



# Commission on Government Forecasting and Accountability

**MONTHLY BRIEFING FOR THE MONTH ENDED: MARCH 2012**

<http://www.ilga.gov/commission/cgfa2006/home.aspx>

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## **ECONOMY: Inflation Concerns Rise**

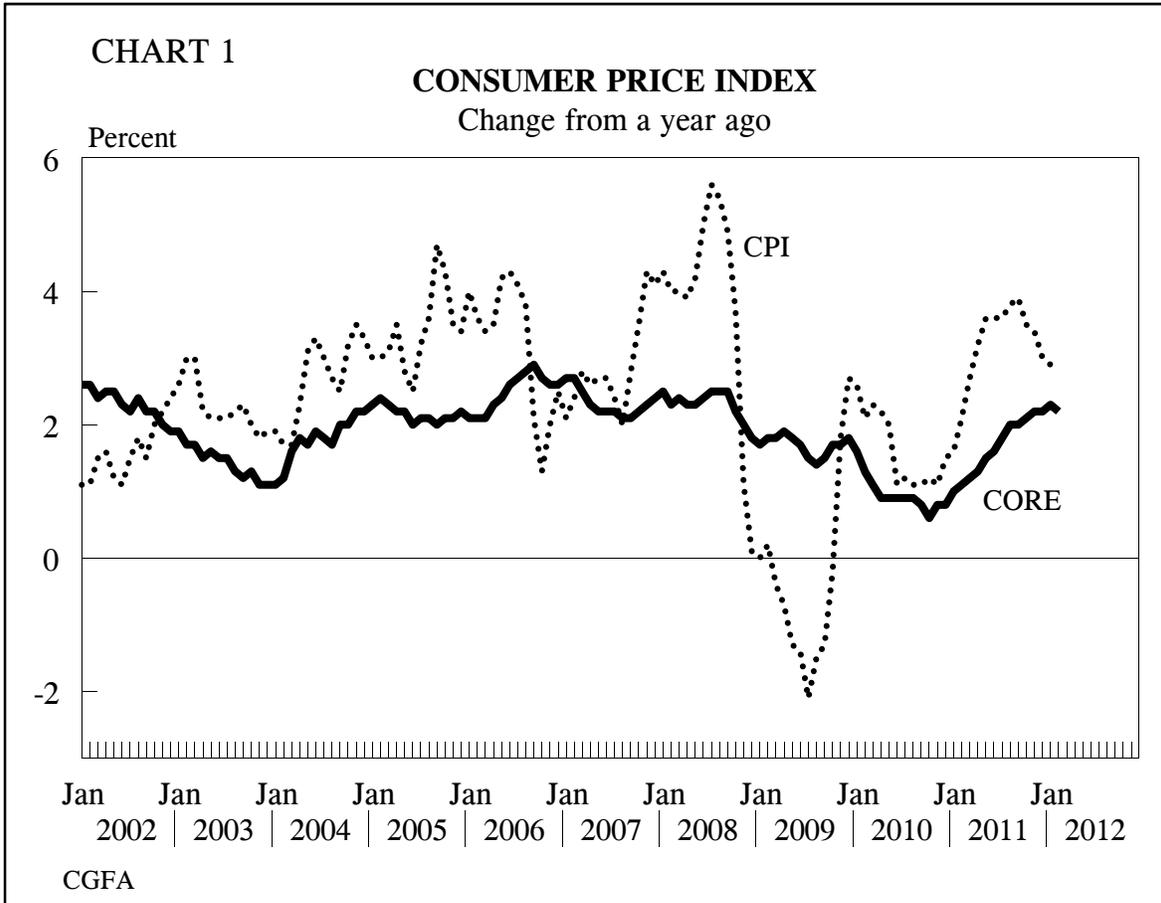
Edward H. Boss, Jr., Chief Economist

Several recent business reports suggest the U.S. economy is continuing to improve, raising concerns over the possibility of igniting inflationary pressures. In large part the basis for this rests with the coordinated efforts of Central Banks that began to nurse the international banking system to health. They slashed interest rates, bought government debt, and took on risky assets of banks, and employed other unprecedented actions, flooding the markets with liquidity. Many suggest these actions can be credited with stabilizing the world's financial markets and avoiding a worldwide depression but at the same time raise other concerns.

With the U.S. economic recovery officially beginning in June 2009, almost 3 years ago, continuation of such an easy money policy without winding it down, coupled with the fact that the Federal Reserve has stated it will stay in effect through late 2014, could set the stage for inflation. Indeed, many point to past monetary policy actions where delays in shifting its policy stance, which acts with a significant lag, were too late to forestall rising prices.

As shown in the Chart on the following page, overall consumer prices as well as the core rate of inflation while currently not exceptionally high have been on a rising trend since late 2010. In February 2012, consumer prices were up 2.9% from a year earlier and the core rate, which excludes food and energy, was up 2.2%. Most evident recently, however, are those sharply rising prices on everyday items that people purchase, particularly gasoline and food, both of which are removed from the core consumer price index.

Energy prices were 7.0% higher in February than a year ago; however, the rise was constrained by a sharp fall in



natural gas prices that were 9.8% lower than a year earlier due in part to warm weather in the normally colder parts of the U.S. and excessive supplies. At the same time, gasoline prices rose 12.6% with the recent price escalation not yet reflected in the numbers. Overall food prices were up 3.9% from a year earlier with the food at home category up 4.5%. Grocery prices usually have a small price mark up so that the extremely high gasoline prices driving up the cost of delivery are yet to be reflected in the data. Even so, the minutes of the latest Federal Reserve Open Market Committee stated, *“The recent increase in oil and gasoline prices will push up inflation*

*temporarily, but the Committee anticipates that subsequently inflation will run at or below the rate that it judges most consistent with its dual mandate.”*

The other half of the Fed’s mandate of course is to seek maximum employment. While there has been some improvement in the labor markets, particularly in recent months, the unemployment rate remains at an exceptionally high rate of 8.3% and the number of non-farm payroll jobs are more than 5 million fewer than existed prior to the last recession. The slow improvement reflects the anemic pace of the economic recovery as well as hurdles still to be surmounted.

While the U.S. pace of expansion is weak, it is doing better than Europe where many countries are either in recession or near one and roughly 20% of U.S. exports go to Europe. Even China has slowed its growth rate. At home, soaring gasoline prices will cut into consumer's ability to spend. Latest U.S. growth data are for the final quarter of 2011 and show real GDP rising at a 3.0% rate, the fastest since the second quarter of 2011. Even so, the headwinds just mentioned as well as the build-up of business inventories last

quarter are causing many forecasters to lower their growth rates for the quarter just ended to half that rate or less.

Given the policy choices at hand between thwarting the threat of inflation or continuing to actively support economic growth and employment, it appears the Fed has decided to continue its low interest rate policy, even if it requires more quantitative easing. Thus, inflation concerns are likely to be put on the back burner for some time.

<b>INDICATORS OF ILLINOIS ECONOMIC ACTIVITY</b>			
<u>INDICATORS</u>	<u>FEB. 2012</u>	<u>JAN. 2012</u>	<u>FEB. 2011</u>
Unemployment Rate (Average)	9.1%	9.4%	9.3%
Annual Rate of Inflation (Chicago)	0.2%	5.4%	1.6%
<b>—————</b>			
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (February)	6,589	0.1%	0.5%
Employment (thousands) (February)	5,990	0.5%	0.8%
New Car & Truck Registration (February)	33,975	-23.2%	17.8%
Single Family Housing Permits (February)	409	16.1%	10.8%
Total Exports (\$ mil) (January)	5,212	-6.3%	12.4%
Chicago Purchasing Managers Index (March)	62.2	-2.8%	-11.8%

## \$575 Million General Obligation Bond Sale

Lynnae Kapp, Senior Revenue/Bond Analyst

The State sold \$575 million in March 2012, getting a true interest cost of 4.19%. Bond proceeds will be used for projects under the State's multi-year \$31 billion capital plan. Estimated bond sales for FY 2012 are \$1.55 billion of G.O. bonds, of which \$1.375 billion have been sold, and \$450 million of Build Illinois Bonds, of which \$300 million have been sold.

The Governor's Office of Management and Budget closed on an \$800 million General Obligation Bond sale in January 2012. The Bonds were sold competitively in two series. Series A was tax-exempt in the amount of \$525 million with a True Interest Cost of 3.9125%. Series B was taxable in the amount of \$275 million which sold at a True Interest Cost of 5.299%. The 3.9% TIC was the lowest rate received on a G.O. tax-exempt bond sale in at least the last thirty years of

Illinois history. This low rate came even after the downgrade received by Moody's the week before.

With the sale of \$800 million in General Obligation Bonds in January 2012, the three rating agencies gave their analysis on where the State stands. Fitch reaffirmed its A rating with a stable outlook, while Standard & Poor's reaffirmed their ratings of an A+ with a negative outlook. Moody's downgraded Illinois' G.O. Bond rating from A1 to A2 and gave the State a stable outlook. They also downgraded the State's Build Illinois Bonds from A1 to A2, the Metropolitan Pier & Exposition Authority's Bonds and State Civic Center Bonds from A2 to A3. Moody's also put the State's public universities on watch for possible downgrades due to their receipt of State funding, payments of which have been consistently late.

ILLINOIS GENERAL OBLIGATION BOND RATINGS										
RATING	July	June	June	May	Dec	Mar-July	Dec	Mar-Apr	June	January
AGENCIES	1997	1998	2000	2003	2008	2009	2009	2010	2010	2012
Fitch Ratings	AA	AA	AA+	AA	AA-	A	A	A-/A+*	A	A
Standard & Poor's	AA	AA	AA	AA	AA	AA-	A+	A+	A+	A+
Moody's	Aa3	Aa2	Aa2	Aa3	Aa3	A1	A2	A2/Aa3*	A1	A2

\*Fitch and Moody's recalibrated their Municipal Bond ratings to be on a scale with their global ratings, thereby moving Illinois up to A+ and Aa3, respectively. These are NOT considered upgrades.

BUILD ILLINOIS BOND RATINGS						
Rating	Apr/July	Oct	Dec	Mar-Apr	June	January
Agencies	2009	2009	2009	2010*	2010	2012
Fitch Ratings	AA	AA	AA	AA+	AA+	AA+
Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA
Moody's	Aa3	A1	A2	Aa3	A1	A2

\*Fitch and Moody's Recalibration.

**Interfund Borrowing Payback**  
Lynnae Kapp, Senior Revenue/Bond Analyst

Public Act 96-0958 allowed the Governor to use Interfund Borrowing from July 1, 2010 through January 9, 2011. Public Act 95-1500, signed into law January 18, 2011, extended the use of Interfund Borrowing until June 30, 2011. Borrowing from any fund must be paid back within 18 months of the date borrowed.

Interfund Borrowing totaled \$496 million. Below is a break out by fund of the amounts borrowed, amounts paid back, and interest paid to date. Almost \$301 million has been paid back as of March 31, 2012. Fifty-two of the 172 funds are paid back in full, and interest has been paid on 32 funds.

FY2011 INTERFUND BORROWING		PA 96-0958	Paid Back	Remainder	Interest Paid
No.	Fund	Borrowed	Total To Date		
0015	Penny Sevens Breast, Cervical, and Ovarian Cancer Research Fund	\$354,200	\$354,200	\$0	
0019	Grade Crossing Protection Fund	\$11,026,600	\$0	\$11,026,600	
0021	Financial Institution Fund	\$2,952,000	\$1,783,000	\$1,169,000	
0023	Economic Research and Information Fund	\$29,800	\$0	\$29,800	
0025	Group Home Loan Revolving Fund	\$56,000	\$56,000	\$0	
0046	Aeronautics Fund	\$73,500	\$0	\$73,500	
0049	Industrial Hygiene Regulatory & Enforcement Fund	\$13,400	\$8,000	\$5,400	
0057	IL State Pharmacy Disciplinary Fund	\$77,000	\$77,000	\$0	\$542
0060	Alzheimer's Disease Research Fund	\$134,900	\$134,900	\$0	
0113	Community Health Center Care Fund	\$560,500	\$21,000	\$539,500	
0114	Emergency Response Reimbursement Fund	\$33,000	\$33,000	\$0	
0115	Safe Bottled Water Fund	\$21,700	\$0	\$21,700	
0130	School District Emergency Financial Assistance Fund	\$294,700	\$0	\$294,700	
0135	Heartsaver AED Fund	\$202,900	\$0	\$202,900	
0137	Plugging and Restoration Fund	\$40,200	\$0	\$40,200	
0145	Explosives Regulatory Fund	\$74,100	\$0	\$74,100	
0146	Aggregate Operations Regulatory Fund	\$57,800	\$0	\$57,800	
0150	Rental Housing Support Program Fund	\$5,857,000	\$0	\$5,857,000	
0151	Registered CPA Administration & Disciplinary Fund	\$3,588,000	\$3,538,000	\$50,000	\$24,480
0152	State Crime Laboratory Fund	\$232,300	\$0	\$232,300	
0156	Motor Vehicle Theft Prevention Fund	\$0	\$0	\$0	
0163	Weights and Measures Fund	\$2,992,400	\$802,000	\$2,190,400	
0189	Local Government Tax Fund	\$100,000,000	\$100,000,000	\$0	
0197	Epilepsy Treatment & Education Grants-in-Aid Fund	\$26,000	\$26,000	\$0	
0198	Diabetes Research Checkoff Fund	\$141,100	\$141,100	\$0	\$458
0208	Ticket For The Cure Fund	\$1,018,700	\$1,018,700	\$0	
0215	CDB Revolving Fund	\$4,976,600	\$1,085,000	\$3,891,600	
0225	Illinois Sports Facilities Fund	\$3,199,600	\$0	\$3,199,600	
0228	Autism Research Checkoff Fund	\$63,000	\$63,000	\$0	\$176
0238	IL Health Facilities Planning Fund	\$2,463,400	\$672,000	\$1,791,400	
0240	Emergency Public Health Fund	\$1,966,300	\$0	\$1,966,300	
0241	Transmitters of Money Act (TOMA) Consumer Protection Fund	\$273,000	\$198,000	\$75,000	\$1,393

FY2011 INTERFUND BORROWING		PA 96-0958	Paid Back	Remainder	Interest Paid
No.	Fund	Borrowed	Total To Date		
0245	Fair and Exposition Fund	\$449,400	\$0	\$449,400	
0265	State Rail Freight Loan Repayment Fund	\$8,492,000	\$8,492,000	\$0	\$59,728
0277	Pollution Control Board Fund	\$64,900	\$61,000	\$3,900	
0279	Debt Collection Fund	\$27,100	\$9,000	\$18,100	
0285	Long Term Care Monitor/Receiver Fund	\$332,900	\$0	\$332,900	
0286	IL Affordable Housing Trust Fund	\$26,573,700	\$18,000,000	\$8,573,700	\$96,054
0287	Home Care Services Agency Licensure Fund	\$549,200	\$25,000	\$524,200	
0290	Fertilizer Control Fund	\$280,500	\$0	\$280,500	
0292	Securities Investors Education Fund	\$1,000,000	\$0	\$1,000,000	
0294	Used Tire Management Fund	\$3,986,800	\$0	\$3,986,800	
0298	Natural Areas Acquisition Fund	\$3,460,400	\$0	\$3,460,400	
0299	Open Space Lands Acquisition & Development Fund	\$38,439,100	\$15,000,000	\$23,439,100	
0306	I-FLY Fund	\$45,000	\$45,000	\$0	
0310	Tax Recovery Fund	\$408,000	\$184,000	\$224,000	
0316	IL Prescription Drug Discount Program Fund	\$256,000	\$256,000	\$0	
0326	African-American HIV/AIDS Response Fund	\$1,415,000	\$0	\$1,415,000	
0327	Tattoo and Body Piercing Establishment Registration Fund	\$102,500	\$0	\$102,500	
0334	Ambulance Revolving Loan Fund	\$3,302,000	\$3,133,000	\$169,000	
0336	Environmental Laboratory Certification Fund	\$102,000	\$0	\$102,000	
0341	Provider Inquiry Trust Fund	\$490,600	\$0	\$490,600	
0356	Law Enforcement Camera Grant Fund	\$3,048,600	\$2,522,000	\$526,600	\$17,453
0360	Lead Poisoning Screening, Prevention, and Abatement Fund	\$1,102,500	\$0	\$1,102,500	
0362	Securities Audit and Enforcement Fund	\$2,000,000	\$2,000,000	\$0	\$11,675
0369	Feed Control Fund	\$202,000	\$0	\$202,000	
0370	Tanning Facility Permit Fund	\$95,900	\$0	\$95,900	
0375	Natural Heritage Fund	\$75,500	\$45,000	\$30,500	
0378	Insurance Premium Tax Refund Fund	\$567,000	\$567,000	\$0	
0384	Tax Compliance Administration Fund	\$12,804,900	\$0	\$12,804,900	
0386	Appraisal Administration Fund	\$839,000	\$500,000	\$339,000	
0387	Small Business Environmental Assistance Fund	\$22,700	\$0	\$22,700	
0388	Regulatory Evaluation and Basic Enforcement Fund	\$52,000	\$0	\$52,000	
0389	Sexual Assault Services Fund	\$102,600	\$0	\$102,600	
0390	IL Habitat Endowment Trust Fund	\$11,600,000	\$11,600,000	\$0	\$4,280
0398	EMS Assistance Fund	\$140,600	\$0	\$140,600	
0406	Comprehensive Regional Planning Fund	\$150,000	\$150,000	\$0	
0417	State College and University Trust Fund	\$107,200	\$0	\$107,200	
0418	University Grant Fund	\$51,500	\$9,000	\$42,500	
0424	IL Power Agency Trust Fund	\$24,331,100	\$24,300,000	\$31,100	\$168,993
0425	Illinois Power Agency Operations Fund	\$3,321,500	\$0	\$3,321,500	
0429	Multiple Sclerosis Research Fund	\$1,928,100	\$927,000	\$1,001,100	\$6,436
0430	Livestock Management Facilities Fund	\$56,800	\$30,000	\$26,800	
0435	Charitable Trust Stabilization Fund	\$2,136,095	\$2,003,395	\$132,700	\$9,692
0437	Quality of Life Endowment Fund	\$2,116,000	\$2,116,000	\$0	\$7,821
0438	Illinois State Fair Fund	\$177,100	\$0	\$177,100	
0445	Sex Offender Investigation Fund	\$68,800	\$0	\$68,800	
0446	Employee Classification Fund	\$15,000	\$15,000	\$0	

FY2011 INTERFUND BORROWING		PA 96-0958	Paid Back	Remainder	Interest Paid
No.	Fund	Borrowed	Total To Date		
0449	Interpreters for the Deaf Fund	\$117,600	\$21,000	\$96,600	\$148
0469	Autoimmune Disease Research Fund	\$44,000	\$44,000	\$0	\$131
0474	Human Services Priority Capital Program Fund	\$1,648,000	\$1,648,000	\$0	\$11,591
0478	Predatory Lending Database Program Fund	\$650,000	\$550,000	\$100,000	
0480	Secretary of State Identification Security and Theft Prevention Fund	\$5,000,000	\$0	\$5,000,000	
0504	Wildlife Prairie Park Fund	\$46,000	\$46,000	\$0	
0510	IL Fire Fighters' Memorial Fund	\$3,061,100	\$2,783,000	\$278,100	
0514	State Asset Forfeiture Fund	\$549,100	\$0	\$549,100	
0517	Police Training Board Services Fund	\$7,200	\$0	\$7,200	
0518	Fire Service and Small Equipment Fund	\$81,900	\$0	\$81,900	
0528	Domestic Violence Abuser Services Fund	\$28,900	\$0	\$28,900	
0534	IL Workers' Compensation Commission Operations Fund	\$11,107,000	\$10,000,000	\$1,107,000	
0535	Sex Offender Registration Fund	\$74,300	\$45,000	\$29,300	
0537	State Offender DNA Identification System Fund	\$641,500	\$0	\$641,500	
0548	Drycleaner Environmental Response Trust Fund	\$948,100	\$0	\$948,100	
0552	Workforce, Technology, and Economic Development Fund	\$60,800	\$0	\$60,800	
0555	Good Samaritan Energy Trust Fund	\$28,500	\$0	\$28,500	
0559	Downstate Transit Improvement Fund	\$17,000,000	\$17,000,000	\$0	
0562	Pawnbroker Regulation Fund	\$29,000	\$29,000	\$0	
0564	Renewable Energy Resources Trust Fund	\$2,617,700	\$0	\$2,617,700	
0567	Charter Schools Revolving Loan Fund	\$3,800	\$0	\$3,800	
0569	School Technology Revolving Loan Fund	\$2,413,800	\$1,073,000	\$1,340,800	
0570	Illinois and Michigan Canal Fund	\$83,900	\$0	\$83,900	
0571	Energy Efficiency Trust Fund	\$1,375,000	\$750,000	\$625,000	
0576	Pesticide Control Fund	\$2,627,700	\$1,000,000	\$1,627,700	
0582	DCFS Special Purposes Trust Fund	\$222,100	\$0	\$222,100	
0588	September 11th Fund	\$238,200	\$77,000	\$161,200	
0589	Transportation Safety Highway Hire-back Fund	\$157,200	\$0	\$157,200	
0605	Temporary Relocation Expenses Revolving Grant Fund	\$599,100	\$0	\$599,100	
0608	Partners for Conservation Fund	\$3,489,600	\$0	\$3,489,600	
0611	Fund for Illinois' Future	\$2,021,900	\$0	\$2,021,900	
0613	Wireless Carrier Reimbursement Fund	\$6,665,500	\$0	\$6,665,500	
0621	International Tourism Fund	\$5,243,200	\$1,000,000	\$4,243,200	
0623	Special Olympics IL Fund	\$23,000	\$23,000	\$0	
0626	Prostate Cancer Research Fund	\$25,000	\$25,000	\$0	
0635	Death Certificate Surcharge Fund	\$1,053,000	\$0	\$1,053,000	
0637	State Police Wireless Service Emergency Fund	\$2,725,200	\$985,000	\$1,740,200	
0638	IL Adoption Registry & Medical Information Exchange Fund	\$4,000	\$4,000	\$0	
0643	Auction Recovery Fund	\$288,000	\$288,000	\$0	\$2,026
0652	Over Dimensional Load Police Escort Fund	\$19,100	\$0	\$19,100	
0654	Healthy Smiles Fund	\$22,600	\$22,600	\$0	
0660	Academic Quality Assurance Fund	\$344,400	\$133,000	\$211,400	
0661	Private College Academic Quality Assurance Fund	\$67,800	\$35,000	\$32,800	
0669	Airport Land Loan Revolving Fund	\$90,000	\$90,000	\$0	\$633
0675	Electronics Recycling Fund	\$26,800	\$0	\$26,800	
0678	FY09 Budget Relief Fund	\$14,000,000	\$14,000,000	\$0	

FY2011 INTERFUND BORROWING		PA 96-0958	Paid Back	Remainder	Interest Paid
No.	Fund	Borrowed	Total To Date		
0697	Roadside Memorial Fund	\$163,000	\$24,000	\$139,000	
0702	Assisted Living and Shared Housing Regulatory Fund	\$122,400	\$0	\$122,400	
0705	State Police Whistleblower Reward and Protection Fund	\$11,048,800	\$1,600,000	\$9,448,800	
0706	Hunger Relief Fund	\$98,400	\$98,400	\$0	\$273
0714	Spinal Cord Injury Paralysis Cure Research Trust Fund	\$597,600	\$127,000	\$470,600	
0725	Illinois Military Family Relief Fund	\$224,400	\$224,400	\$0	
0731	IL Clean Water Fund	\$1,650,000	\$1,204,000	\$446,000	\$7,463
0738	Alternative Compliance Market Account Fund	\$352,200	\$202,000	\$150,200	\$1,421
0740	Medicaid Buy-In Program Revolving Fund	\$761,300	\$442,000	\$319,300	\$2,561
0744	IL Animal Abuse Fund	\$8,400	\$5,000	\$3,400	
0746	Home Inspector Admin Fund	\$373,000	\$248,000	\$125,000	\$1,681
0750	Real Estate Audit Fund	\$151,000	\$151,000	\$0	\$1,062
0753	IL Future Teacher Corps Scholarship Fund	\$173,200	\$88,000	\$85,200	
0754	IL AgriFIRST Program Fund	\$203,100	\$0	\$203,100	
0764	Pet Population Control Fund	\$40,700	\$0	\$40,700	
0774	Oil Spill Response Fund	\$34,000	\$14,000	\$20,000	\$82
0776	Presidential Library and Museum Operating Fund	\$1,420,600	\$0	\$1,420,600	
0777	Crisis Nursery Fund	\$42,500	\$42,500	\$0	
0778	Dept. of Human Rights Training & Development Fund	\$15,000	\$15,000	\$0	
0784	Performance-enhancing Substance Testing Fund	\$55,000	\$0	\$55,000	
0790	Private Sewage Disposal Program Fund	\$82,600	\$0	\$82,600	
0794	Metro-East Public Transportation Fund	\$91,000	\$91,000	\$0	
0795	Bank and Trust Company Fund	\$8,000,000	\$8,000,000	\$0	\$51,229
0797	Dept. of Human Rights Special Fund	\$136,000	\$136,000	\$0	
0823	Illinois State Dental Disciplinary Fund	\$1,400,000	\$1,400,000	\$0	\$9,727
0830	Dept. of Aging State Projects Fund	\$53,000	\$53,000	\$0	
0836	IL Power Agency Renewable Energy Resources Fund	\$6,710,000	\$2,000,000	\$4,710,000	
0840	Hazardous Waste Research Fund	\$150,600	\$0	\$150,600	
0845	Environmental Protection Trust Fund	\$1,940,800	\$780,000	\$1,160,800	
0849	Real Estate Research and Education Fund	\$241,000	\$241,000	\$0	\$1,695
0865	Domestic Violence Shelter and Service Fund	\$355,800	\$0	\$355,800	
0866	Snowmobile Trail Establishment Fund	\$29,500	\$29,500	\$0	
0878	Drug Traffic Prevention Fund	\$128,200	\$0	\$128,200	
0888	Design Professionals Admin and Investigation Fund	\$318,000	\$318,000	\$0	\$2,027
0906	State Police Services Fund	\$3,157,500	\$0	\$3,157,500	
0910	Youth Drug Abuse Prevention Fund	\$14,400	\$0	\$14,400	
0922	Insurance Producer Administration Fund	\$10,788,400	\$0	\$10,788,400	
0927	Illinois National Guard Armory Construction Fund	\$4,300	\$0	\$4,300	
0930	Senior Citizens Real Estate Deferred Tax Revolving Fund	\$1,554,500	\$0	\$1,554,500	
0940	Self-Insurers Security Fund	\$10,000,000	\$10,000,000	\$0	
0942	Low-level Radioactive Waste Facility Development and Operation Fund	\$720,100	\$514,000	\$206,100	\$3,291
0954	Illinois State Podiatric Disciplinary Fund	\$30,000	\$0	\$30,000	
0963	Vehicle Inspection Fund	\$18,982,300	\$2,800,000	\$16,182,300	
0973	Illinois Capital Revolving Loan Fund	\$6,166,300	\$0	\$6,166,300	
0974	Illinois Equity Fund	\$540,000	\$0	\$540,000	
0975	Large Business Attraction Fund	\$610,400	\$0	\$610,400	
0993	Public Infrastructure Construction Loan Revolving Fund	\$11,496,600	\$11,471,000	\$25,600	\$60,651
0997	Insurance Financial Regulation Fund	\$7,515,800	\$4,839,000	\$2,676,800	
	<b>Total</b>	<b>\$496,011,595</b>	<b>\$300,829,695</b>	<b>\$195,181,900</b>	<b>\$566,871</b>

## REVENUE

### March Revenues Mixed – Higher Tax Receipting Offset by Falloff in Transfers and Federal Receipts

Jim Muschinske, Revenue Manager

Overall base revenues for March dropped \$38 million. While the larger economically related sources performed quite well for the month, their gains were wiped out by comparatively poor federal receipting and transfers. March had one less receipting day when compared to last year.

Gross corporate income tax grew \$188 million or \$156 million net of refunds. The significant growth reflects the higher tax rates in final payments. At this same time last year, final payments had yet to reflect the rate change. Gross personal income tax grew \$106 million, or \$97 million net of refunds. Sales taxes also performed quite well, rising \$54 million. As expected, inheritance tax receipts jumped as a consequence of tax changes that went into effect January 2011, up \$38 million. Insurance taxes increased \$24 million in March, while liquor taxes managed to eke out a \$1 million gain.

Public utility taxes dropped \$16 million in March, corporate franchise taxes fell \$7 million, while other sources dipped \$2 million.

Overall transfers declined \$156 million in March. The decline reflects last year's \$142 million of interfund borrowing, which contributed to other transfers falling a total of \$165 million for the month. Lottery transfers grew \$8 million, while riverboat transfers managed a \$1 million gain.

#### Year to Date

Through the first three-fourths of the fiscal year, absent short-term borrowing, tobacco settlement proceeds, Pension Contribution Fund transfers and Budget Stabilization Fund transfers, base general funds revenues are up \$1.864 billion. The increase has been fueled by comparatively higher income tax receipts stemming from the January 2011 rate increases as well as continued strong sales tax receipts. Those items have been more than enough to overcome a significant falloff in federal sources that resulted from less reimbursable spending as well as a return to a lower federal matching rate [under ARRA, states enjoyed approximately two years of higher reimbursable match which has now ended].

To date, gross personal income taxes are up \$3.938 billion, or \$3.594 billion net of refunds. Gross corporate income taxes are up \$414 million, or \$368 million net of refunds. Sales taxes increased \$314 million, while all other revenue sources displayed a decline of \$7 million.

Overall transfers are down \$340 million, primarily as a result of \$496 million of interfund borrowing that took place last fiscal year through March. Other transfers are down \$424 million, while regular riverboat transfers are up \$5 million [the final payment of \$73

million is related to the sale of the 10<sup>th</sup> license]. Lottery transfers are up \$6 million for the year. Federal source receipts suffered a significant drop

falling \$2.065 billion due to lower reimbursable spending as well as reduced reimbursement rates previously enjoyed under ARRA.

## GENERAL FUNDS RECEIPTS: MARCH

FY 2012 vs. FY 2011

(\$ million)

<u>Revenue Sources</u>	<u>March FY 2012</u>	<u>March FY 2011</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$1,487	\$1,381	\$106	7.7%
Corporate Income Tax (regular)	523	335	\$188	56.1%
Sales Taxes	575	521	\$54	10.4%
Public Utility Taxes (regular)	120	136	(\$16)	-11.8%
Cigarette Tax	29	29	\$0	0.0%
Liquor Gallonage Taxes	12	11	\$1	9.1%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax (Gross)	39	1	\$38	N/A
Insurance Taxes and Fees	61	37	\$24	64.9%
Corporate Franchise Tax & Fees	15	22	(\$7)	-31.8%
Interest on State Funds & Investments	3	3	\$0	0.0%
Cook County IGT	0	0	\$0	N/A
Other Sources	31	33	(\$2)	-6.1%
<b>Subtotal</b>	<b>\$2,898</b>	<b>\$2,512</b>	<b>\$386</b>	<b>15.4%</b>
<b>Transfers</b>				
Lottery	72	64	\$8	12.5%
Riverboat transfers & receipts	18	17	\$1	5.9%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Other	58	223	(\$165)	-74.0%
<b>Total State Sources</b>	<b>\$3,046</b>	<b>\$2,816</b>	<b>\$230</b>	<b>8.2%</b>
<b>Federal Sources</b>	<b>\$364</b>	<b>\$591</b>	<b>(\$227)</b>	<b>-38.4%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$3,410</b>	<b>\$3,407</b>	<b>\$3</b>	<b>0.1%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$130)	(\$121)	(\$9)	7.4%
Corporate Income Tax	(\$91)	(59)	(\$32)	54.2%
<b>Subtotal General Funds</b>	<b>\$3,189</b>	<b>\$3,227</b>	<b>(\$38)</b>	<b>-1.2%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$0</b>	<b>\$224</b>	<b>(\$224)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$3,189</b>	<b>\$3,451</b>	<b>(\$262)</b>	<b>-7.6%</b>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

3-Apr-12

## GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2012 vs. FY 2011

(\$ million)

<u>Revenue Sources</u>	<u>FY 2012</u>	<u>FY 2011</u>	<u>CHANGE FROM FY 2011</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$11,750	\$7,812	\$3,938	50.4%
Corporate Income Tax (regular)	1,793	1,379	\$414	30.0%
Sales Taxes	5,392	5,078	\$314	6.2%
Public Utility Taxes (regular)	789	859	(\$70)	-8.1%
Cigarette Tax	265	266	(\$1)	-0.4%
Liquor Gallonage Taxes	124	119	\$5	4.2%
Vehicle Use Tax	21	22	(\$1)	-4.5%
Inheritance Tax (Gross)	173	118	\$55	46.6%
Insurance Taxes and Fees	228	200	\$28	14.0%
Corporate Franchise Tax & Fees	148	162	(\$14)	-8.6%
Interest on State Funds & Investments	15	25	(\$10)	-40.0%
Cook County IGT	150	150	\$0	0.0%
Other Sources	298	297	\$1	0.3%
<b>Subtotal</b>	<b>\$21,146</b>	<b>\$16,487</b>	<b>\$4,659</b>	<b>28.3%</b>
<b>Transfers</b>				
Lottery	451	445	\$6	1.3%
Riverboat transfers & receipts	264	259	\$5	1.9%
Proceeds from Sale of 10th license	73	0	\$73	N/A
Other	584	1,008	(\$424)	-42.1%
<b>Total State Sources</b>	<b>\$22,518</b>	<b>\$18,199</b>	<b>\$4,319</b>	<b>23.7%</b>
<b>Federal Sources</b>				
<b>Total Federal &amp; State Sources</b>	<b>\$2,217</b>	<b>\$4,282</b>	<b>(\$2,065)</b>	<b>-48.2%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$1,028)	(\$684)	(\$344)	50.3%
Corporate Income Tax	(\$314)	(\$268)	(\$46)	17.2%
<b>Subtotal General Funds</b>	<b>\$23,393</b>	<b>\$21,529</b>	<b>\$1,864</b>	<b>8.7%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$1,300</b>	<b>(\$1,300)</b>	<b>N/A</b>
<b>Tobacco Liquidation Proceeds</b>	<b>\$0</b>	<b>\$1,250</b>	<b>(\$1,250)</b>	<b>N/A</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$0</b>	<b>\$224</b>	<b>(\$224)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$275</b>	<b>\$235</b>	<b>\$40</b>	<b>17.0%</b>
<b>Total General Funds</b>	<b>\$23,668</b>	<b>\$24,538</b>	<b>(\$870)</b>	<b>-3.5%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				3-Apr-12