult than normal legislative decisions. In certain situations, limits
may well prevent a legitimate majority from following their preferred
course of action. This is an expected cost of restraining inefficient
government activities. A desirable by-product may also be a reduction
of wasteful lobbying efforts by groups seeking government favors and
also a reduction in the resources needed to oppose these efforts.

The rejoinder to the arguments in favor of tax and expenditure
limitation propositions focuses on three points.32 The first is the
assertion that government is not really too large, is not growing out
of control and is not perverting the will of the legitimate majority.33
If this is true, limitation measures would presumably fall of their own
weight and fail to win approval. Another response deals with the
pragmatic problems associated with designing and implementing such

   32. See W. OATES, Fiscal Limitations: An Assessment of the U.S. Experience

   33. R. MUSGRAVE, Leviathan Cometh—or Does He? in TAX AND EXPENDITURE
constraints. It is suggested that certain types of expenditures are mandated obligations of state governments or entitlements not under the state’s control. This includes spending on unemployment benefits and welfare support. For example, a limit might mean that a state would be prevented from responding to the problems created by an economic recession. In essence, limits may do their job too well by severely restricting the range of government activities available to respond to changing conditions. The negative side effects of this remedy for excessive government may be more severe than the disease itself.

Finally, it is suggested that limitation measures are ultimately ineffective. They may be so weak that they will simply be ignored or overturned. In addition, constraints will lead to increases in hidden expenditures, such as off-budget activity, user charges, and increased borrowing or increased spending by local governments. Proponents of this view believe that limitation efforts will ultimately be futile, or even counterproductive, in that they may encourage government to engage in lower priority activities as well as those outside the scrutiny of the public.34

The debate over tax and expenditure limitations is a complicated one that often mixes normative judgments about the proper role of government with positive beliefs about the performance of the political system. Limitation mechanisms are usually proposed by conservative groups and opposed by liberals. Yet, these conservatives believe that they are likely to be ultimately ineffective. As yet there is relatively little evidence about the quantitative effect of these measures in controlling the size of state government.

IV. THE EXPERIENCE OF OTHER STATES

Between 1976 and 1982, nineteen states passed some type of limitation measure.35 In two of these states the limitations are no longer in effect, but two additional states passed measures in 1986 and 1987. It is suggested that these actions were in response to the rapid growth of state governments after World War II. Table 1 presents information on state government activity for selected years beginning in 1954.36

By almost any measure, state government grew very rapidly until the mid-1970’s. However, the mood of the country began to change

35. Significant Features, supra note 1, at 148-51 (Table 92).
36. See infra Table 1 at p. 813.
and there was a major slowdown in the rate of growth of state government in the late 1970's. It is unlikely that the limitation measures caused this slowdown, since it occurred prior to the adoption of most plans. Instead, it is more likely that the reduction in the growth rate of state government and the adoption of these limitation measures were both the result of growing dissatisfaction with the size of government.

The current status of state limitation measures is summarized in Table 2.37 This listing of limitations for twenty-one states shows the diversity that exists across adopting states. The jury is still out on their effectiveness in controlling the size of government. State government grew considerably in the United States from 1979 to 1986.38 Generally, states with limitations in place spend less than other states. However, both the propensity to pass limitations and the relatively smaller size of government may reflect tastes in these states for smaller government. That is, the limitations may not have been important in reducing the government's size. A preliminary empirical study found little, if any, impact of limitations on the level of state activity.39

The most dramatic impact of a limitation on state government took place in California in fiscal year 1987. In that year, because of the state's expanding economy, tax revenues exceeded the amount that appropriations were permitted to grow by $1.1 billion. The state was required to return this amount to taxpayers. At the present time, proponents of greater educational spending in California are attempting to modify the situation by replacing the growth rate limitation based on inflation with one based on personal income growth in order to provide more flexibility.40 Clearly limitation measures can no longer be dismissed as irrelevant.

V. TAX AND EXPENDITURE LIMITATIONS: THE IMPPLICATIONS FOR ILLINOIS

Even though there is currently little discussion of tax and expenditure limitation measures in Illinois, there has been interest expressed in the past, and the issue almost certainly would arise in a constitutional convention as one of several issues raised by various single-issue groups.

37. See infra Table 2 at p. 814.
38. Significant Features, supra note 1, at 6-11 (Tables 1-3).
While no state limitations were approved when other states were considering these measures, Illinois voters did approve, by a wide margin, a non-binding referendum in 1978 that read: "Shall legislation be enacted and the Illinois Constitution be amended to impose ceilings on taxes and spending by the state of Illinois, units of local government and school districts?"41

At about this time, a constitutional amendment was proposed that called for limiting state taxes to eight percent of the state's personal income and prohibiting local governments from increasing taxes by more than three percent per year without approval of the voters in the jurisdiction. The amendment never received legislative approval, and thus was never placed before the voters. The proposed amendment was opposed not only by liberals, but also by many conservatives who believed that the ceiling of eight percent was too high and might actually encourage more spending. In retrospect, the limitation on state taxation (had it been approved) would have been unimportant since state taxes as a percentage of personal income have generally declined from their mid-1970's levels.

While Illinois is not among the states with these explicit limitations, the state does have several traditional constitutional provisions promoting fiscal discipline, such as an annually balanced budget requirement and a line item and reduction veto. In addition, the state has a constitutional prohibition against graduated income tax rates and a limit on the corporate tax rate as a percentage of the individual rate.

The growth of state government in Illinois has paralleled national trends. This is shown in Table 3. 42 Both the absolute and relative size of state government grew until the mid-to-late 1970's. As a result of the recessions of the early 1980's, state government actually decreased in size. Since that time, the level of state activity has again reached that of the mid-1970's. This suggests that Illinois has been able to control state government rather well without the benefit of explicit limitation measures. The combination of the balanced budget requirement along with the unwillingness of the General Assembly members to raise taxes seems to have effectively limited the growth of state government in recent years.

Given Illinois' ability to control the size of state government, it is unlikely that an explicit limitation measure could be crafted that

41. See Chicago Tribune, Nov. 9, 1978, § 1, at 10, col. 6 (the advisory referendum received 82% support), id. at 13, col. 2 (referendum passed by 4 to 1 margin).
42. See infra Table 3 at p. 815.
would effectively limit state activities without unduly restricting the state's ability to carry out its traditional governmental functions. This suggests that any limitation measure that might be approved would probably be largely cosmetic, giving the appearance of restraint without actually constraining fiscal behavior.

VI. CONCLUSION

From this discussion, it seems that limiting state government is not a high priority issue that would call for a constitutional convention, and if a convention is held, it is an issue that is best left out of any revised constitutions. The potential problems connected with limitation measures very likely outweigh the benefits that might result.
Table 1
Levels of State Government Activity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Own Source Expenditure</td>
<td>3.4%</td>
<td>4.3%</td>
<td>6.2%</td>
<td>5.8%</td>
<td>6.2%</td>
</tr>
<tr>
<td>as % of GNP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Capita Expenditure</td>
<td>$299</td>
<td>$447</td>
<td>$787</td>
<td>$818</td>
<td>$936</td>
</tr>
<tr>
<td>1982$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own Source Receipts</td>
<td>3.6%</td>
<td>4.6%</td>
<td>6.5%</td>
<td>6.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>as % of GNP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Capita Receipts</td>
<td>$313</td>
<td>$478</td>
<td>$826</td>
<td>$936</td>
<td>$1,117</td>
</tr>
<tr>
<td>1982 $</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2
Tax and Expenditure Limitation Measures

<table>
<thead>
<tr>
<th>State</th>
<th>Year</th>
<th>Measure</th>
<th>Base of Limit</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>1982</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>Inflation and population</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>growth rates (g. r.)</td>
</tr>
<tr>
<td>Arizona</td>
<td>1978</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>7% of state personal inc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>from state taxes</td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>1979</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>Inflation and population</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>from state taxes</td>
<td>growth rates</td>
</tr>
<tr>
<td>Colorado</td>
<td>1979</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>7% growth rate</td>
</tr>
<tr>
<td>Hawaii</td>
<td>1978</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td>Idaho</td>
<td>1980</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>5 1/3% of state per. inc.</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1979</td>
<td>Statutory</td>
<td>State tax revenues</td>
<td>Base per. % of per. inc.</td>
</tr>
<tr>
<td>Mass.</td>
<td>1986</td>
<td>Statutory</td>
<td>State tax revenues</td>
<td>Wages and salary g. r.</td>
</tr>
<tr>
<td>Michigan</td>
<td>1978</td>
<td>Constitut.</td>
<td>State Revenues</td>
<td>Base per. % of per. inc.</td>
</tr>
<tr>
<td>Missouri</td>
<td>1980</td>
<td>Constitut.</td>
<td>State revenues</td>
<td>Base per. % of per. inc.</td>
</tr>
<tr>
<td>Montana</td>
<td>1981</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td>Nevada</td>
<td>1979</td>
<td>Statutory</td>
<td>Proposed Approp.</td>
<td>Inflation and pop. g. r.</td>
</tr>
<tr>
<td>New Jersey*</td>
<td>1976</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>Per cap. per. inc. g. r.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>1987</td>
<td>Statutory</td>
<td>Proposed Approp.</td>
<td>Wages and salary g. r.</td>
</tr>
<tr>
<td>Oregon</td>
<td>1979</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1977</td>
<td>Statutory</td>
<td>Proposed Approp.</td>
<td>6% growth rate</td>
</tr>
<tr>
<td>So. Carolina &amp;</td>
<td>1980</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>from state taxes</td>
<td>or 9.5% of pers. inc.</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1978</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td>Texas</td>
<td>1978</td>
<td>Constitut.</td>
<td>Appropriations</td>
<td>Personal income g. r.</td>
</tr>
<tr>
<td>Utah*</td>
<td>1979</td>
<td>Statutory</td>
<td>Appropriations</td>
<td>85% of pers. inc. g. r.</td>
</tr>
<tr>
<td>Washington</td>
<td>1979</td>
<td>Statutory</td>
<td>State tax revenues</td>
<td>Personal income g. r.</td>
</tr>
</tbody>
</table>

* Not currently in effect.
Table 3
State Government Taxation and Revenue in Illinois

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita State Tax</td>
<td>$784</td>
<td>$847</td>
<td>$751</td>
<td>$860</td>
</tr>
<tr>
<td>Revenue in 1987 Dollars</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per Capita Total State</td>
<td>$943</td>
<td>$988</td>
<td>$881</td>
<td>$1,112</td>
</tr>
<tr>
<td>Source Revenues in</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987 Dollars</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Taxes as Percentage</td>
<td>5.6%</td>
<td>5.6%</td>
<td>5.2%</td>
<td>5.4%</td>
</tr>
<tr>
<td>of State Personal Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total State Source Revenues</td>
<td>6.8%</td>
<td>6.5%</td>
<td>6.1%</td>
<td>6.8%</td>
</tr>
<tr>
<td>as Percentage of State</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Income</td>
<td></td>
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Source: Derived from *Illinois State Budget*, various years and *Illinois Bi-Monthly Data Sheets*, various issues.