

# FY 2011 Economic Forecast and Revenue Estimate

## FY 2010 Revenue Update



Presented by:

Commission on Government Forecasting and Accountability  
703 Stratton Office Building; Springfield, Illinois 62706

March 16, 2010

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

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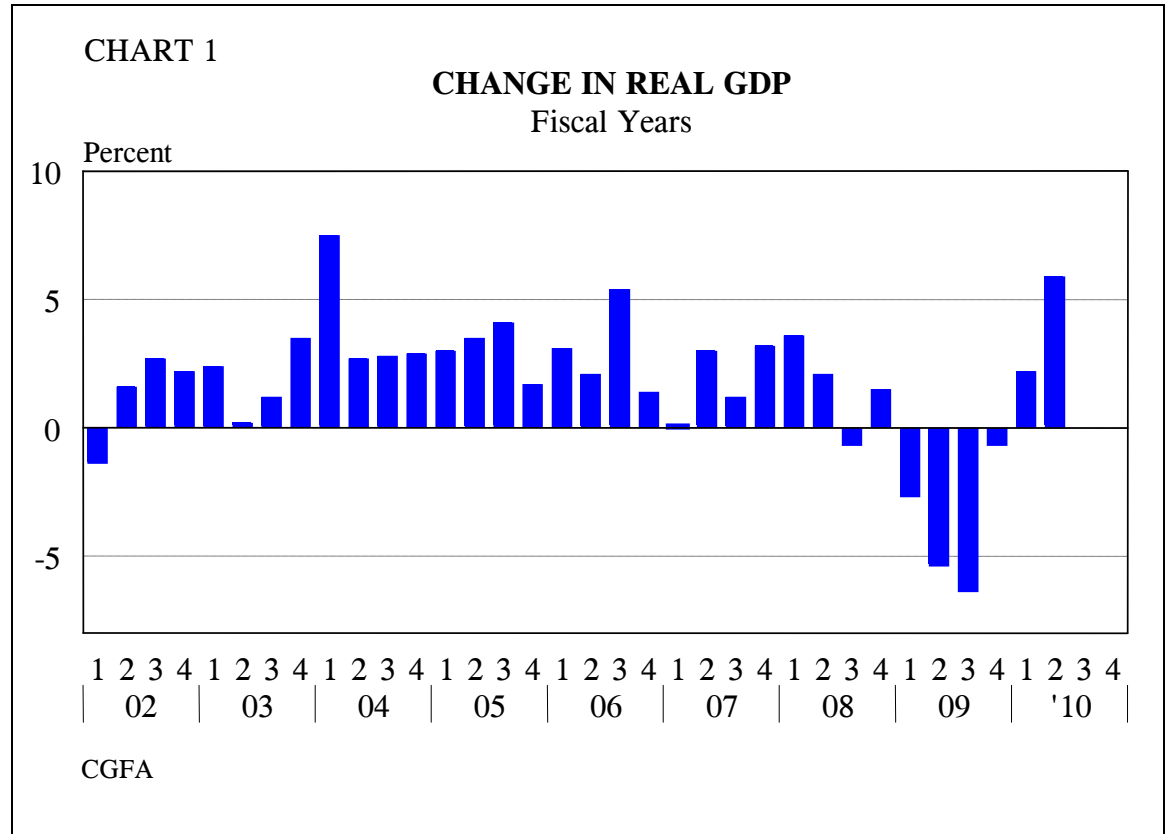
## CGFA Background & Responsibilities

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- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State.
- Preparation of annual revenue estimates with periodic updates;
- Analysis of the fiscal impact of revenue bills;
- Preparation of State Debt Impact Notes;
- Periodic assessment of capital facility plans;
- Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
- Implement the provisions of the State Facility Closure Act;
- Annual estimates of public pension funding requirements and preparation of pension impact notes.

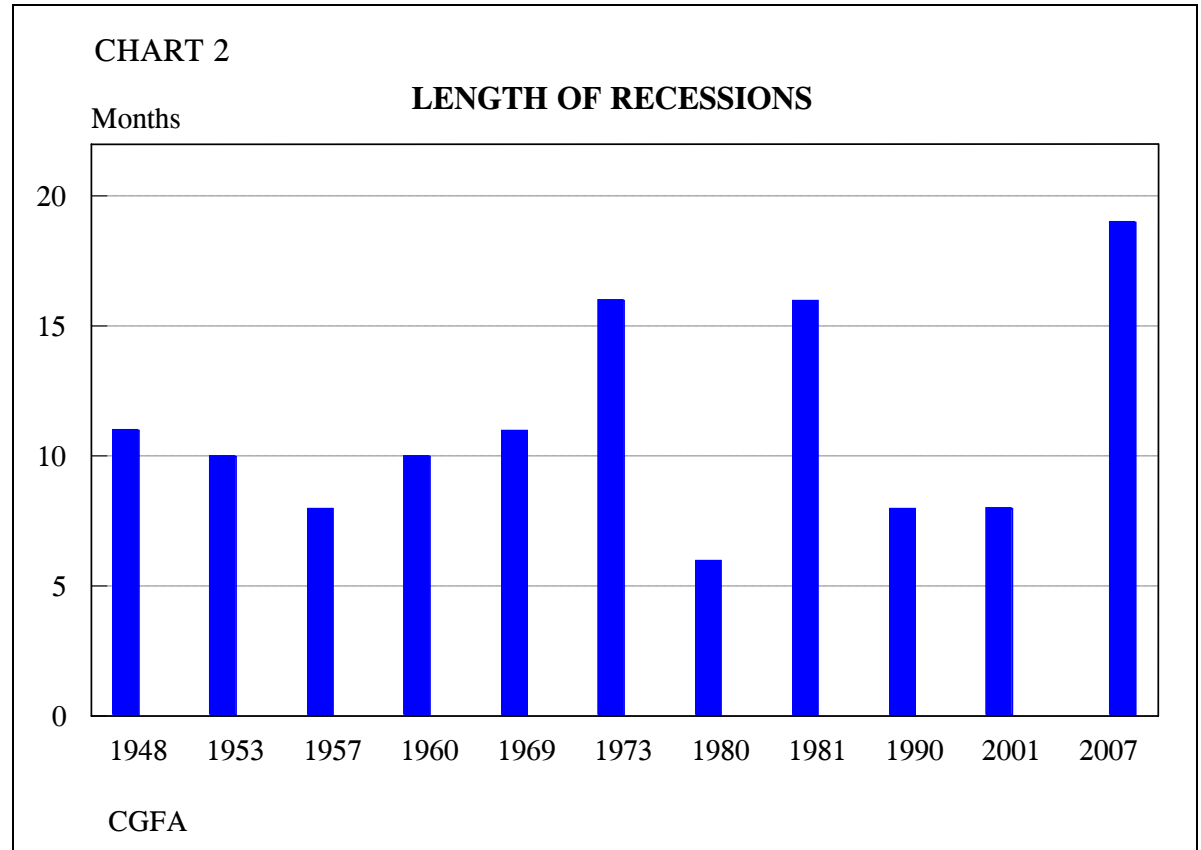
## CHANGE IN REAL GDP

- Economic activity resumed growth in the first half of FY 2010, following FY 2009 when economic activity had declined in every quarter.
- The sharper gain in the latest reported quarter largely reflected increases in government spending due to the stimulative program, although business spending showed improvement and consumer spending was somewhat better than had been expected.
- While the rate of growth may slow from that recorded in the last quarter, it is likely to remain positive.



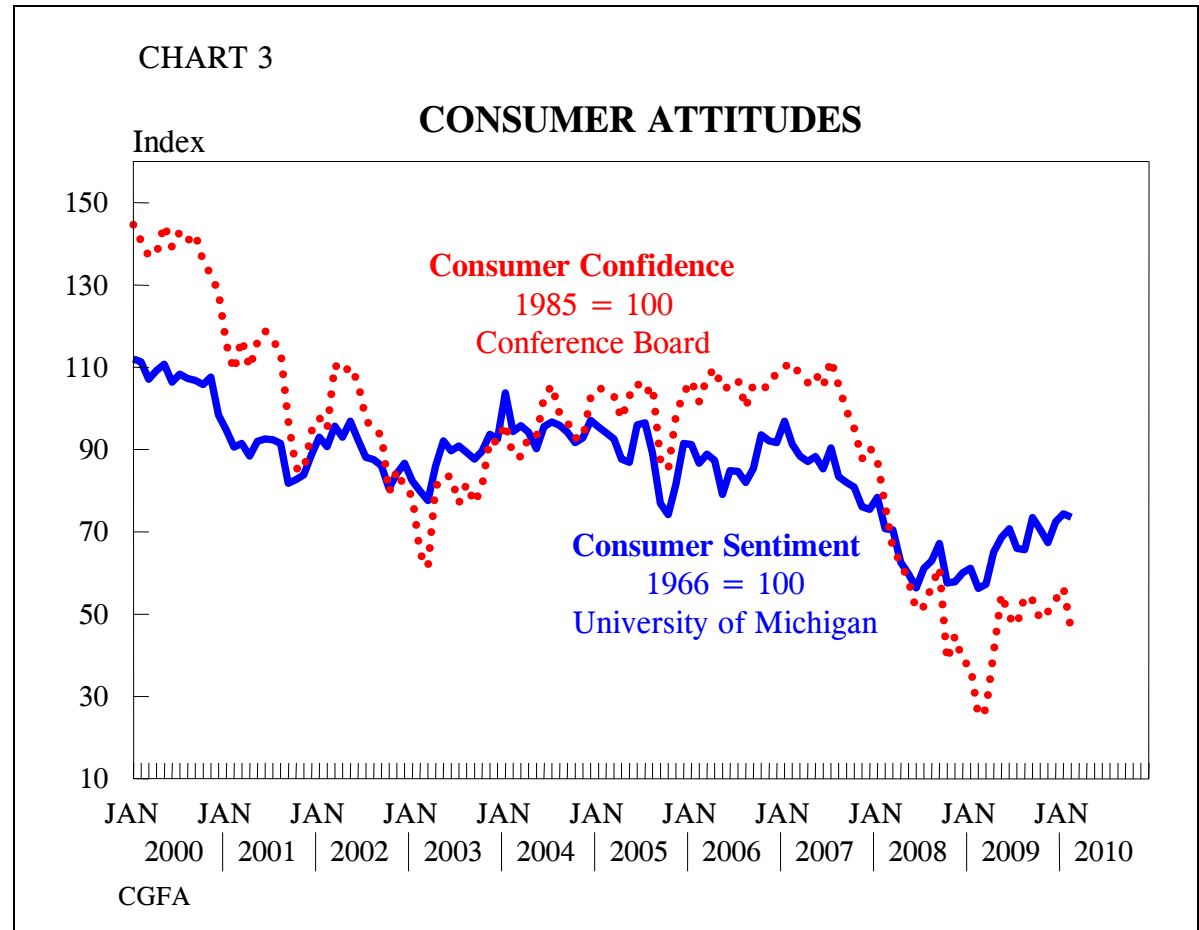
## LENGTH OF RECESSIONS

- The recession, which officially started in December 2007, ended last summer. This marked the eleventh recession the U.S. economy has experienced in the post WWII period and the longest (see chart 2).
- If it turns out that the current recession ended in June or July, it would have been 18 or 19 months respectively in length.
- The previous 10 recessions in the post WWII period had an average length of 10 months in duration, although there have been wide variations. The previous two recessions each lasted 8 months, while the recessions in 1973 and 1981 were twice as long, lasting 16 months.
- The shortest recession on record was 6 months in 1980, while the longest starting in 1929 lasted 43 months.



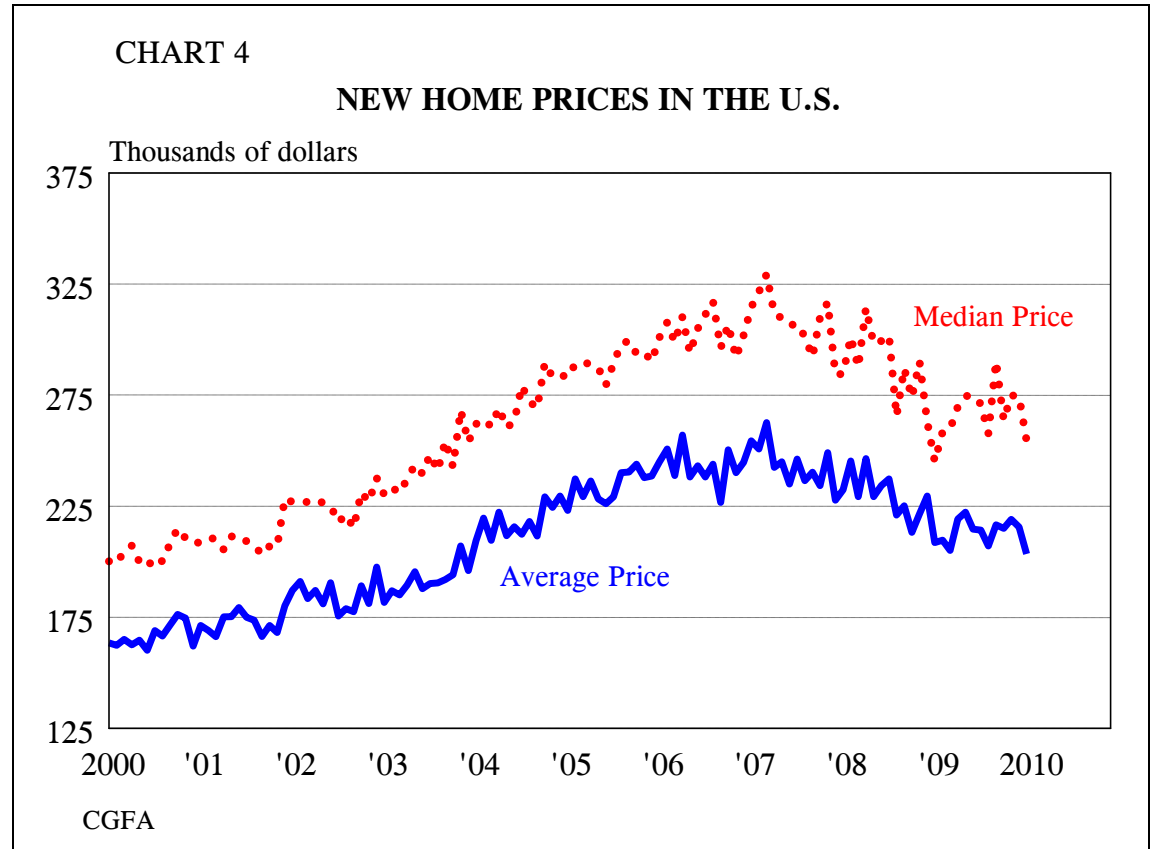
## CONSUMER ATTITUDES

- The consumer sector, which generally accounts for two-thirds or more of total spending in the economy, while improving, remains less than spectacular.
- As shown in Chart 3, consumer attitudes as measured by either the University of Michigan's Consumer Sentiment Index or the Conference Board's Consumer Confidence Index reached all-time lows early last year.
- Since then, Consumer Sentiment (1966=100) appears to be showing signs of erratic improvement, rising from a low of 56.3 in February 2009, to 73.7 in February 2010. The Conference Board Index (1985=100) registered a reading of 55.9 in January, up only slightly from a recent high in May, but more than double the low reached last February before falling again to 46 in February 2010.



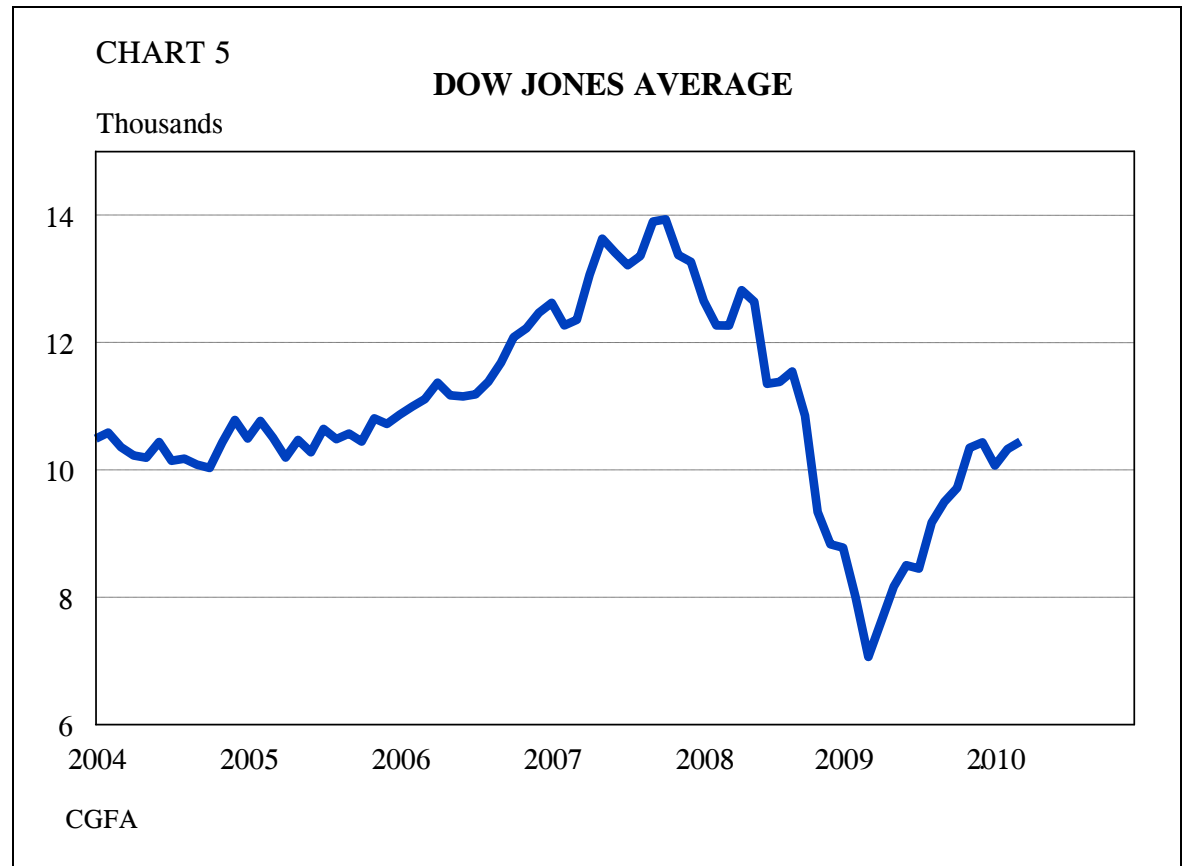
## NEW U.S. HOME PRICES

- A major source of consumer spending in recent years had been achieved through the use of home equity loans as home prices continued to increase at a rapid pace. Thus, consumers were using the increased home value to supplement income for various uses from college expenses for their children, to remodeling their homes, to other large-ticket purchases.
- As home prices kept rising and interest rates came down, many refinanced their homes. Indeed, given the continued rise in home prices many found they could purchase a home with little or no down payment and often at a sub prime or adjustable interest rate. This of course came home to roost once home prices stopped increasing.
- Chart 4 shows the average and median price of new homes and the unexpectedly sharp fall off in prices that put many homeowners under water, increasing foreclosures, and adding to the inventory of unsold homes. Prices appear to have bottomed, and while there are significant regional differences, there are few signs of strength.



## DOW JONES AVERAGE

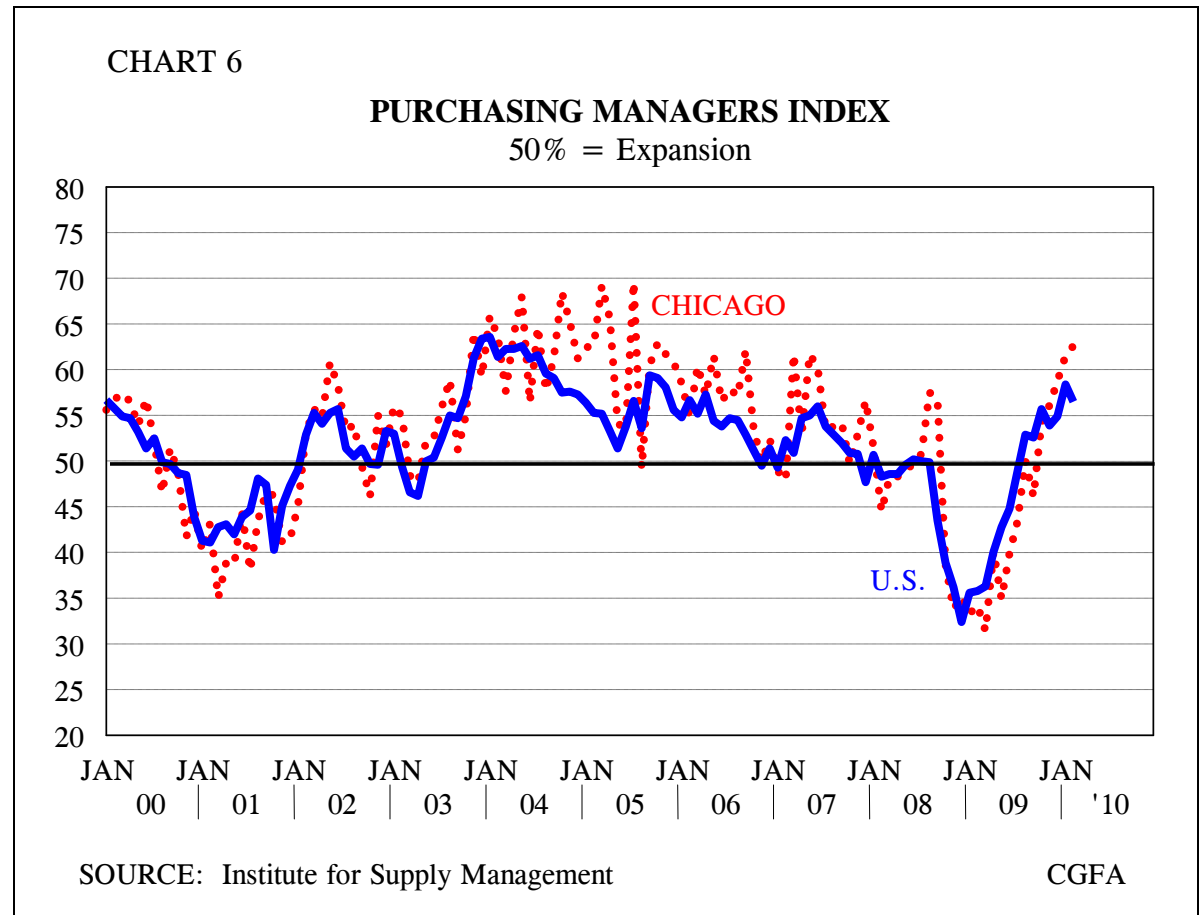
- Not only had consumer net worth been reduced by the declining value of real estate, but also the severe financial crises of last year sharply reduced the value of their investments.
- Chart 5 shows the plunge in equity prices as measured by the Dow Jones Average since 2007. Indeed, by early March 2009, the Dow had reached the lowest level in 12 years, reaching half its earlier peak value.
- Thus, as pointed out, many 401K accounts were being referred to as 201Ks.
- The stock market has been an early indicator of the end of a recession and beginning of a recovery by 6 months or so. Thus, its rise since the low was reached in the first week of March 2009 shows a remarkable upswing in the past year and a clear sign of improving consumer net worth.





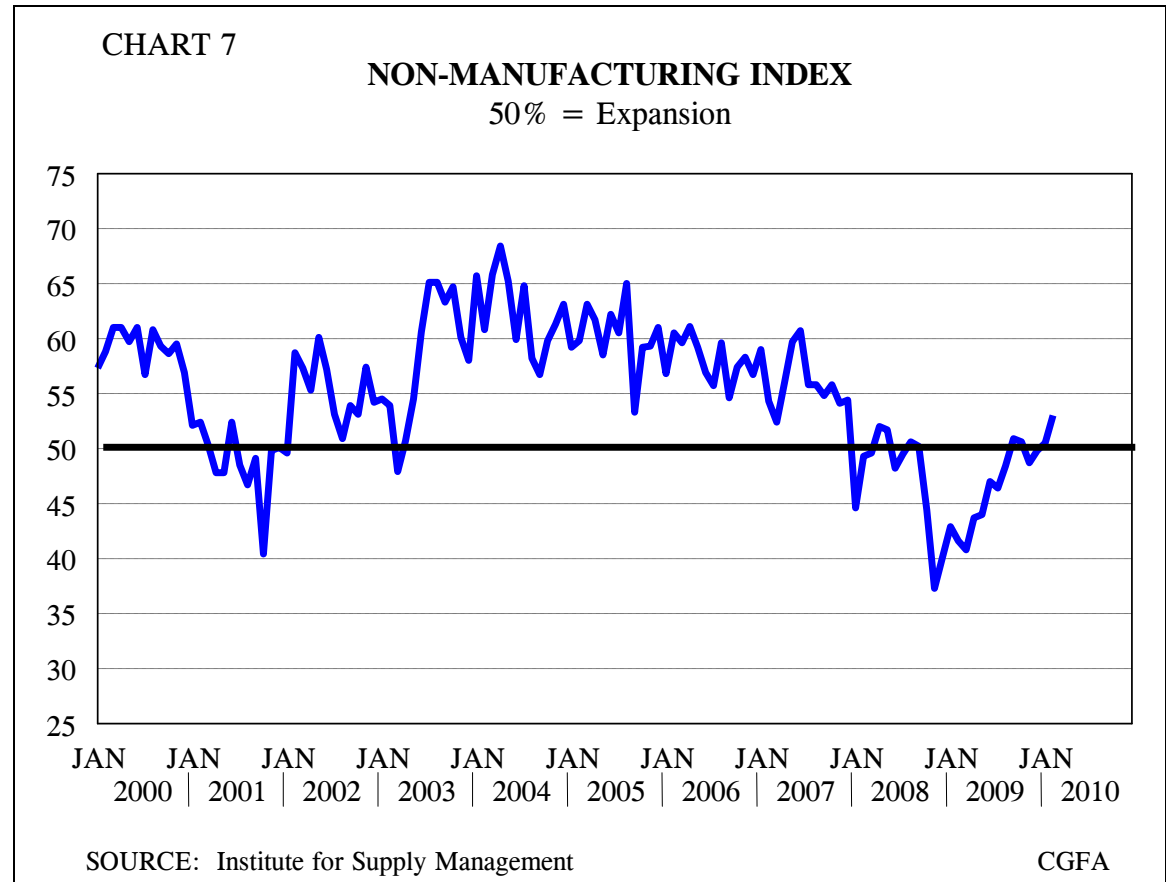
## PURCHASING MANAGERS INDEX

- As mentioned earlier, the consumer accounts for the majority of spending in the economy and this had deteriorated sharply. Latest data, however, show signs of improvement.
- Business spending had been another matter. Chart 6 shows the index of manufacturing contracting, registering an index number of less than 50%, and contracting for 12 consecutive months through July of 2009. Even so, there has been significant improvement in both the national and Chicago rate during the past seven months.
- The national rate in February 2010 recorded a level of 56.5%, the seventh consecutive month of expansion while the Chicago rate rose to 62.6%, its highest reading since October 2005.



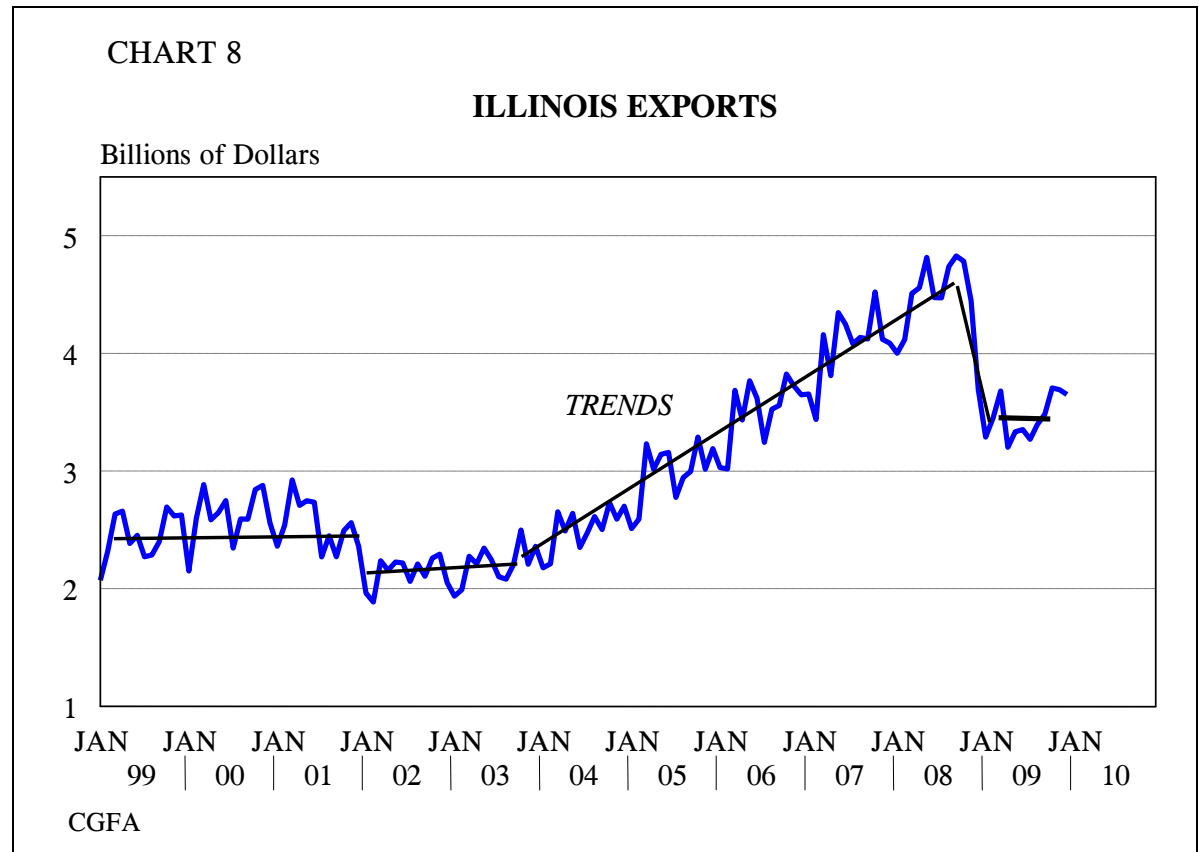
## NON-MANUFACTURING INDEX

- A growing share of business is in the non-manufacturing, or the service sector. Chart 7 takes a look at the growing service sector of the economy.
- Economic activity in the non-manufacturing sector had declined for 11 straight months through October 2009 before steadily working its way back to neutral, or the 50% level.
- In February, the index rose to 53%, the highest since the end of 2007, just as the recession was beginning, showing expansion again in this sector of the economy.



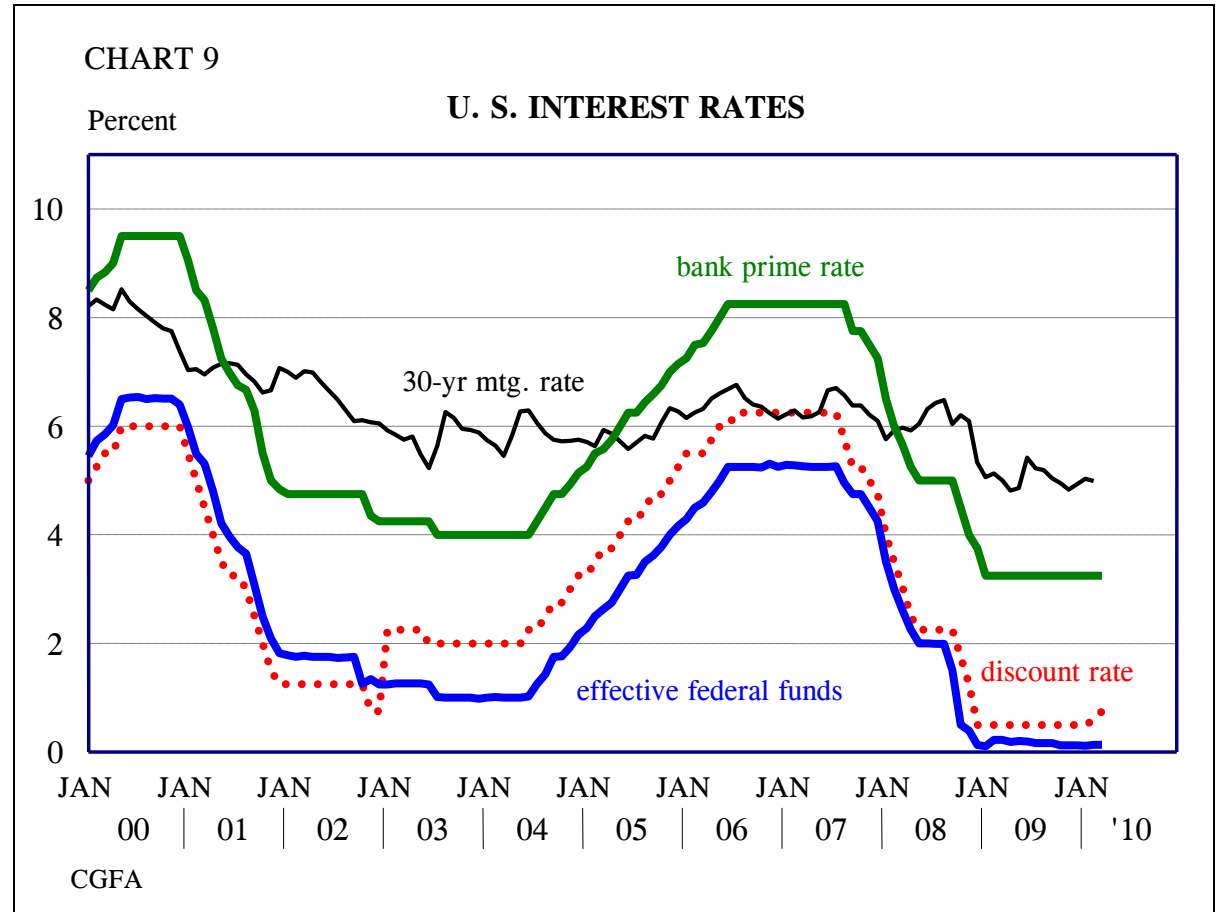
## ILLINOIS EXPORTS

- Finally, a major uplift to the Illinois economy had been its growth in exports. Illinois ranks fifth in the nation's exports.
- As shown in Chart 8, these exports had been on a strong up trend from 2003 until late fall of 2008. As the worldwide recession took hold, however, demand for U.S. goods plunged.
- Indeed Illinois exports had fallen sharply to levels not see since the fall of 2006. Currently with recovery underway, there are signs that a bottom has been reached and a recovery may be forming.



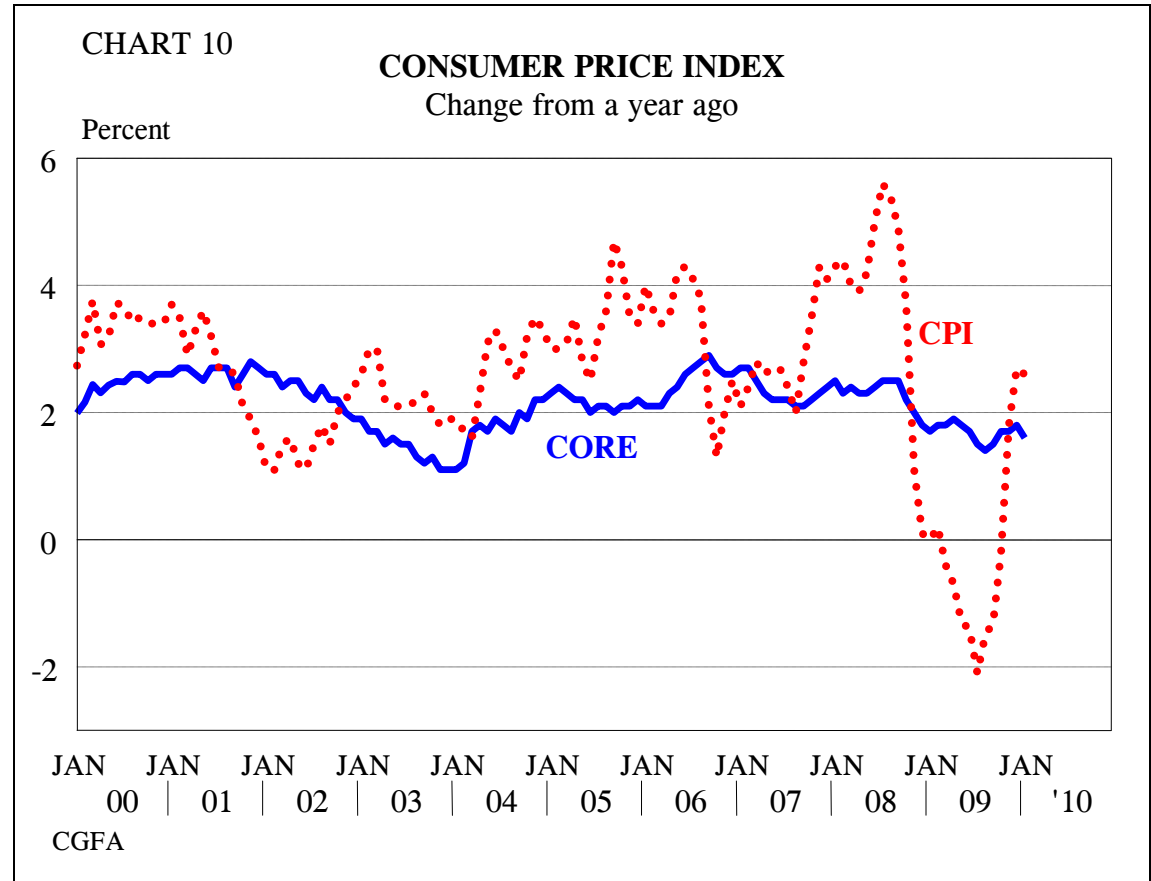
## U.S. INTEREST RATES

- The Federal Reserve Board began lowering key monetary policy interest rates in the summer of 2007. As shown in Chart 9, an acceleration in the decline to meet the credit crisis came in late 2008. At that time, the federal funds rate was lowered to a range of 0% to 0.25%, a situation which continues to date.
- Recently, it did raise the discount rate, or rate charged from direct borrowing from the Federal Reserve, from 0.5% to 0.75%. This, however, is technical in nature as it returns the wider gap that historically has existed between the discount and federal funds rate and not a sign of credit tightening.
- While the Fed has been successful in keeping short-term rates low, fears of ensuing inflation from huge government spending is anticipated to push up long-term rates. While there are few signs of this happening yet, this could threaten progress in improving the housing market.



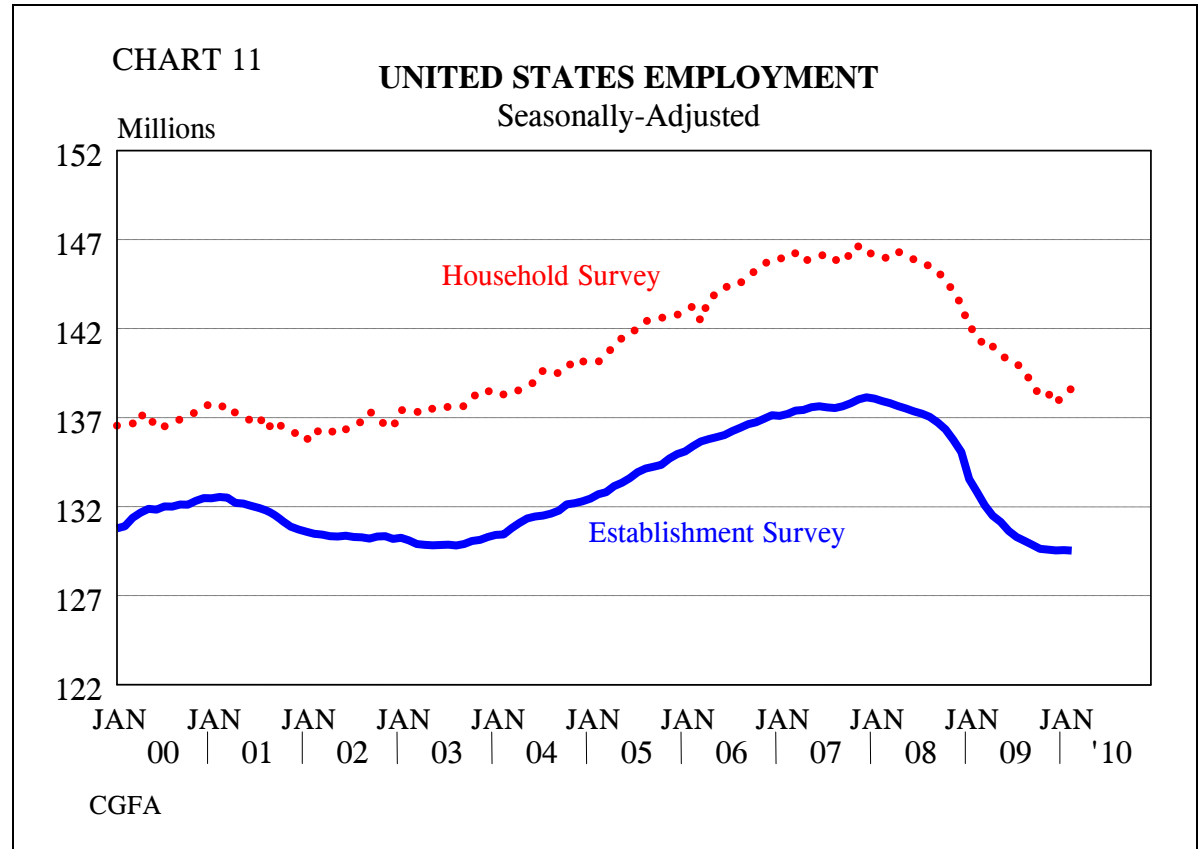
## CONSUMER PRICE INDEX

- While monetary policy is in position to stimulate the economy, it must be sensitive to the potential inflationary pressures it would generate as the economy resumes its growth path. Too often in the past, the Federal Reserve has overstayed its easy policy stance only to have to make severe corrections later.
- As shown in Chart 10, consumer prices that had declined for eight consecutive months rose in recent months as measured from the same month a year earlier. In January, the all items CPI was 2.6% above the same month a year earlier. At the same time the core rate, which excludes the volatile food and energy sectors, rose 1.6% and has been trading in a narrow range for some time.
- As the earlier plunge in energy prices fades and push upward and as fears that congressional actions will drive up federal budget deficits, further upward pressures on prices are likely.



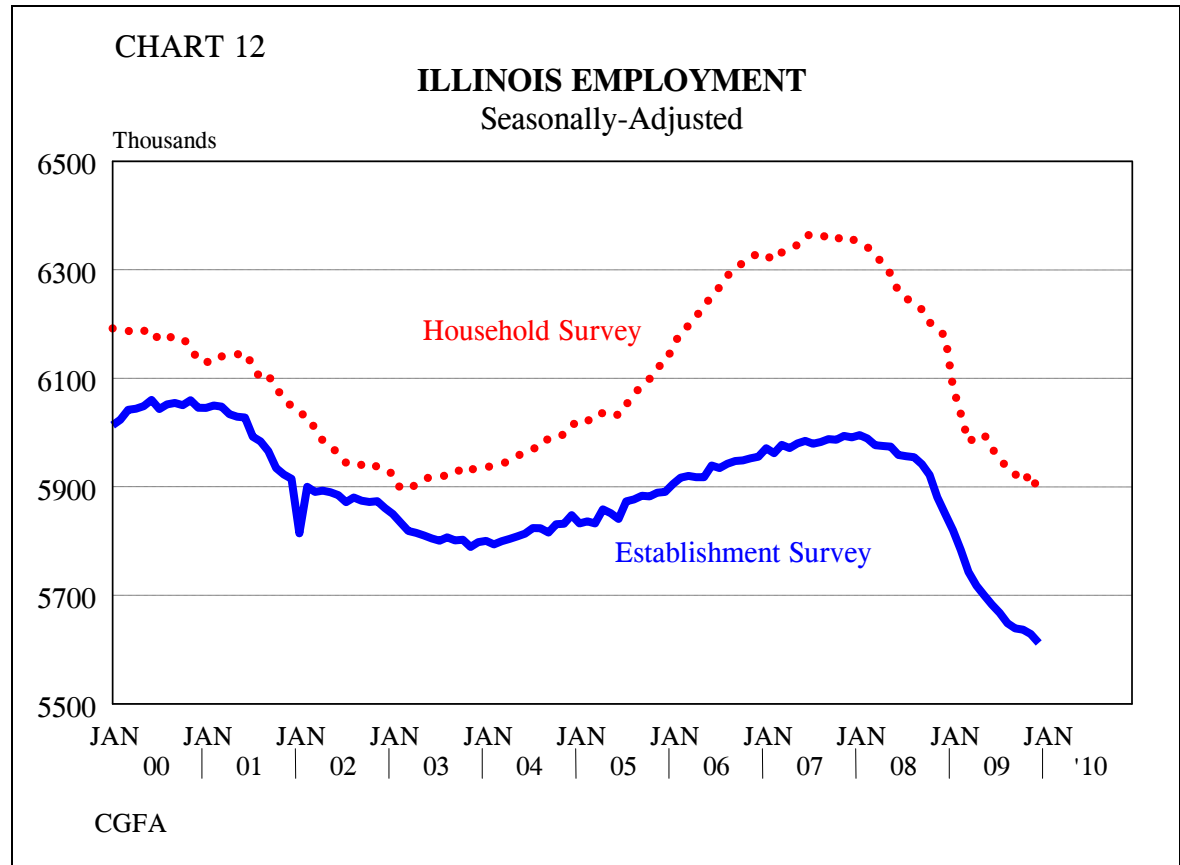
## UNITED STATES EMPLOYMENT

- The rising level of job loss is perhaps the major ingredient behind the depth and length of the recession.
- As Chart 11 shows, employment in the United States has been on a declining trend since the end of 2007, whether measured by the Household Survey, used to measure the unemployment rate, or the more comprehensive Establishment, or Payroll Survey.
- While too early to be judged significant yet, the Household Survey, which often leads the Establishment Survey has begun to show improvement while the Establishment Survey appears to be bottoming.
- Even so, more than 8.6 million payroll jobs have been lost since the recession began, although the rate of job loss has decreased sharply.
- The situation in Illinois has been weaker.



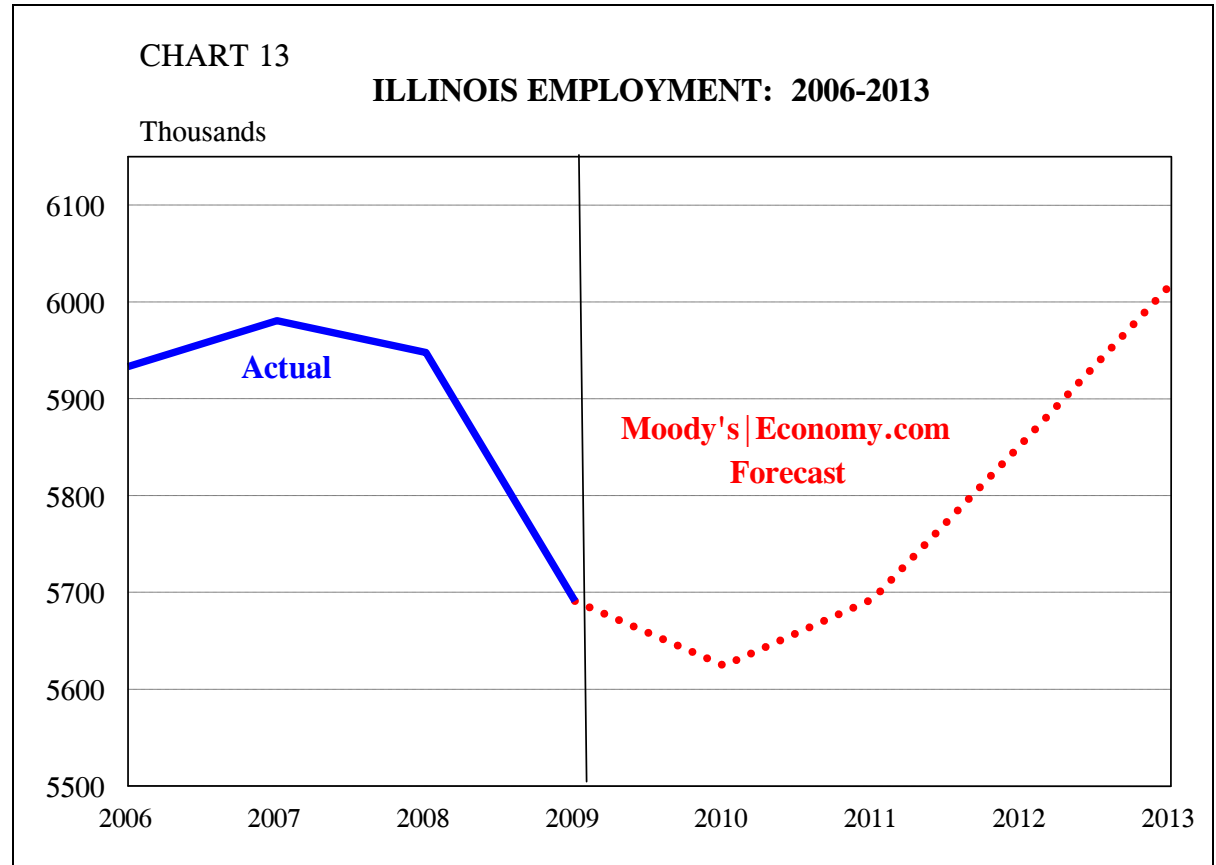
## ILLINOIS EMPLOYMENT

- Unlike the previous chart on U.S. employment, which appears to be bottoming, Illinois employment remains on a decline as shown in Chart 12.
- Moreover, while the more comprehensive establishment, or payroll, employment data for the nation had recovered its pre-recession level following the 2001 recession by early 2005, Illinois never did recoup all the jobs lost during that recession.
- And, since early 2008, a new declining employment trend took hold in Illinois during the last recession.



## ILLINOIS EMPLOYMENT: 2006 - 2013

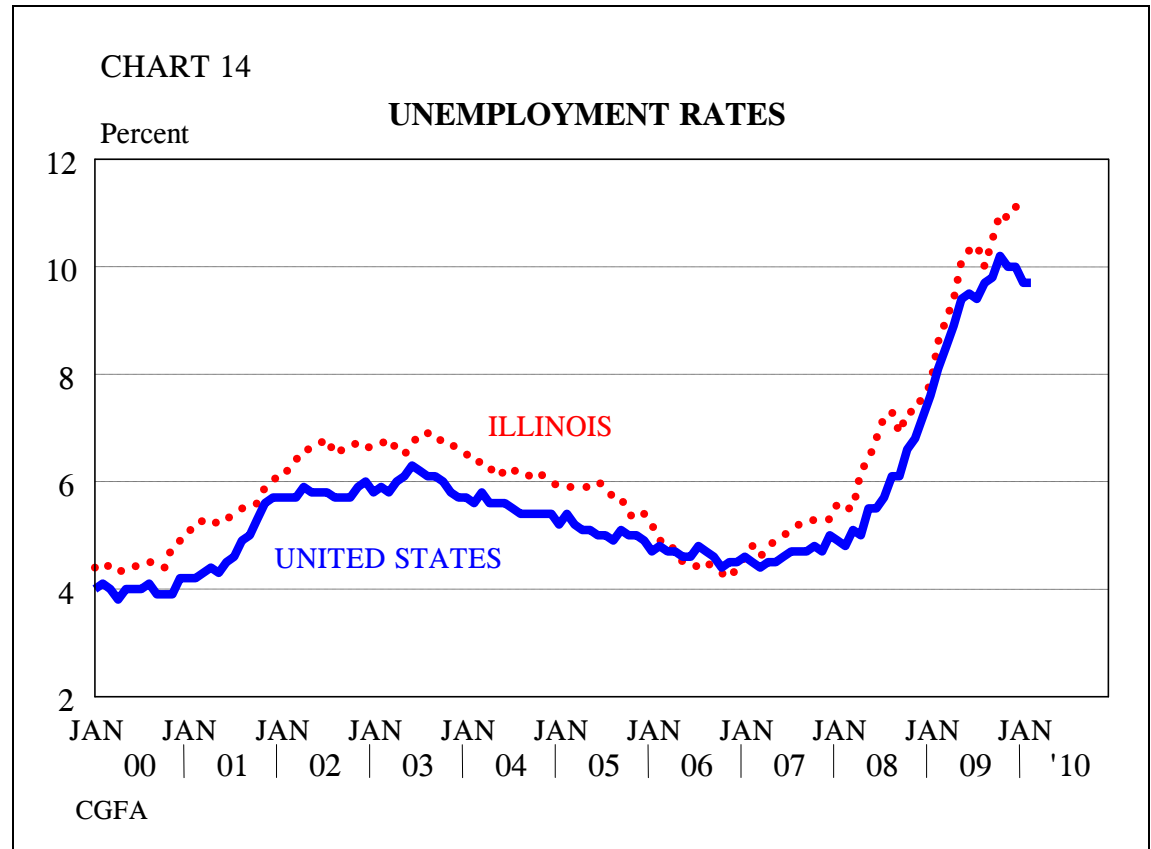
- Chart 13 shows a forecast of Illinois employment made by Moody's|Economy.com in its report done for the Commission early this year.
- It indicates Illinois employment levels will bottom this year and enter an upward trend.
- Even so, it will not return to its pre-recession level for a few years.





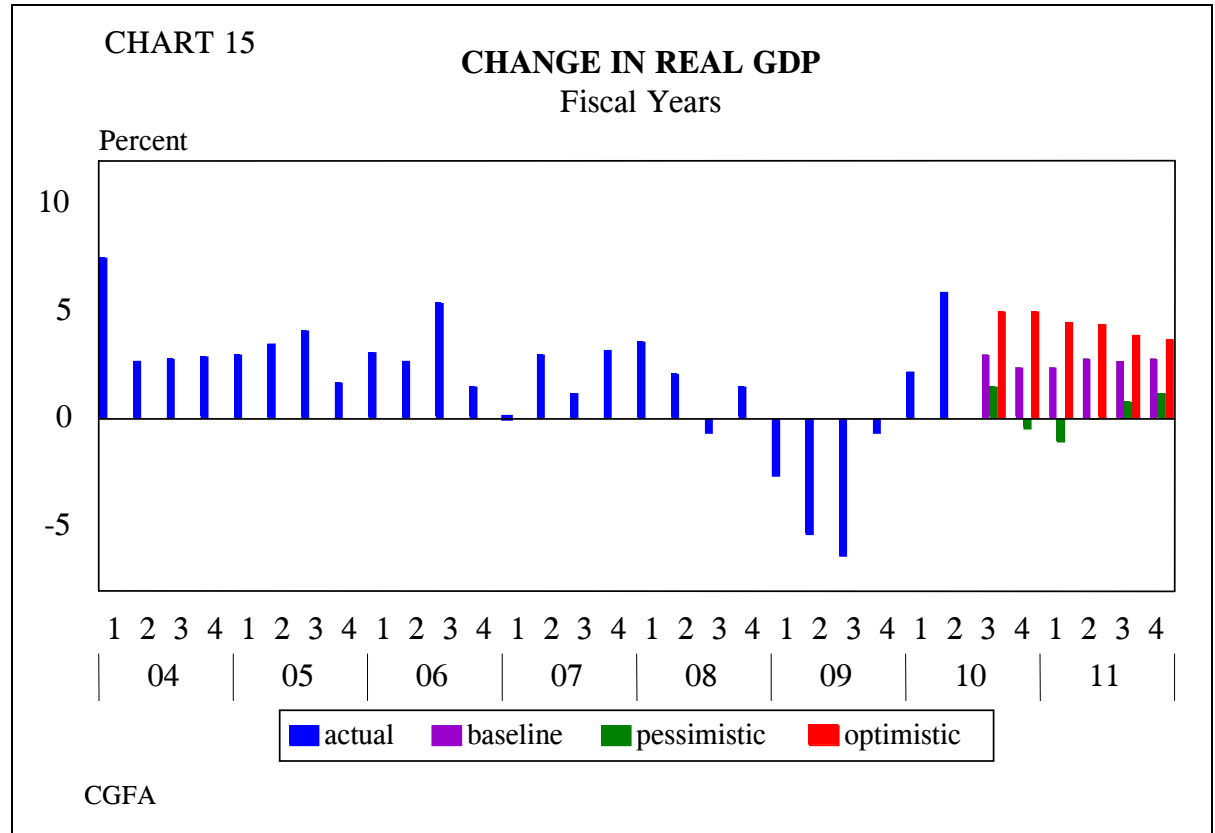
## UNEMPLOYMENT RATES

- As a result of job losses, as shown in Chart 14, the unemployment rate rose from a low of 4.4% in early 2007 to 10.2% in October 2009. It held steady at 10% in both November and December before edging down to 9.7% in January and February 2010.
- At this stage of the business cycle, as pointed out, Illinois has tended to lag the national trend and in recent months has held higher.
- Illinois' unemployment rate rose to 11% in October, fell to 10.9% in November and was at 11.0% in December. January rose further to 11.3%.
- Given the expected slower gain in Illinois employment than in the nation, the gap between the two is expected to remain large. Indeed, Moody's|Economy.com projects *"It will take three or four years until the unemployment rate recovers to its long-run value of 5% to 6%."*



## CHANGE IN REAL GDP

- Chart 15 shows three alternative forecasts of the U.S. economy in the years FY 2010 and FY 2011. The **BASELINE** shows the most likely solution with a 65% chance of occurrence. This forecast has the economy beginning to rise in the first quarter of FY 2010 followed by increases through the remainder of the year and strengthening in FY 2011.
- A more **OPTIMISTIC** scenario, with a 20% chance of happening, shows stronger gains in FY 2010 continuing through 2011. (A so-called V shaped recovery).
- Finally a **PESSIMISTIC** alternative is provided, also with a 15% chance, whereby the economy eeks out modest growth in the first half of 2010 only to return to negative growth for the next two quarters, before registering slow but positive growth during the final quarters of FY 2011. (A so-called W shaped recovery).
- *By any of these scenarios it indicates a recession that is longer term than anything experienced during post war period although falling far short of the prolonged period of the Great Depression.*



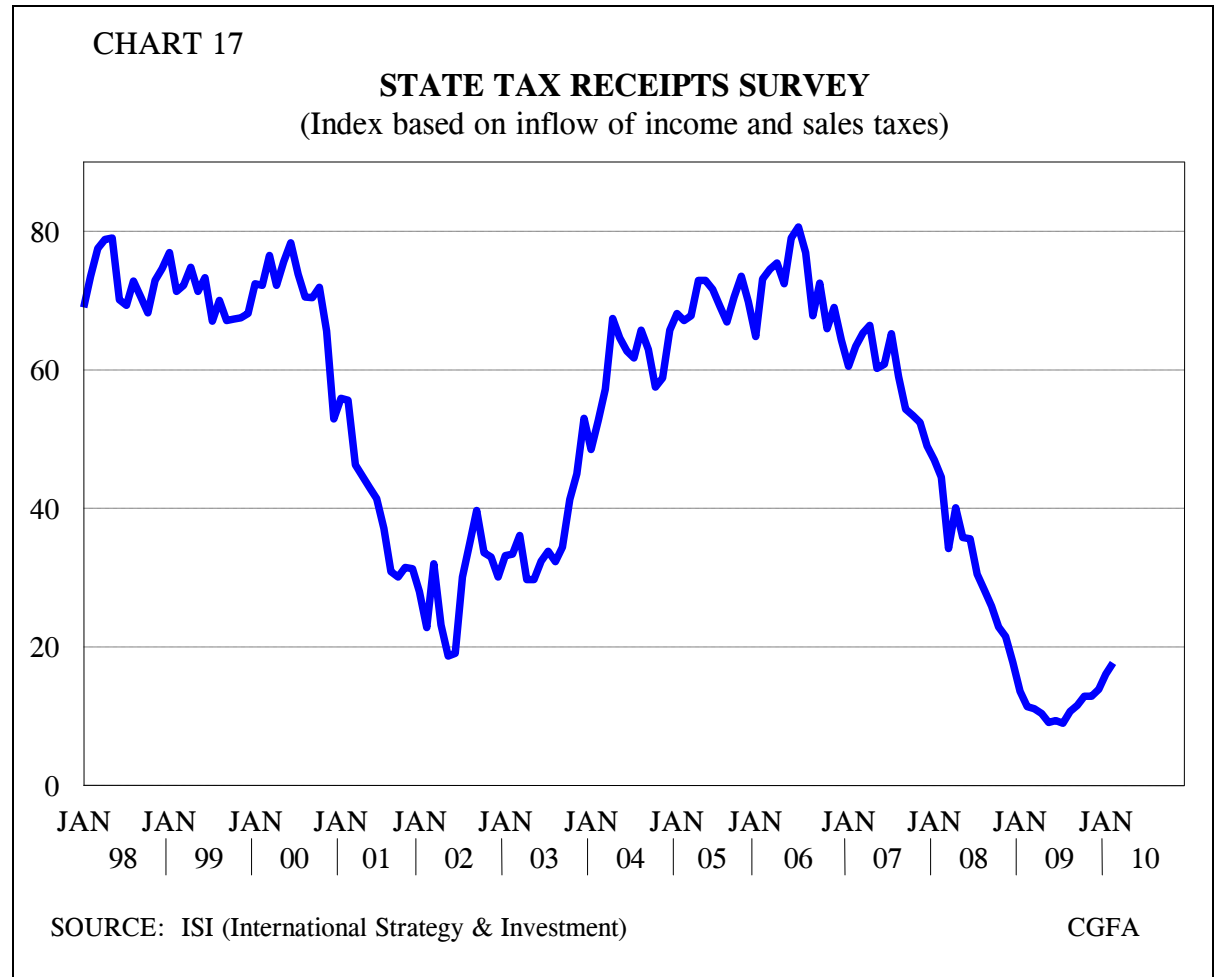
## CHART 16: BASELINE FORECAST - FEBRUARY 2010

(\$ Change from prior year levels)

REAL (2005 \$)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Estimated	Estimated
Gross Domestic Product	3.0	2.0	2.2	-2.3	0.8	2.8
Personal Consumption	3.0	2.9	1.6	-1.4	1.3	2.7
Durable	4.0	4.1	2.2	-8.8	3.8	6.9
Nondurable	3.0	3.0	1.2	-2.1	1.2	2.4
Services	2.8	2.7	1.6	0.0	0.9	2.2
Fixed Investment	4.8	-2.5	-3.4	-24.4	4.8	12.0
Exports	7.3	8.5	12.1	-6.3	1.9	7.0
Imports	6.4	2.5	-0.1	-11.2	-1.3	9.4
Government	1.1	1.1	2.7	2.6	2.0	0.2
Federal	1.8	0.7	5.2	7.2	4.8	0.6
State & Local	0.4	1.6	1.4	-0.1	0.2	-0.1
<b>OTHER MEASURES</b>						
Personal Income (Current \$)	6.6	6.5	4.6	0.1	1.2	4.1
Personal Consumption (Current \$)	6.3	5.4	4.9	0.1	2.4	3.9
Before Tax Profits (Current \$)	14.1	3.2	-7.4	-15.5	14.4	5.8
Consumer Prices	3.8	2.6	3.7	1.4	1.2	1.4
Unemployment Rate (Average)	4.8	4.5	5.0	7.6	9.9	9.7

## STATE TAX RECEIPTS SURVEY

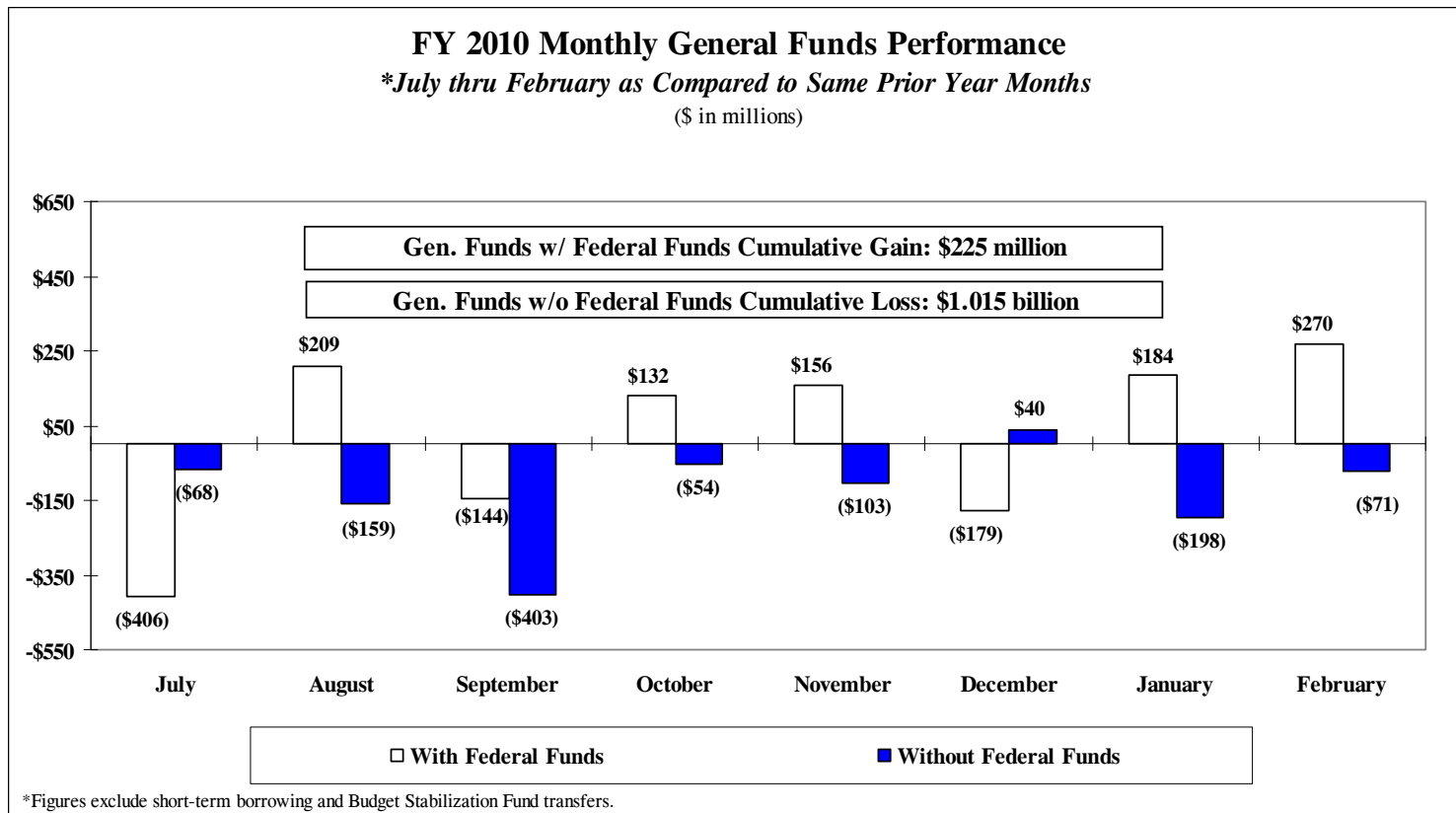
- The loss of jobs was a major factor reducing sales taxes as well as income taxes.
- The sharp decline in State receipts is depicted in Chart 17 that is based upon data from 16 states-including Illinois- that have diverse geographic and population characteristics.
- *The index for overall receipts for February was at 17.7; up for the third consecutive month and the highest since December 2008, suggesting a bottom may have been reached. While Illinois mirrors the national pattern, it often lags the general trend and, therefore, poor revenue inflows from economic sources can be expected to continue well into the fiscal year even as an economic recovery continues.*



## FY 2010 REVENUE RECAP

### Review of Revenues to Date

Through the first two-thirds of the fiscal year, overall base revenues are up \$225 million. However, sizable growth in federal sources continues to mask the extremely poor performance of the other revenue areas. In fact, when \$1.24 billion in federal source growth is excluded, all other revenue would be down a disastrous \$1.015 billion.



## FY 2010 GENERAL FUNDS RECEIPTS: Year-to-Date

Despite the economy being in the very early stages of expansion, the larger economically related sources, such as income and sales, continue to suffer from the recession's effect. As reiterated from previous revenue briefings, it will be some time before improvement in receipts can be realized.

Through February, gross personal income tax is down \$601 million, or \$542 million net of refunds. Sales tax is down \$503 million, while gross corporate income tax has declined \$99 million, or \$82 million net of refunds. Public utility taxes are down \$49 million, while all remaining sources showed a net drop of \$73 million.

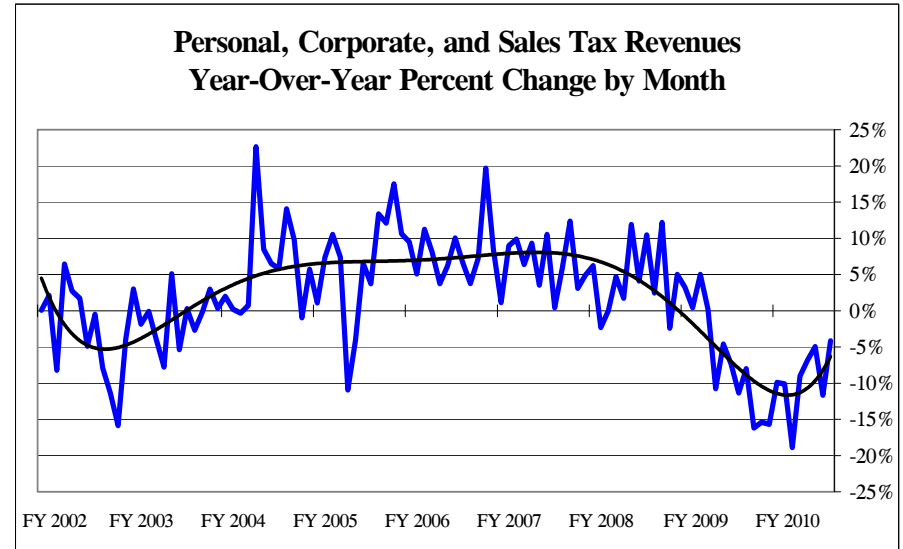
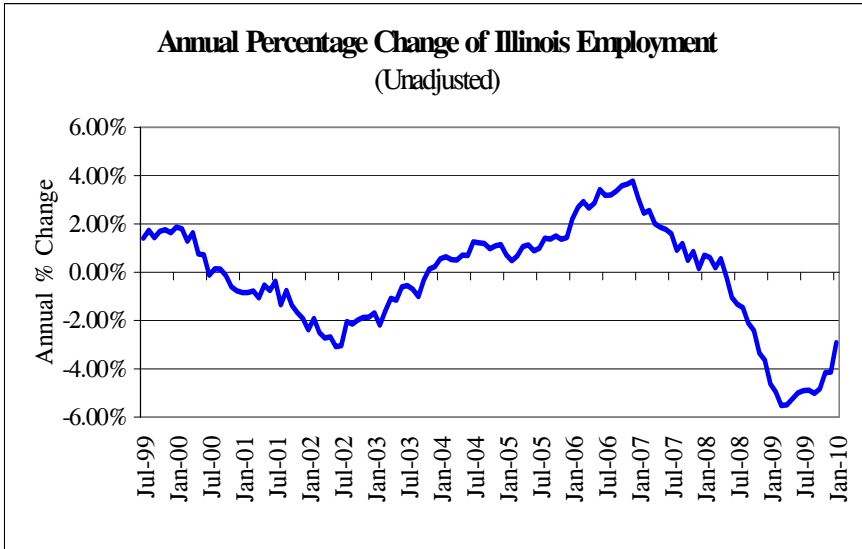
With the third quarter funds sweeps, overall transfers are up \$234 million. Other transfers are up \$276 million, while riverboat transfers are down \$42 million. Federal sources have benefited from increased reimbursable spending and are up a whopping \$1.240 billion.

<b>GENERAL FUNDS RECEIPTS: YEAR TO DATE</b>				
<i>FY 2010 vs. FY 2009</i>				
<i>(\$ million)</i>				
<b>Revenue Sources</b>	<b>FY 2010</b>	<b>FY 2009</b>	<b>CHANGE FROM FY 2009</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$5,920	\$6,521	(\$601)	-9.2%
Corporate Income Tax (regular)	749	848	(\$99)	-11.7%
Sales Taxes	4,169	4,672	(\$503)	-10.8%
Public Utility Taxes (regular)	701	750	(\$49)	-6.5%
Cigarette Tax	234	234	\$0	0.0%
Liquor Gallonage Taxes	110	109	\$1	0.9%
Vehicle Use Tax	19	18	\$1	5.6%
Inheritance Tax (Gross)	143	190	(\$47)	-24.7%
Insurance Taxes and Fees	174	156	\$18	11.5%
Corporate Franchise Tax & Fees	138	134	\$4	3.0%
Interest on State Funds & Investments	18	50	(\$32)	-64.0%
Cook County IGT	150	159	(\$9)	-5.7%
Other Sources	254	263	(\$9)	-3.4%
<b>Subtotal</b>	<b>\$12,779</b>	<b>\$14,104</b>	<b>(\$1,325)</b>	<b>-9.4%</b>
<b>Transfers</b>				
Lottery	377	377	\$0	0.0%
Riverboat transfers & receipts	278	320	(\$42)	-13.1%
Other	487	211	\$276	130.8%
<b>Total State Sources</b>	<b>\$13,921</b>	<b>\$15,012</b>	<b>(\$1,091)</b>	<b>-7.3%</b>
<b>Federal Sources</b>				
	\$4,092	\$2,852	\$1,240	43.5%
<b>Total Federal &amp; State Sources</b>	<b>\$18,013</b>	<b>\$17,864</b>	<b>\$149</b>	<b>0.8%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$577)	(\$636)	\$59	-9.3%
Corporate Income Tax	(\$131)	(\$148)	\$17	-11.5%
<b>Subtotal General Funds</b>	<b>\$17,305</b>	<b>\$17,080</b>	<b>\$225</b>	<b>1.3%</b>
<b>Short-Term Borrowing</b>	\$1,250	\$1,400	(\$150)	N/A
<b>Pension Contribution Fund Transfer</b>	\$835	\$0	\$835	N/A
<b>Budget Stabilization Fund Transfer</b>	\$666	\$326	\$340	104.3%
<b>Total General Funds</b>	<b>\$20,056</b>	<b>\$18,806</b>	<b>\$1,250</b>	<b>6.6%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
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## TRENDS

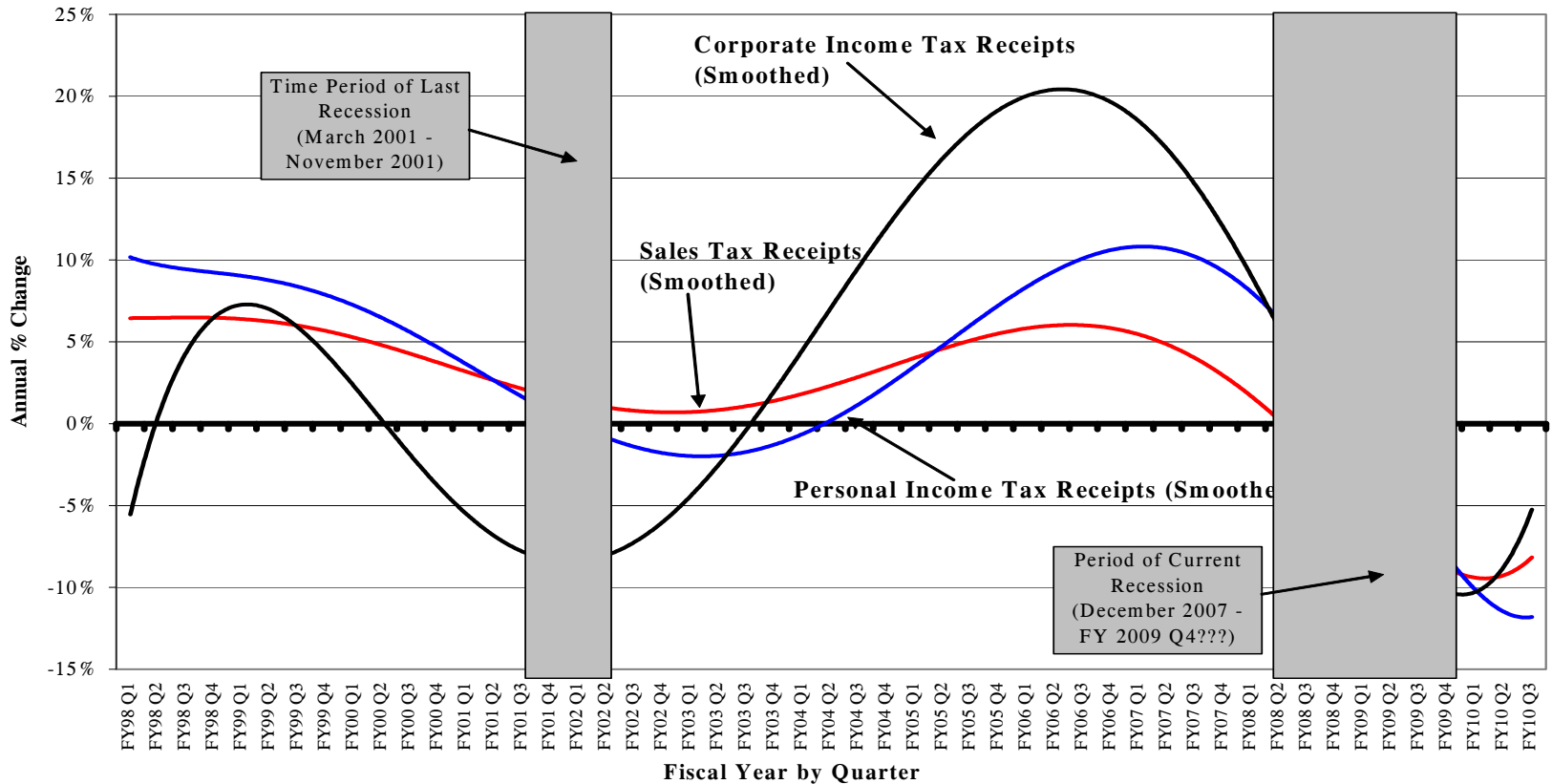
The first chart demonstrates that the employment picture, while still in negative territory, appears to have bottomed, affirming earlier expectations. Again, however, it will take some time before improving economic conditions will translate into a more positive revenue picture. As shown in the next chart, while the current rates of income and sales tax appear to have bottomed and are slowly improving, they still reside squarely in negative territory. As indicated in earlier briefings, at best, gradual improvement in the rate of loss can be hoped for by fiscal year end.



## EARLY SIGNS OF RECOVERY PHASE MANIFESTING IN REVENUES

As evidenced by the last recession in 2001, it took approximately four quarters before the recovery phase manifested in actual receipt improvement from personal income tax and sales tax. Given the current employment figures, there is little reason to anticipate a dramatic turn around soon. However, it appears that minute improvement may be manifesting itself in income taxes, and even sales taxes may be seeking a bottom, although it will take several more months before it is confirmed.

**Personal Income Tax, Corporate Income Tax, and Sales Tax Receipts**  
*FY '98 thru FY '10 Q3 (Thru Feb 2010)*





## REVISED FY 2010 ESTIMATE

The accompanying table presents the Commission's latest forecast for FY 2010 general revenues. As shown, base receipts are estimated to be \$27.895 billion, which represents a decline of \$1.249 billion or 4.3% from the prior fiscal year.

The estimate reflects actual receipts through February as well as the outlook for the remainder of the fiscal year. As shown, the economically related sources are expected to bear the brunt of the yearly decline with gross personal income tax expected to fall 7.0%, gross corporate income tax down 25.2% and sales tax off 8.5%. On a net basis, these "big three" revenue sources are forecast to decline \$1.653 billion. In addition, other tax sources are expected to drop \$185 million, as virtually all other sources will suffer year over year losses.

Transfers and federal sources are expected to partially offset the declines of the economic sources, with overall transfers anticipated to grow \$413 million due mostly to \$352 million in "fund sweep" related transfers. Federal sources are expected to decline over the remainder of the fiscal year, but still return \$176 million in growth by year's end.

<i>CGFA ESTIMATE FY 2010 vs. FY 2009 Actuals March 2010 (Base Revenues)</i>				
(millions)				
<u>Revenue Sources</u>	CGFA FY 2010 <u>Estimate March-10</u>	<u>Actual FY 2009</u>	\$ <u>Difference</u>	% <u>Difference</u>
<b>State Taxes</b>				
Personal Income Tax	\$9,500	\$10,219	(\$719)	-7.0%
Corporate Income Tax	\$1,550	\$2,073	(\$523)	-25.2%
Sales Taxes	\$6,200	\$6,773	(\$573)	-8.5%
Public Utility (regular)	\$1,100	\$1,168	(\$68)	-5.8%
Cigarette Tax	\$350	\$350	\$0	0.0%
Liquor Gallonage Taxes	\$160	\$158	\$2	1.3%
Vehicle Use Tax	\$29	\$27	\$2	7.4%
Inheritance Tax (gross)	\$250	\$288	(\$38)	-13.2%
Insurance Taxes & Fees	\$355	\$334	\$21	6.3%
Corporate Franchise Tax & Fees	\$200	\$201	(\$1)	-0.5%
Interest on State Funds & Investments	\$30	\$81	(\$51)	-63.0%
Cook County Intergovernmental Transfer	\$240	\$253	(\$13)	-5.1%
<u>Other Sources</u>	<u>\$379</u>	<u>\$418</u>	<u>(\$39)</u>	<u>-9.3%</u>
<b>Subtotal</b>	<b>\$20,343</b>	<b>\$22,343</b>	<b>(\$2,000)</b>	<b>-9.0%</b>
<b>Transfers</b>				
Lottery	\$625	\$625	\$0	0.0%
Riverboat transfers and receipts	\$410	\$430	(\$20)	-4.7%
Proceeds from sale of 10th license	\$50	\$0	\$50	N/A
<u>Other</u>	<u>\$921</u>	<u>\$538</u>	<u>\$383</u>	<u>71.2%</u>
<b>Total State Sources</b>	<b>\$22,349</b>	<b>\$23,936</b>	<b>(\$1,587)</b>	<b>-6.6%</b>
<b>Federal Sources</b>	<b>\$6,743</b>	<b>\$6,567</b>	<b>\$176</b>	<b>2.7%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$29,092</b>	<b>\$30,503</b>	<b>(\$1,411)</b>	<b>-4.6%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax [9.75%]	(\$926)	(\$996)	\$70	-7.0%
Corporate Income Tax [17.5%]	(\$271)	(\$363)	\$92	-25.3%
<b>Subtotal General Funds</b>	<b>\$27,895</b>	<b>\$29,144</b>	<b>(\$1,249)</b>	<b>-4.3%</b>
NOTE: Totals exclude short-term borrowing, Budget Stabilization transfers, and other cash flow transfers.				
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## REVISED FY 2010 REVENUE OUTLOOK

The State's originally enacted FY 2010 budget assumed revenues would reach \$29.299 billion. In the September Monthly Revenue Briefing, CGFA raised numerous warnings related to the FY 2010 revenue outlook. That was quickly followed by a Comptroller's report indicating that Office's concern with the backlog of unpaid bills. Finally, during the first week of the fall veto session, officials from the GOMB warned that revenues were expected to fall well short of budgeted expectations.

The following table provides an abbreviated view of the current fiscal year, comparing updated CGFA and GOMB revenue projections, as well as subsequent revenue shortfalls when compared to enacted budget assumptions. As shown, the Commission's update represents a revenue shortfall from the enacted budget of \$1.404 billion, or \$1.304 billion if compared to the GOMB forecast presented in the recently introduced FY 2011 budget. The relatively small \$100 million difference between the respective estimates is presented in more detail on the following page.

Base Revenues [\$millions]	Adopted Budget Estimated (GOMB) FY 2010	CGFA Mar.-10 Estimated FY 2010	GOMB Mar.-10 Estimated FY 2010	Difference
State Sources	\$19,947	\$19,146	\$19,081	\$65
Transfers	\$2,221	\$2,006	\$2,171	(\$165)
Federal Sources	\$7,131	\$6,743	\$6,743	\$0
<b>Total</b>	<b>\$29,299</b>	<b>\$27,895</b>	<b>\$27,995</b>	<b>(\$100)</b>
<b>Change from Budgeted</b>		<b>(\$1,404)</b>	<b>(\$1,304)</b>	

**FY 2010 CGFA vs. GOMB General Funds Revenue Estimate Comparison March-2010**

(millions)

<b>Revenue Sources</b>	<b>CGFA FY 2010 Estimate Mar-10</b>	<b>GOMB FY 2010 Estimate Mar-10</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>State Taxes</b>				
Personal Income Tax	\$9,500	\$9,375	\$125	1.3%
Corporate Income Tax	\$1,550	\$1,588	(\$38)	-2.4%
Sales Taxes	\$6,200	\$6,200	\$0	0.0%
Public Utility (regular)	\$1,100	\$1,115	(\$15)	-1.3%
Cigarette Tax	\$350	\$350	\$0	0.0%
Liquor Gallonage Taxes	\$160	\$161	(\$1)	-0.6%
Vehicle Use Tax	\$29	\$28	\$1	3.6%
Inheritance Tax (gross)	\$250	\$278	(\$28)	-10.1%
Insurance Taxes & Fees	\$355	\$350	\$5	1.4%
Corporate Franchise Tax & Fees	\$200	\$205	(\$5)	-2.4%
Interest on State Funds & Investments	\$30	\$35	(\$5)	-14.3%
Cook County Intergovernmental Transfer	\$240	\$243	(\$3)	-1.2%
<u>Other Sources</u>	<u>\$379</u>	<u>\$350</u>	<u>\$29</u>	<u>8.3%</u>
<b>Subtotal</b>	<b>\$20,343</b>	<b>\$20,278</b>	<b>\$65</b>	<b>0.3%</b>
<b>Transfers</b>				
Lottery	\$625	\$625	\$0	0.0%
Riverboat transfers and receipts	\$410	\$470	(\$60)	-12.8%
Proceeds from sale of 10th license	\$50	\$50	\$0	0.0%
<u>Other</u>	<u>\$921</u>	<u>\$1,022</u>	<u>(\$101)</u>	<u>-9.9%</u>
<b>Total State Sources</b>	<b>\$22,349</b>	<b>\$22,445</b>	<b>(\$96)</b>	<b>-0.4%</b>
<b>Federal Sources [Includes \$1.855b in Stimulus]</b>	<b>\$6,743</b>	<b>\$6,743</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$29,092</b>	<b>\$29,188</b>	<b>(\$96)</b>	<b>-0.3%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax [9.75%]	(\$926)	(\$915)	(\$11)	1.2%
Corporate Income Tax [17.5%]	(\$271)	(\$278)	\$7	-2.5%
<b>Subtotal General Funds</b>	<b>\$27,895</b>	<b>\$27,995</b>	<b>(\$100)</b>	<b>-0.4%</b>

NOTE: Totals exclude short-term borrowing, Budget Stabilization transfers, and other cash flow transfers.  
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## **FY 2011 Revenues – A Year in Transition: Receipts Will Continue to Struggle**

### **Economic Sources to Remain Weak**

FY 2011 is expected to be a “transitional year” in terms of economically related revenues. That is revenues will improve off of their lows suffered over the past two years, but remain weak despite entering the expansion phase. While a third consecutive year of declines for the economic sources should be avoided, combined growth from income and sales taxes is only expected to be \$363 million. More meaningful revenue growth is not expected to manifest until well after the economy strengthens further (likely not until FY 2012).

- Personal income tax is expected to continue to suffer as economic activity is still several quarters away from adding jobs. Even when improvement does begin, it is likely to be quite modest. As a result, growth is estimated to be only 1.6%. Decent gains will probably be delayed until FY 2012 when an improved employment picture will manifest in higher growth rates.
- Corporate income tax is the most volatile economic source and as such, possible outcomes cover a wide spectrum. Historically, corporate income tax has most closely coincided with the timing of recessions and recoveries. If that pattern continues to hold true, then measurable growth can be anticipated next fiscal year. However, given corporate income tax suffered three consecutive years of declines during the last recession, a conservative outlook is still justified. Even so, receipts are expected to grow approximately 10%.
- Sales tax receipts should provide some modest growth in FY 2011, for no other reason than a much “lower base” has been established during the past recessionary period. However, the contraction of the employment base will continue to weight on retail sales for some time. Subsequently, growth of 1.6% is all that can be expected until the recovery takes firmer hold in FY 2012.

### **Non-Economic Factors Will Serve to Erase Gains**

- The greatest drag on FY 2011 revenues will be the expiration of the federal stimulus at the end of 2010. No education stimulus money is expected in FY 2011, while only two quarters of enhanced Medicaid match can be assumed. As a result, federal stimulus is expected to be approximately \$1.426 billion less next fiscal year.
- The FY 2010 budget includes fund sweeps totaling \$352 million. Unless similar legislation is passed, that revenue will not repeat next year, and result in a year over year loss.
- Unless legislative action is taken, a quirk in federal/state estate tax law would preclude collection of estate tax in calendar year 2010. On average this tax generates \$250 to \$300 million a year. Due to an approximate 9-month delay in estate settlements, if a legislative change is not made, revenues would decline approximately \$200 million.
- Finally, little net growth can be expected from the remaining revenue sources.

## FY 2011 REVENUE ESTIMATE

As shown, the Commission estimates that base general funds revenues will total \$26.557 billion in FY 2011. The forecast represents a decline of \$1.338 billion or 4.8% from the FY 2010 estimate. While the economic related sources are expected to grow, albeit at an overall modest pace, the loss of \$1.426 billion in federal stimulus money coupled with an overall falloff in transfers of \$301 million conspire to result in the overall decline.

For the year, net income and sales taxes are forecast to return combined growth of \$363 million, while other state tax sources are expected to only contribute an additional \$48 million. Again, overall transfers are expected to be down \$301 million primarily due to an anticipated \$271 million falloff in other transfers related to FY 2010 fund sweeps, as well as a one-time \$50 million transfer in FY 2010 expected from the sale of the 10th riverboat license.

Federal sources are expected to fall a crushing \$1.448 billion overall. The bulk of the decline is due to the scheduled December 2010 termination of the federal American Recovery and Reinvestment Act (ARRA). In FY 2010, approximately \$1.855 billion in ARRA is anticipated, however, only two quarters of Medicaid related enhanced federal match, or \$429 million, is forecast for FY 2011, a falloff of \$1.426 billion. [As is noted later, the Governor's FY 2011 introduced budget assumes congressional action will be approved that will extend the ARRA throughout all of FY 2011. If that assumption comes to pass, an additional \$737 million in federal sources could be realized].

<b>CGFA ESTIMATE FY 2011 vs. FY 2010 March 2010 (Base Revenues)</b>				
(millions)				
	CGFA FY 2011	CGFA FY 2010	\$	%
Revenue Sources	Estimate March-10	Estimate March-10	Difference	Difference
<b>State Taxes</b>				
Personal Income Tax	\$9,650	\$9,500	\$150	1.6%
Corporate Income Tax	\$1,705	\$1,550	\$155	10.0%
Sales Taxes	\$6,300	\$6,200	\$100	1.6%
Public Utility (regular)	\$1,125	\$1,100	\$25	2.3%
Cigarette Tax	\$350	\$350	\$0	0.0%
Liquor Gallonage Taxes	\$160	\$160	\$0	0.0%
Vehicle Use Tax	\$30	\$29	\$1	3.4%
Inheritance Tax (gross)	\$250	\$250	\$0	0.0%
Insurance Taxes & Fees	\$345	\$355	(\$10)	-2.8%
Corporate Franchise Tax & Fees	\$210	\$200	\$10	5.0%
Interest on State Funds & Investments	\$36	\$30	\$6	20.0%
Cook County Intergovernmental Transfer	\$243	\$240	\$3	1.3%
<u>Other Sources</u>	<u>\$392</u>	<u>\$379</u>	<u>\$13</u>	<u>3.4%</u>
<b>Subtotal</b>	<b>\$20,796</b>	<b>\$20,343</b>	<b>\$453</b>	<b>2.2%</b>
<b>Transfers</b>				
Lottery	\$635	\$625	\$10	1.6%
Riverboat transfers and receipts	\$420	\$410	\$10	2.4%
Proceeds from sale of 10th license	\$0	\$50	(\$50)	N/A
<u>Other</u>	<u>\$650</u>	<u>\$921</u>	<u>(\$271)</u>	<u>-29.4%</u>
<b>Total State Sources</b>	<b>\$22,501</b>	<b>\$22,349</b>	<b>\$152</b>	<b>0.7%</b>
<b>Federal Sources [Stimulus Ending Dec. 2010]</b>	<b>\$5,295</b>	<b>\$6,743</b>	<b>(\$1,448)</b>	<b>-21.5%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$27,796</b>	<b>\$29,092</b>	<b>(\$1,296)</b>	<b>-4.5%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax [9.75%]	(\$941)	(\$926)	(\$15)	1.6%
Corporate Income Tax [17.5%]	(\$298)	(\$271)	(\$27)	10.0%
<b>Subtotal General Funds</b>	<b>\$26,557</b>	<b>\$27,895</b>	<b>(\$1,338)</b>	<b>-4.8%</b>
NOTE: Totals exclude short-term borrowing, Budget Stabilization transfers, and other cash flow transfers.				
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## FY 2011 ESTIMATE COMPARISON: CGFA vs. GOMB

As shown in the accompanying table, the Commission's FY 2011 base estimate of revenues is \$150 million below the forecast presented in the Governor's introduced budget. Overall, the estimates are quite similar, separated by only approximately one-half of one percent. Again, one key revenue ingredient of the proposed budget is that of congressional action to extend the ARRA beyond its current deadline of December 2010.

Despite being quite similar overall, a few differences are worth mentioning:

- The Commission estimates combined net growth of income and sales taxes at \$363 million, whereas the GOMB forecasts somewhat higher growth at \$576 million. Growth rates of personal income tax are similar with the Commission at 1.6% and GOMB at 2.7%. Sales tax growth rates are very close, 1.6% anticipated by the Commission and 1.5% for GOMB. The largest difference resides in the growth forecast of corporate income tax. The GOMB foresees rapid improvement with growth forecasted at 19.8%. While history has shown that corporate profits and resulting revenues can snap back quickly after recessionary periods, the Commission is assuming a more moderate growth rate of 10%.
- While differences exist between other smaller lines such as public utility, inheritance, and other sources, when taken together these other revenue areas net out to a miniscule \$3 million differences [with CGFA being the higher].
- The overall estimate of transfers is very similar, although the Commission is lower by \$23 million. Federal sources are largely determined by appropriation levels and resulting spending, as a result, the Commission routinely adopts the Administration's view of federal sources. Actual appropriations and ability to spend on reimbursable programs will dictate final receipts. Again, the introduced budget is assuming the continuation of the ARRA through all of FY 2011. The value of that extension is worth an estimated \$737 million.

<b>FY 2011 CGFA vs. GOMB General Funds Revenue Estimates March-2010</b> (millions)				
<u>Revenue Sources</u>	CGFA FY 2011 <u>Estimate Mar-09</u>	GOMB FY 2011 <u>Estimate Mar-09</u>	\$ <u>Difference</u>	% <u>Difference</u>
<b>State Taxes</b>				
Personal Income Tax	\$9,650	\$9,624	\$26	0.3%
Corporate Income Tax	\$1,705	\$1,902	(\$197)	-10.4%
Sales Taxes	\$6,300	\$6,290	\$10	0.2%
Public Utility (regular)	\$1,125	\$1,144	(\$19)	-1.7%
Cigarette Tax	\$350	\$350	\$0	0.0%
Liquor Gallonage Taxes	\$160	\$161	(\$1)	-0.6%
Vehicle Use Tax	\$30	\$26	\$4	15.4%
Inheritance Tax (gross)	\$250	\$278	(\$28)	-10.1%
Insurance Taxes & Fees	\$345	\$350	(\$5)	-1.4%
Corporate Franchise Tax & Fees	\$210	\$205	\$5	2.4%
Interest on State Funds & Investments	\$36	\$35	\$1	2.9%
Cook County Intergovernmental Transfer	\$243	\$243	\$0	0.0%
<u>Other Sources</u>	<u>\$392</u>	<u>\$346</u>	<u>\$46</u>	<u>13.3%</u>
<b>Subtotal</b>	<b>\$20,796</b>	<b>\$20,954</b>	<b>(\$158)</b>	<b>-0.8%</b>
<b>Transfers</b>				
Lottery	\$635	\$636	(\$1)	-0.2%
Riverboat Transfers & Receipts	\$420	\$428	(\$8)	-1.9%
Tenth License	\$0	\$0	\$0	N/A
<u>Other</u>	<u>\$650</u>	<u>\$664</u>	<u>(\$14)</u>	<u>-2.1%</u>
<b>Total State Sources</b>	<b>\$22,501</b>	<b>\$22,682</b>	<b>(\$181)</b>	<b>-0.8%</b>
<b>Federal Sources [current law]</b>	<b>\$5,295</b>	<b>\$5,295</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$27,796</b>	<b>\$27,977</b>	<b>(\$181)</b>	<b>-0.6%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax [9.75% in FY'11]	(\$941)	(\$938)	(\$3)	0.3%
Corporate Income Tax [17.5% in FY'11]	(\$298)	(\$332)	\$34	-10.2%
<b>Subtotal General Funds</b>	<b>\$26,557</b>	<b>\$26,707</b>	<b>(\$150)</b>	<b>-0.6%</b>
<b>With Federal Recovery Extension</b>	<b>\$737</b>	<b>\$737</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$27,294</b>	<b>\$27,444</b>	<b>(\$150)</b>	<b>-0.5%</b>
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## GOVERNOR'S PROPOSED FY 2011 BUDGET PLAN

This table illustrates the Governor's proposed budget plans for FY 2010 and FY 2011. As shown, since the FY 2010 budget was enacted the State's financial picture has worsened by \$2.474 billion [comprised of \$1.304 billion in revenue shortfalls and \$1.170 billion in higher spending]. As adopted, the budget assumed a surplus of \$279 million. That figure now stands at a deficit of \$2.195 billion. When the deficit at the end of FY 2009 is included, the budget deficit at the end of FY 2010 is projected to be \$5.868 billion.

The FY 2011 end of year deficit carried into FY 2012 is not expected to change under the Governor's budget, and remains \$5.868 billion. The Governor proposes a number of initiatives in order keep from losing ground. Those highlighted include:

- Factored into the FY 2011 budget plan is \$267 million in savings from pension stabilizations [details unavailable but presumably due to a two-tiered pension system].
- The proposed FY 2011 budget assumes the reduction of net income taxes to local governments via the Local Government Distributive Fund. Currently, local governments receive 10% of net income taxes. The introduced budget assumes a decline to 7%, valued at approximately \$308 million.
- FY 2011 assumes \$4.672 billion in what is termed "Voucher Payment Notes". It is unclear what precisely is meant, and the repayment schedule that would be proposed. Preliminary explanations include "fund sweeps", "intra-fund borrowing", short-term borrowing, and various other market instruments yet to be defined.
- The introduced budget includes the anticipation that congressional action will take place that will extend federal assistance to the states through FY 2011. The value of that extension is estimated to be approximately \$737 million.

<b>Governor's Proposed Budget Plan—FY 2009 to FY 2011</b>				
Sources: FY 2011 Budget Book page 2-10; Dec. 30th 2009 Preliminary Official Statement page 22				
\$ millions				
	Actuals FY 2009	FY 2010 Adopted Budget FY 2010	FY 2010 Revised (3/10/10) FY 2010	Introduced Budget FY 2011
Revenues [GOMB]	\$29,144	\$29,299	\$27,995	\$27,444
Appropriations*	\$27,796	\$26,085	\$26,309	\$24,777
less unspent approp	(\$322)	(\$951)	(\$400)	(\$406)
Net Approp Spending	\$27,474	\$25,134	\$25,909	\$24,281
Pension Contributions	\$2,486	\$0	\$0	\$4,157
Savings from Pension Stabilization				(\$267)
Statutory Transfers Out				
approx. Legislatively Required Transfers	\$1,897	\$1,651	\$2,002	\$2,004
Pension Obligation Bond Debt Service	\$466	\$520	\$564	\$1,611
Debt Service transfer for Capital Projects	\$636	\$670	\$670	\$638
Reduced Transfer to LGDF	\$0	\$0	\$0	(\$308)
Total Transfers Out	\$2,999	\$2,841	\$3,236	\$3,945
Total Operating Spending and Transfers Out	\$32,959	\$27,975	\$29,145	\$32,116
<b>Operating Deficit (Surplus)</b>	(\$3,815)	\$1,324	(\$1,150)	(\$4,672)
Short-term Borrowing	\$2,400	\$1,250	\$1,250	\$0
Repay of Short-term Borrowing [w/ interest]	(\$1,424)	(\$2,295)	(\$2,295)	\$0
Voucher Payment Notes**				\$4,672
<b>Budget Deficit (Surplus)</b>	(\$2,839)	\$279	(\$2,195)	\$0
<b>Budgetary Basis to Begin Year</b>	(\$834)	(\$3,674)	(\$3,673)	(\$5,868)
<b>Budget Deficit at End of Year</b>	(\$3,673)	(\$3,395)	(\$5,868)	(\$5,868)

\* FY 2010 appropriations do not reflect the FY 2010 statutory pension contribution for the General Funds. That amount will be financed and paid through issuance of approximately \$3.466 million in GO Pension Funding Bonds during the fiscal year.

\*\* A series of notes to pay specific vouchers during the fiscal year.

## SIMPLIFIED VIEW OF FY 2011 BUDGET HOLE

(Base in \$ Millions)

### **FY 2011 Budget Hole [Base]**

**\*Excludes non-pension related spending pressures**

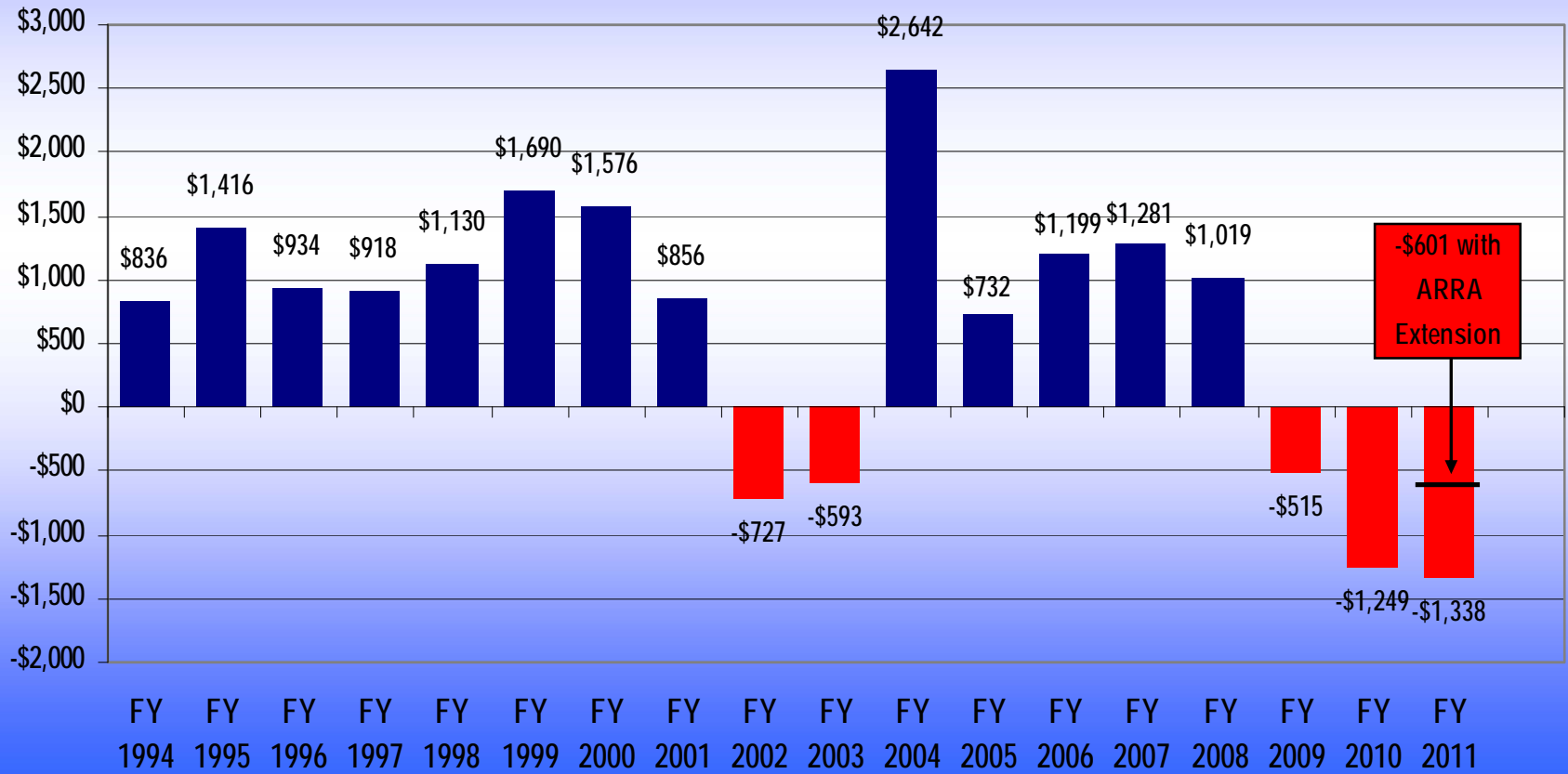
<b>Gap from one-time FY 2010 Revenues</b>	<b>\$5,244</b>
Pension Note Proceeds	\$3,466
Federal Stimulus [year-over-year falloff]	\$1,426
Fund Sweeps	\$352
<b>1st Year Repay of Pension Notes</b>	<b>\$802</b>
<b>Estimated Pension Increase**</b>	<b>\$531</b>
<b>Carry forward of FY 2010 Deficit</b>	<b>\$5,868</b>
<b>FY 2011 Budget Hole [Base]</b>	<b>\$12,445</b>

**\*\*Based on asset smoothing per P.A. 96-0043**



## General Funds Revenue History: Annual \$ Change FY 1994 - FY 2011 (est.) (in millions)

Excludes Budget Stabilization Fund and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers



## DETAILED GENERAL FUNDS REVENUE HISTORY FY 2002 - FY 2011

(\$ million)

Revenue Sources	Actual Receipts FY 2002	Actual Receipts FY 2003	Actual Receipts FY 2004	Actual Receipts FY 2005	Actual Receipts FY 2006	Actual Receipts FY 2007	Actual Receipts FY 2008	Actual Receipts FY 2009	Estimated Receipts FY 2010	Estimated Receipts FY 2011
<b>State Taxes</b>										
Personal Income Tax	\$8,086	\$7,979	\$8,235	\$8,873	\$9,568	\$10,424	\$11,187	\$10,219	\$9,500	\$9,650
Corporate Income Tax (regular)	1,043	1,011	1,379	1,548	1,784	2,121	2,201	2,073	1,550	1,705
Sales Taxes	6,051	6,059	6,331	6,595	7,092	7,136	7,215	6,773	6,200	6,300
Public Utility Taxes (regular)	1,104	1,006	1,079	1,056	1,074	1,131	1,157	1,168	1,100	1,125
Cigarette Tax	400	400	400	450	400	350	350	350	350	350
Liquor Gallonage Taxes	123	123	127	147	152	156	158	158	160	160
Vehicle Use Tax	38	34	35	32	34	33	32	27	29	30
Inheritance Tax (Gross)	329	237	222	310	272	264	373	288	250	250
Insurance Taxes and Fees	272	313	362	342	317	310	298	334	355	345
Corporate Franchise Tax & Fees	159	142	163	181	181	193	225	201	200	210
Interest on State Funds & Investments	135	66	55	73	153	204	212	81	30	36
Cook County Intergovernmental Transfer	245	355	428	433	350	307	302	253	240	243
Other Sources	<u>512</u>	<u>349</u>	<u>439</u>	<u>468</u>	<u>441</u>	<u>449</u>	<u>442</u>	<u>418</u>	<u>379</u>	<u>392</u>
<b>Subtotal</b>	<b>\$18,497</b>	<b>\$18,074</b>	<b>\$19,255</b>	<b>\$20,508</b>	<b>\$21,818</b>	<b>\$23,078</b>	<b>\$24,152</b>	<b>\$22,343</b>	<b>\$20,343</b>	<b>\$20,796</b>
<b>Transfers</b>										
Lottery	555	540	570	614	670	622	657	625	625	635
Gaming Fund Transfer	470	554	661	699	689	685	564	430	460	420
Other	<u>454</u>	<u>589</u>	<u>1,159</u>	<u>918</u>	<u>746</u>	<u>939</u>	<u>679</u>	<u>538</u>	<u>921</u>	<u>650</u>
<b>Total State Sources</b>	<b>\$19,976</b>	<b>\$19,757</b>	<b>\$21,645</b>	<b>\$22,739</b>	<b>\$23,923</b>	<b>\$25,324</b>	<b>\$26,052</b>	<b>\$23,936</b>	<b>\$22,349</b>	<b>\$22,501</b>
<b>Federal Sources</b>	<b>\$4,258</b>	<b>\$3,940</b>	<b>\$5,189</b>	<b>\$4,691</b>	<b>\$4,725</b>	<b>\$4,703</b>	<b>\$4,815</b>	<b>\$6,567</b>	<b>\$6,743</b>	<b>\$5,295</b>
<b>Total Federal &amp; State Sources</b>	<b>\$24,234</b>	<b>\$23,697</b>	<b>\$26,834</b>	<b>\$27,430</b>	<b>\$28,648</b>	<b>\$30,027</b>	<b>\$30,867</b>	<b>\$30,503</b>	<b>\$29,092</b>	<b>\$27,796</b>
<b>Nongeneral Funds Distribution:</b>										
<b>Refund Fund</b>										
Personal Income Tax	(\$615)	(\$638)	(\$964)	(\$894)	(\$933)	(\$1,016)	(\$867)	(\$996)	(\$926)	(\$941)
Corporate Income Tax	(240)	(273)	(442)	(376)	(356)	(371)	(341)	(363)	(271)	(298)
<b>Subtotal General Funds</b>	<b>\$23,379</b>	<b>\$22,786</b>	<b>\$25,428</b>	<b>\$26,160</b>	<b>\$27,359</b>	<b>\$28,640</b>	<b>\$29,659</b>	<b>\$29,144</b>	<b>\$27,895</b>	<b>\$26,557</b>
Change from Prior Year	(\$727)	(\$593)	\$2,642	\$732	\$1,199	\$1,281	\$1,019	(\$515)	(\$1,249)	(\$1,338)
Percent Change	-3.0%	-2.5%	11.6%	2.9%	4.6%	4.7%	3.6%	-1.7%	-4.3%	-4.8%
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$1,675</b>	<b>\$0</b>	<b>\$765</b>	<b>\$1,000</b>	<b>\$900</b>	<b>\$2,400</b>	<b>\$2,400</b>	<b>\$1,250</b>	<b>\$0</b>
<b>HPF and HHSMTF Transfers</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$982</b>	<b>\$0</b>	<b>\$456</b>	<b>\$1,503</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$226</b>	<b>\$226</b>	<b>\$226</b>	<b>\$276</b>	<b>\$276</b>	<b>\$276</b>	<b>\$276</b>	<b>\$576</b>	<b>\$666</b>	<b>\$276</b>
<b>Pension Contribution Fund Transfer</b>	<b>\$0</b>	<b>\$300</b>	<b>\$1,395</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$835</b>	<b>\$0</b>
<b>Total General Funds</b>	<b>\$23,605</b>	<b>\$24,987</b>	<b>\$27,049</b>	<b>\$28,183</b>	<b>\$28,635</b>	<b>\$30,272</b>	<b>\$33,838</b>	<b>\$32,120</b>	<b>\$30,646</b>	<b>\$26,833</b>
Change from Prior Year	(\$501)	\$1,382	\$2,062	\$1,134	\$452	\$1,637	\$3,566	(\$1,718)	(\$1,474)	(\$3,813)
Percent Change	-2.1%	5.9%	8.3%	4.2%	1.6%	5.7%	11.8%	-5.1%	-4.6%	-12.4%
CGFA										

**ALL APPROPRIATED FUNDS REVENUE FY 2003 to FY 2011**

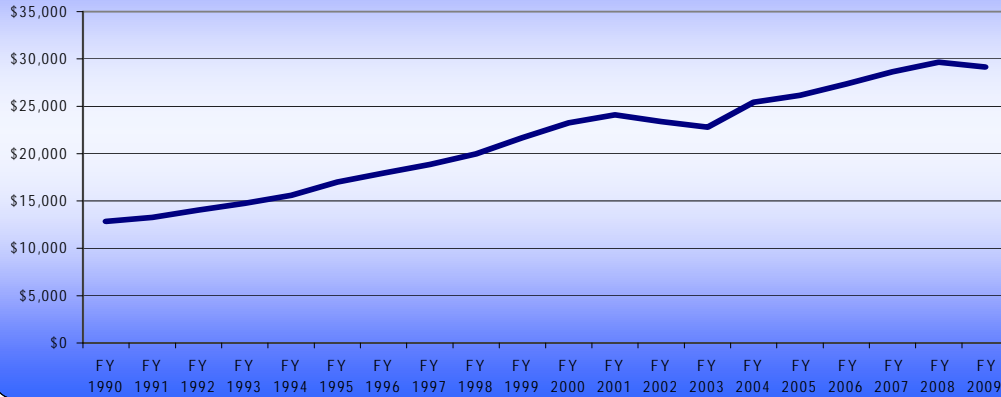
(\$ millions)

<u>REVENUE SOURCES</u>	<u>ACTUAL RECEIPTS FY 2003</u>	<u>ACTUAL RECEIPTS FY 2004</u>	<u>ACTUAL RECEIPTS FY 2005</u>	<u>ACTUAL RECEIPTS FY 2006</u>	<u>ACTUAL RECEIPTS FY 2007</u>	<u>ACTUAL RECEIPTS FY 2008</u>	<u>ACTUAL RECEIPTS FY 2009</u>	<u>Mar-10 Estimate FY 2010</u>	<u>Mar-10 Estimate FY 2011</u>
<b>State Taxes</b>									
Personal Income Tax	\$7,979	\$8,235	\$8,873	\$9,568	\$10,425	\$11,187	\$10,219	\$9,500	\$9,650
Corporate Income Tax									
Regular	\$1,012	\$1,419	\$1,548	\$1,784	\$2,120	\$2,201	\$2,073	\$1,550	\$1,705
Replacement	\$760	\$922	\$1,055	\$1,216	\$1,439	\$1,486	\$1,264	\$1,125	\$1,250
Sales	\$7,052	\$7,442	\$7,783	\$8,425	\$8,603	\$8,733	\$8,216	\$7,575	\$7,700
Public Utility									
Regular	\$1,326	\$1,576	\$1,567	\$1,595	\$1,666	\$1,713	\$1,741	\$1,638	\$1,653
Replacement	\$208	\$207	\$201	\$226	\$212	\$207	\$223	\$200	\$205
Motor Fuel (gross)	\$1,416	\$1,453	\$1,465	\$1,477	\$1,484	\$1,369	\$1,499	\$1,350	\$1,375
Cigarette	\$700	\$760	\$656	\$640	\$639	\$614	\$582	\$563	\$546
Liquor Taxes	\$127	\$138	\$153	\$163	\$167	\$170	\$169	\$170	\$170
Vehicle Use Tax	\$39	\$40	\$37	\$39	\$37	\$37	\$32	\$34	\$35
Inheritance Tax	\$237	\$222	\$310	\$272	\$264	\$373	\$288	\$250	\$250
Insurance Taxes and Fees	\$364	\$466	\$425	\$393	\$393	\$384	\$422	\$439	\$430
Horse Racing Taxes & Fees	\$13	\$13	\$12	\$11	\$9	\$9	\$7	\$7	\$7
Corporate Franchise Taxes	\$147	\$169	\$190	\$189	\$201	\$234	\$210	\$210	\$220
Other Privilege Taxes	\$212	\$256	\$281	\$310	\$314	\$307	\$250	\$220	\$230
<u>Riverboat Gambling Taxes &amp; Fees</u>	<u>\$670</u>	<u>\$775</u>	<u>\$816</u>	<u>\$817</u>	<u>\$813</u>	<u>\$688</u>	<u>\$553</u>	<u>\$550</u>	<u>\$510</u>
<b>SUBTOTAL</b>	<b>\$22,262</b>	<b>\$24,093</b>	<b>\$25,372</b>	<b>\$27,125</b>	<b>\$28,786</b>	<b>\$29,712</b>	<b>\$27,752</b>	<b>\$25,381</b>	<b>\$25,936</b>
<b>State Nontax Sources</b>									
Motor Vehicle & License Fees	\$1,107	\$1,162	\$1,169	\$1,296	\$1,288	\$1,302	\$1,302	\$1,320	\$1,340
Cigarette Settlement Distributions	\$407	\$270	\$274	\$273	\$285	\$310	\$340	\$298	\$296
Other Fees	\$316	\$468	\$523	\$492	\$449	\$483	\$434	\$437	\$437
Provider Assessment Fees	\$818	\$901	\$1,601	\$890	\$1,529	\$2,189	\$1,724	\$1,555	\$1,602
Receipts From State Hospital Patients	\$31	\$24	\$23	\$26	\$28	\$29	\$28	\$24	\$25
Interest on State Funds & Investments	\$110	\$88	\$125	\$261	\$358	\$357	\$156	\$53	\$60
Reimbursements & Repayments	\$227	\$151	\$137	\$154	\$180	\$184	\$209	\$200	\$200
Revolving Fund Receipts	\$244	\$425	\$284	\$495	\$515	\$563	\$505	\$515	\$530
Lottery (net gross)	\$819	\$881	\$907	\$984	\$960	\$997	\$991	\$1,080	\$1,130
All Other Nonfederal Receipts	\$4,385	\$4,110	\$5,838	\$5,887	\$5,588	\$5,847	\$5,609	\$5,280	\$5,280
Income from Sale of Bonds	\$12,717	\$2,411	\$1,143	\$1,484	\$611	\$181	\$151	\$6,702	\$3,900
Local Government Health Plan	<u>\$83</u>	<u>\$73</u>	<u>\$68</u>	<u>\$59</u>	<u>\$63</u>	<u>\$60</u>	<u>\$55</u>	<u>\$53</u>	<u>\$53</u>
<b>SUBTOTAL</b>	<b>\$43,526</b>	<b>\$35,057</b>	<b>\$37,464</b>	<b>\$39,426</b>	<b>\$40,640</b>	<b>\$42,214</b>	<b>\$39,256</b>	<b>\$43,668</b>	<b>\$41,529</b>
State Transfers In	\$103	\$334	\$151	\$250	\$442	\$329	\$314	\$315	\$325
<b>TOTAL STATE SOURCES</b>	<b>\$43,629</b>	<b>\$35,391</b>	<b>\$37,615</b>	<b>\$39,676</b>	<b>\$41,082</b>	<b>\$42,543</b>	<b>\$39,570</b>	<b>\$43,983</b>	<b>\$41,854</b>
Federal Sources	\$10,525	\$12,940	\$12,210	\$12,366	\$13,112	\$13,702	\$16,383	\$19,415	\$17,972
<b>SUBTOTAL ALL APPROPRIATED</b>	<b>\$54,154</b>	<b>\$48,331</b>	<b>\$49,825</b>	<b>\$52,042</b>	<b>\$54,194</b>	<b>\$56,245</b>	<b>\$55,953</b>	<b>\$63,398</b>	<b>\$59,826</b>
Short Term Borrowing	\$2,500	\$850	\$765	\$1,000	\$900	\$2,400	\$2,400	\$1,250	\$0
<b>TOTAL ALL APPROPRIATED</b>	<b>\$56,654</b>	<b>\$49,181</b>	<b>\$50,590</b>	<b>\$53,042</b>	<b>\$55,094</b>	<b>\$58,645</b>	<b>\$58,353</b>	<b>\$64,648</b>	<b>\$59,826</b>

CGFA Unaudited

# GENERAL FUNDS BALANCE INFORMATION

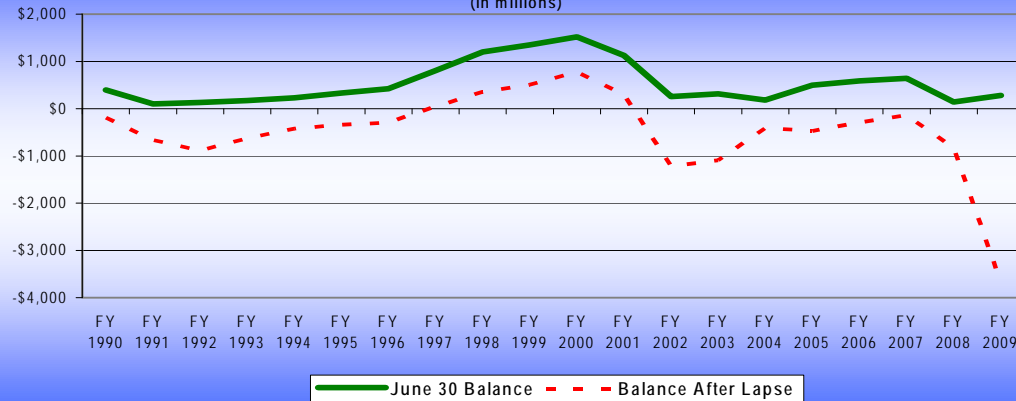
**General Funds Revenue History: FY 1990 - FY 2009**  
 Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers  
 (in millions)



	General Funds (in millions)	Annual \$ Change	% Change
FY 1990	\$12,841	-	-
FY 1991	\$13,261	\$420	3.3%
FY 1992	\$14,032	\$771	5.8%
FY 1993	\$14,750	\$718	5.1%
FY 1994	\$15,586	\$836	5.7%
FY 1995	\$17,002	\$1,416	9.1%
FY 1996	\$17,936	\$934	5.5%
FY 1997	\$18,854	\$918	5.1%
FY 1998	\$19,984	\$1,130	6.0%
FY 1999	\$21,674	\$1,690	8.5%
FY 2000	\$23,250	\$1,576	7.3%
FY 2001	\$24,106	\$856	3.7%
FY 2002	\$23,379	-\$727	-3.0%
FY 2003	\$22,786	-\$593	-2.5%
FY 2004	\$25,428	\$2,642	11.6%
FY 2005	\$26,160	\$732	2.9%
FY 2006	\$27,359	\$1,199	4.6%
FY 2007	\$28,640	\$1,281	4.7%
FY 2008	\$29,659	\$1,019	3.6%
FY 2009	\$29,144	-\$515	-1.7%

**General Funds Balances - Cash Basis**

FY 1990 - FY 2009  
(in millions)



	June 30 Balance (in millions)	Balance After Lapse (in millions)
FY 1990	\$395	-\$191
FY 1991	\$100	-\$666
FY 1992	\$131	-\$887
FY 1993	\$172	-\$630
FY 1994	\$230	-\$422
FY 1995	\$331	-\$341
FY 1996	\$426	-\$292
FY 1997	\$806	\$45
FY 1998	\$1,202	\$356
FY 1999	\$1,351	\$503
FY 2000	\$1,517	\$777
FY 2001	\$1,126	\$300
FY 2002	\$256	-\$1,220
FY 2003	\$317	-\$1,094
FY 2004	\$182	-\$410
FY 2005	\$497	-\$474
FY 2006	\$590	-\$291
FY 2007	\$642	-\$135
FY 2008	\$141	-\$834
FY 2009	\$280	-\$3,674

## **\$31 Billion MULTI-YEAR CAPITAL PROGRAM**

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### **Federal Funding Leveraged**

- \$11.557 billion Federal Funding
- \$1.995 billion in Federal Stimulus Dollars

### **Local Funding Match**

- \$1.6 billion for School Construction
- \$725 million for the Multi-year Road Program
- \$50 million for Environmental-Energy-Technology

**State Funding of approximately \$15.6 billion with bonding and Pay-As-You-Go**

### **Status as of February 28, 2010**

- \$1.88 billion of Bonds sold
- \$394 million of Actual Expenditures

## FUNDING FOR CAPITAL PROJECTS

REVENUE SOURCE	REVENUE PER YEAR (Million)	CURRENT STATUS
Video Gaming	\$288 to \$534	Since approved, over 50 communities have “opted out” of allowing video gambling, or approximately 11% of the population. Related, the city of Chicago must “opt in” before video gaming would be allowed there. While initial estimates were based on conservative assumptions i.e. per machine estimates, the exclusion of Chicago would significantly compromise earlier expectations as over 33% of the state’s population would be affected, and a similar amount of revenue. Another important issue is the time it is taking for the Gaming Board to implement video gaming. At a December 2009 CGFA meeting, Gaming Board officials indicated that they were likely still one-year away from having the first machines on-line.
Private management of Lottery/Online Lottery	\$150	Originally a private management firm was to be selected by March 2010. In January, that was extended to mid-September 2010, with implementation anticipated in January 2011. It is not certain how long after that new efficiency measures could/would be implemented. It should be noted that it appears that a partial year boost from the multi-state Power Ball game would make available approximately \$25 million in FY 2010 for capital projects. This is made possible by recent legislative changes which index lottery transfers to the Common School Fund to actual FY 2009 levels of \$625 million. Amounts above inflation are to be made available for capital projects [above \$636 in FY 2011].
Sales and Use Tax Expansion	\$65	Since October, approximately \$22 million from sale tax expansion has been deposited into the Capital Projects Fund, or approximately \$4.4 million per month [annualizes to approximately \$53 million]. Expanded definition to certain drinks, hygiene products, and candies.
Liquor Tax	\$108	The raising of the liquor taxes has resulted in a number of lawsuits. As a result, to date [thru February] \$29.2 million in liquor taxes have deposited into the Protest Fund rather than the Capitol Projects Fund [approximately \$8.6 million has been deposited into the CPF].
Increase Motor Vehicle Fees	\$332	Approximately \$26 million from motor vehicle licenses, operator licenses, and certificate of title fees have been deposited into the CPF. Due to timing, year-to-date fees do not lend themselves to simple annualizations.
<b>TOTAL</b>	<b>\$943 to \$1,189</b>	

## VIDEO GAMING

### CGFA Video Gaming Estimate and the Impact of Communities Banning Video Gaming (millions)

Original estimate based on 45,000 to 65,000 video gaming machines generating approximately \$70 to \$90 per day and taxed at 30%.	Amount to Capital Project Fund (5/6 of Total)		Amount to Participating Local Governments (1/6 of Total)		Total Tax Revenue Amount from Video Gaming	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
<b>Original CGFA Estimate</b>	<b>\$287.4</b>	<b>\$533.8</b>	<b>\$57.5</b>	<b>\$106.8</b>	<b>\$344.9</b>	<b>\$640.6</b>
<b>Impact of City of Chicago not "Opting In"*</b>	<b>(\$63.6)</b>	<b>(\$118.0)</b>	<b>(\$12.7)</b>	<b>(\$23.6)</b>	<b>(\$76.3)</b>	<b>(\$141.7)</b>
<b>Impact of Communities "Opting Out"**</b>	<b>(\$38.6)</b>	<b>(\$71.7)</b>	<b>(\$7.7)</b>	<b>(\$14.3)</b>	<b>(\$46.3)</b>	<b>(\$86.0)</b>
<b>Updated CGFA Estimate</b>	<b>\$185.3</b>	<b>\$344.1</b>	<b>\$37.1</b>	<b>\$68.8</b>	<b>\$222.3</b>	<b>\$412.9</b>

\* The Commission uses the City of Chicago's portion of the State's population (approximately 22.1%) to estimate the impact of Chicago not "opting in" to video gaming.

\*\* The communities banning video gaming (as of 3/11/10) make up approximately 13.4% of the State's population. As the number of communities opting out of video gaming continues to grow, so will their impact on video gaming revenues.

## INDIVIDUAL and CORPORATE INCOME TAXES

### Individual Income Tax: How much would a tax increase generate?

*\$ in millions*

Rate Increase	Tax Rate	Gross Revenue	9.75% To Refund Fund	Net of 9.75% To Refunds	Difference from Current	Net Impact with Effective Date of July 1*	Difference from Current*
Current Rate:	<b>3.00%</b>	\$9,650	\$941	\$8,709		\$8,709	
0.25 %	<b>3.25%</b>	\$10,454	\$1,019	\$9,435	\$726	\$9,399	\$689
0.375 %	<b>3.375%</b>	\$10,856	\$1,058	\$9,798	\$1,089	\$9,743	\$1,034
0.5 %	<b>3.50%</b>	\$11,258	\$1,098	\$10,161	\$1,452	\$10,088	\$1,379
0.75 %	<b>3.75%</b>	\$12,063	\$1,176	\$10,886	\$2,177	\$10,778	\$2,068
1.00 %	<b>4.00%</b>	\$12,867	\$1,255	\$11,612	\$2,903	\$11,467	\$2,758
1.25 %	<b>4.25%</b>	\$13,671	\$1,333	\$12,338	\$3,629	\$12,156	\$3,447
1.50 %	<b>4.50%</b>	\$14,475	\$1,411	\$13,064	\$4,355	\$12,846	\$4,137
1.75 %	<b>4.75%</b>	\$15,279	\$1,490	\$13,789	\$5,080	\$13,535	\$4,826
2.00 %	<b>5.00%</b>	\$16,083	\$1,568	\$14,515	\$5,806	\$14,225	\$5,516

\*Note: With an effective date of July 1st, it is estimated that 100% of withholding payments and eventually 100% of estimated payments in the fiscal year would be under the new rates. However, in the initial year, it is estimated that 50% of the final payments would be under the new rate, but 50% would be under the current rates because final payments are paid on a calendar year basis. Because of this, the revenue impact with an effective date of July 1 is shown to be slightly less than if the tax change occurred on January 1.

### Corporate Income Tax: How much would a tax increase generate?

*\$ in millions*

(Under the Illinois Constitution, the corporate income tax rate shall not exceed the individual income tax rate by more than a ratio of 8 to 5. The numbers shown below reflect this ratio.)

If Individual Income Tax Rate is...	Corporate Tax Tax Rate Can Be...	Gross Revenue	17.50% To Refund Fund	Net of 17.50% To Refunds	Difference from Current	Net Impact with Effective Date of July 1*	Difference from Current*
3.00 %	<b>4.80%</b>	\$1,705	\$298	\$1,407		\$1,407	
3.25 %	<b>5.20%</b>	\$1,847	\$323	\$1,524	\$117	\$1,501	\$94
3.375 %	<b>5.40%</b>	\$1,918	\$336	\$1,582	\$176	\$1,548	\$142
3.50 %	<b>5.60%</b>	\$1,989	\$348	\$1,641	\$234	\$1,595	\$189
3.75 %	<b>6.00%</b>	\$2,131	\$373	\$1,758	\$352	\$1,690	\$283
4.00 %	<b>6.40%</b>	\$2,273	\$398	\$1,876	\$469	\$1,784	\$377
4.25 %	<b>6.80%</b>	\$2,415	\$423	\$1,993	\$586	\$1,878	\$472
4.50 %	<b>7.20%</b>	\$2,558	\$448	\$2,110	\$703	\$1,973	\$566
4.75 %	<b>7.60%</b>	\$2,700	\$472	\$2,227	\$821	\$2,067	\$661
5.00 %	<b>8.00%</b>	\$2,842	\$497	\$2,344	\$938	\$2,162	\$755

\*Note: With an effective date of July 1st, it is estimated that eventually 100% of estimated payments in the fiscal year would be under the new rates. However, in the initial year, it is estimated that 50% of the final payments would be under the new rate, but 50% would be under the current rates because final payments are paid on a calendar year basis. Because of this, the revenue impact with an effective date of July 1 is shown to be slightly less than if the tax change occurred on January 1.



## Various State Government Statistics by State

(Dollar amounts are in thousands, except for per-capita figures)

	Pers. Income	Corp. Income	Sales	Season. Adj.		State Government		Debt		"Current Operation"	
	Tax Rate (%)	Tax Rate (%)	Tax Rate (%)	Unempl. Rate	Ranking	Tax Collections	Ranking	Outstanding	Ranking	"Expenditures"	Ranking
				Jan'10 (%)	Highest 1st	per capita (2008)	Highest 1st	per capita (2007)	Highest 1st	per capita (2007)	Highest 1st
<b>United States Total</b>				<b>9.7</b>		<b>\$2,570</b>		<b>\$3,074</b>		<b>\$2,669</b>	
Alabama	2.0 - 5.0	6.5	4.00	11.1	8	\$1,939	42	\$1,509	45	\$2,613	30
Alaska	No Income Tax	1.0 - 9.4	None	8.5	29	\$12,243	1	\$9,523	2	\$8,036	1
Arizona	2.59 - 4.54	6.968	5.60	9.2	23	\$2,109	39	\$1,469	46	\$2,061	46
Arkansas	1.0 - 7.0	1.0 - 6.5	6.00	7.6	33	\$2,626	19	\$1,572	44	\$2,834	24
California	1.25 - 9.55	8.84	8.25	12.5	5	\$3,208	12	\$3,136	22	\$2,576	31
Colorado	4.63	4.63	2.90	7.4	36	\$1,950	40	\$3,020	24	\$2,027	47
Connecticut	3.0 - 6.5	7.5	6.00	9.0	24	\$3,816	5	\$6,805	4	\$3,515	11
Delaware	2.2 - 6.95	8.7	None	9.0	24	\$3,345	11	\$6,152	5	\$4,798	3
Florida	No Income Tax	5.5	6.00	11.9	6	\$1,946	41	\$1,980	40	\$1,974	48
Georgia	1.0 - 6.0	6	4.00	10.4	15	\$1,875	45	\$1,172	48	\$2,103	45
Hawaii	1.4 - 11.0	4.4 - 6.4	4.00	6.9	40	\$3,998	4	\$4,628	11	\$5,930	2
Idaho	1.6 - 7.8	7.6	6.00	9.3	20	\$2,391	28	\$1,841	41	\$2,282	43
<b>Illinois</b>	<b>3.0</b>	<b>7.3*</b>	<b>6.25</b>	<b>11.3</b>	<b>7</b>	<b>\$2,483</b>	<b>24</b>	<b>\$4,246</b>	<b>12</b>	<b>\$2,312</b>	<b>41</b>
Indiana	3.4	8.5	7.00	9.7	17	\$2,335	33	\$3,002	25	\$2,335	40
Iowa	0.36 - 8.98	6.0 - 12.0	6.00	6.6	46	\$2,302	35	\$2,247	35	\$2,665	27
Kansas	3.5 - 6.45	4	5.30	6.4	47	\$2,559	21	\$2,016	38	\$2,353	39
Kentucky	2.0 - 6.0	4.0 - 6.0	6.00	10.7	12	\$2,345	31	\$2,532	30	\$3,103	18
Louisiana	2.0 - 6.0	4.0 - 8.0	4.00	7.4	36	\$2,472	26	\$3,202	20	\$3,459	13
Maine	2.0 - 8.5	3.5 - 8.93	5.00	8.2	31	\$2,790	14	\$4,036	13	\$3,896	7
Maryland	2.0 - 6.25	8.25	6.00	7.5	35	\$2,777	15	\$3,361	17	\$3,035	19
Massachusetts	5.3	8.75	6.25	9.5	18	\$3,348	10	\$10,495	1	\$3,630	9
Michigan	4.35	4.95	6.00	14.3	1	\$2,478	25	\$2,851	28	\$2,496	35
Minnesota	5.35 - 7.85	9.8	6.88	7.3	38	\$3,503	8	\$1,695	42	\$2,840	23
Mississippi	3.0 - 5.0	3.0 - 5.0	7.00	10.9	10	\$2,300	36	\$1,992	39	\$3,469	12
Missouri	1.5 - 6.0	6.25	4.23	9.5	18	\$1,841	47	\$3,142	21	\$2,290	42
Montana	1.0 - 6.9	6.75	None	6.8	42	\$2,539	23	\$4,803	10	\$2,960	20
Nebraska	2.56 - 6.84	5.58 - 7.81	5.50	4.6	49	\$2,373	29	\$1,309	47	\$2,631	28
Nevada	No Income Tax	No Income Tax	6.85	13.0	2	\$2,338	32	\$1,583	43	\$1,679	50
New Hampshire	Limited Tax**	8.5	None	7.0	39	\$1,708	49	\$5,818	7	\$2,623	29
New Jersey	1.4 - 10.75	9	7.00	9.9	16	\$3,534	7	\$5,931	6	\$3,389	14
New Mexico	1.7 - 4.9	4.8 - 7.6	5.00	8.5	29	\$2,842	13	\$3,686	16	\$3,988	5
New York	4.0 - 8.97	7.1	4.00	8.8	26	\$3,358	9	\$5,655	8	\$3,607	10
North Carolina	6.0 - 7.75	6.9	7.75	11.1	8	\$2,464	27	\$2,081	37	\$2,498	34
North Dakota	1.84 - 4.86	2.1 - 6.4	5.00	4.2	50	\$3,605	6	\$2,795	29	\$3,248	16
Ohio	0.618 - 6.24	5.1 - 8.5****	5.50	10.8	11	\$2,288	37	\$2,261	33	\$2,558	32
Oklahoma	0.5 - 5.5	6	4.50	6.7	44	\$2,328	34	\$2,378	32	\$2,756	25
Oregon	5.0 - 11.0	6.6 - 7.9	None	10.7	12	\$1,924	43	\$2,988	26	\$2,553	33
Pennsylvania	3.07	9.99	6.00	8.8	26	\$2,556	22	\$2,954	27	\$2,868	22
Rhode Island	3.8 - 9.9	9	7.00	12.7	3	\$2,621	20	\$7,991	3	\$3,921	6
South Carolina	0.0 - 7.0	5.0	6.00	12.6	4	\$1,878	44	\$3,327	18	\$3,157	17
South Dakota	No Income Tax	6.0 - 0.25	4.00	4.8	48	\$1,642	50	\$4,018	14	\$2,435	37
Tennessee	Limited Tax**	6.5	7.00	10.7	12	\$1,849	46	\$664	50	\$2,258	44
Texas	No Income Tax	***	6.25	8.2	31	\$1,838	48	\$984	49	\$1,952	49
Utah	5.0	5	4.70	6.8	42	\$2,180	38	\$2,173	36	\$2,699	26
Vermont	3.55 - 8.95	6.0 - 8.5	6.00	6.7	44	\$4,097	2	\$4,915	9	\$4,447	4
Virginia	2.0 - 5.75	6.0	5.00	6.9	40	\$2,361	30	\$2,525	31	\$2,484	36
Washington	No Income Tax	No Income Tax	6.50	9.3	20	\$2,733	16	\$3,207	19	\$2,871	21
West Virginia	3.0 - 6.5	8.5	6.00	9.3	20	\$2,688	17	\$3,101	23	\$3,309	15
Wisconsin	4.6 - 7.75	7.9	5.00	8.7	28	\$2,681	18	\$3,814	15	\$2,434	38
Wyoming	No Income Tax	No Income Tax	4.00	7.6	33	\$4,068	3	\$2,261	34	\$3,824	8

Sources: Tax Rates come from [www.taxadmin.org](http://www.taxadmin.org). Unemployment Data come from [www.bls.gov](http://www.bls.gov). Population, Revenue, Debt, and Expenditure Data (most recent available) come from [www.census.gov](http://www.census.gov).

\* Illinois' Corporate Tax Rate includes a 2.5% personal property replacement tax. \*\* For New Hampshire and Tennessee, State Income Tax is limited to Dividends and Interest Income only.

\*\*\* Texas imposes a Franchise Tax. \*\*\*\* Ohio does not levy a tax based on income, but imposes a Commercial Activity Tax.

## Illinois Nonfarm Employment by Sector (In Thousands, Seasonally Adjusted)

Year Average	Total	Construction	Manufacturing	Trade, Transportation and Utilities	Information	Financial Activities	Professional and Business Services	Education and Health Services	Leisure and Hospitality	Other Services	Government
1990	5287.6	223.9	914.7	1146.7	131.3	374.3	573.3	537.6	393.9	226.0	766.1
1991	5233.3	208.6	875.8	1125.5	132.9	374.2	563.5	562.8	393.1	226.3	770.5
1992	5234.6	201.7	855.3	1113.8	130.6	375.9	579.3	581.0	396.5	226.7	773.8
1993	5330.2	203.2	860.4	1138.5	132.7	382.3	602.3	594.6	415.0	227.0	774.3
1994	5462.8	215.2	877.9	1168.5	138.5	377.7	633.4	604.0	428.6	233.0	786.0
1995	5593.4	223.0	893.6	1188.6	138.9	376.6	666.3	621.0	449.6	237.4	798.4
1996	5686.8	229.1	898.7	1198.5	143.0	383.7	691.5	635.6	457.0	240.4	809.4
1997	5774.4	235.4	902.2	1208.2	147.3	394.3	732.9	642.6	460.2	243.0	808.3
1998	5902.5	244.8	905.9	1216.6	150.2	400.7	785.7	661.4	472.8	248.4	816.0
1999	5962.6	255.9	882.1	1230.3	147.9	405.6	817.3	665.0	479.0	254.0	825.6
2000	6044.7	269.7	870.6	1247.6	147.6	404.1	842.7	681.2	486.6	255.2	839.6
2001	5995.4	277.3	815.4	1231.8	147.3	403.6	820.4	697.1	491.1	261.1	850.4
2002	5883.8	277.5	754.0	1197.8	137.2	400.6	791.5	710.6	492.0	261.7	861.0
2003	5810.9	274.8	714.1	1182.9	127.6	401.7	777.4	718.1	497.3	263.8	853.3
2004	5816.2	270.2	697.1	1180.2	120.9	399.4	798.7	729.9	506.1	269.0	844.7
2005	5862.1	268.6	688.2	1186.9	118.2	401.9	826.6	745.2	512.3	268.2	846.0
2006	5932.8	275.3	683.3	1198.4	116.3	405.2	854.2	762.3	522.7	269.7	845.5
2007	5980.2	271.4	675.3	1212.3	116.0	402.8	870.6	779.7	531.5	271.3	849.3
2008	5949.7	258.6	657.3	1205.0	114.4	391.7	859.8	801.3	532.7	273.3	855.6
2009	5657.9	219.3	577.7	1141.0	106.3	371.8	784.8	816.9	516.0	266.7	857.3

### Annual % Change

Year Average	Total	Construction	Manufacturing	Trade, Transportation and Utilities	Information	Financial Activities	Professional and Business Services	Education and Health Services	Leisure and Hospitality	Other Services	Government
1990											
1991	-1.0%	-6.8%	-4.3%	-1.9%	1.3%	0.0%	-1.7%	4.7%	-0.2%	0.1%	0.6%
1992	0.0%	-3.3%	-2.3%	-1.0%	-1.8%	0.5%	2.8%	3.2%	0.9%	0.2%	0.4%
1993	1.8%	0.7%	0.6%	2.2%	1.6%	1.7%	4.0%	2.3%	4.7%	0.1%	0.1%
1994	2.5%	5.9%	2.0%	2.6%	4.4%	-1.2%	5.2%	1.6%	3.3%	2.7%	1.5%
1995	2.4%	3.6%	1.8%	1.7%	0.3%	-0.3%	5.2%	2.8%	4.9%	1.9%	1.6%
1996	1.7%	2.7%	0.6%	0.8%	2.9%	1.9%	3.8%	2.3%	1.6%	1.2%	1.4%
1997	1.5%	2.8%	0.4%	0.8%	3.1%	2.8%	6.0%	1.1%	0.7%	1.1%	-0.1%
1998	2.2%	4.0%	0.4%	0.7%	2.0%	1.6%	7.2%	2.9%	2.7%	2.3%	1.0%
1999	1.0%	4.5%	-2.6%	1.1%	-1.6%	1.2%	4.0%	0.5%	1.3%	2.2%	1.2%
2000	1.4%	5.4%	-1.3%	1.4%	-0.2%	-0.4%	3.1%	2.4%	1.6%	0.5%	1.7%
2001	-0.8%	2.8%	-6.3%	-1.3%	-0.2%	-0.1%	-2.6%	2.3%	0.9%	2.3%	1.3%
2002	-1.9%	0.1%	-7.5%	-2.8%	-6.8%	-0.7%	-3.5%	1.9%	0.2%	0.2%	1.2%
2003	-1.2%	-1.0%	-5.3%	-1.2%	-7.0%	0.3%	-1.8%	1.0%	1.1%	0.8%	-0.9%
2004	0.1%	-1.7%	-2.4%	-0.2%	-5.2%	-0.6%	2.7%	1.6%	1.8%	2.0%	-1.0%
2005	0.8%	-0.6%	-1.3%	0.6%	-2.2%	0.6%	3.5%	2.1%	1.2%	-0.3%	0.1%
2006	1.2%	2.5%	-0.7%	1.0%	-1.6%	0.8%	3.3%	2.3%	2.0%	0.6%	-0.1%
2007	0.8%	-1.4%	-1.2%	1.2%	-0.2%	-0.6%	1.9%	2.3%	1.7%	0.6%	0.4%
2008	-0.5%	-4.7%	-2.7%	-0.6%	-1.4%	-2.8%	-1.2%	2.8%	0.2%	0.7%	0.7%
2009	-4.9%	-15.2%	-12.1%	-5.3%	-7.1%	-5.1%	-8.7%	2.0%	-3.1%	-2.4%	0.2%

Source: [http://www.bls.gov/sae/sm\\_mrs.htm](http://www.bls.gov/sae/sm_mrs.htm). Compilation by CGFA.

**Illinois Motor Fuel Related Sales Tax Data**

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010 (est.)
Average Gasoline Price:	\$2.00	\$2.56	\$2.64	\$3.29	\$2.56	\$2.68
Average Diesel Price:	\$2.21	\$2.84	\$2.84	\$3.72	\$3.03	\$2.83
Est. Sales Tax Revenue from Motor Fuel (in millions):	<b>\$446.2</b>	<b>\$577.9</b>	<b>\$600.3</b>	<b>\$751.9</b>	<b>\$566.6</b>	<b>\$578.0</b>
Difference from Previous Year (in millions):	\$79.5	\$131.7	\$22.4	\$151.6	-\$185.3	\$11.3
Overall Sales Tax Revenues (in millions):	\$6,594.8	\$7,091.6	\$7,136.1	\$7,214.6	\$6,773.0	\$6,200.0
Motor Fuel % of All Sales Tax Revenues:	6.8%	8.1%	8.4%	10.4%	8.4%	9.3%
Est. Growth of Sales Tax Revenue from Motor Fuel:	21.7%	29.5%	3.9%	25.3%	-24.6%	2.0%
Est. Growth of Non-Motor Fuel Sales Tax Revenues:	3.1%	5.9%	0.3%	-1.1%	-4.0%	-9.4%
Overall Growth in Sales Tax Revenues:	4.2%	7.5%	0.6%	1.1%	-6.1%	-8.5%

\* FY 2010 amounts are estimated based on projected motor fuel prices from the U.S. Energy Information Administration.

**TOP COMBINED STATE-LOCAL CIGARETTE TAX RATES**

(Federal plus State plus County plus City Cigarette Tax per Pack of 20)

	Federal	State	County	City	Total
1 New York City, New York	\$1.01	\$2.75	\$0.00	\$1.50	\$5.26
2 <b>Chicago, Illinois</b>	<b>\$1.01</b>	<b>\$0.98</b>	<b>\$2.00</b>	<b>\$0.68</b>	<b>\$4.67</b>
3 <b>Evanston, Illinois</b>	<b>\$1.01</b>	<b>\$0.98</b>	<b>\$2.00</b>	<b>\$0.50</b>	<b>\$4.49</b>
4 Rhode Island Cities	\$1.01	\$3.46	\$0.00	\$0.00	\$4.47
5 Anchorage, Alaska	\$1.01	\$2.00	\$0.00	\$1.40	\$4.41
6 <b>Cicero, Illinois</b>	<b>\$1.01</b>	<b>\$0.98</b>	<b>\$2.00</b>	<b>\$0.16</b>	<b>\$4.15</b>
7 <b>Rosemont, Illinois</b>	<b>\$1.01</b>	<b>\$0.98</b>	<b>\$2.00</b>	<b>\$0.05</b>	<b>\$4.04</b>
8 Barrow, Alaska	\$1.01	\$2.00	\$0.00	\$1.00	\$4.01
9 Matanuska-Sustina Borough, Alaska	\$1.01	\$2.00	\$0.00	\$1.00	\$4.01
10 Sitka, Alaska	\$1.01	\$2.00	\$0.00	\$1.00	\$4.01
11 Juneau, Alaska	\$1.01	\$2.00	\$0.00	\$1.00	\$4.01
12 Connecticut Cities	\$1.01	\$3.00	\$0.00	\$0.00	\$4.01
13 <b>All Other Cook County, Illinois</b>	<b>\$1.01</b>	<b>\$0.98</b>	<b>\$2.00</b>	<b>\$0.00</b>	<b>\$3.99</b>
NR All Other Illinois	<b>\$1.01</b>	\$0.98	\$0.00	\$0.00	<b>\$1.99</b>

Source: <http://tobaccofreekids.org/research/factsheets/pdf/0267.pdf>

## ILLINOIS DEBT

### ILLINOIS BONDS AT A GLANCE

(in millions)

	FY 2009	Est. FY		Est. FY		\$ Change	% Change
		2010*	\$ Change	% Change	2011		
<b>Bond Sales</b>							
General Obligation	150.0	6,172.0	6,022.0	4014.7%	3,650.0	-2,522.0	-40.9%
Revenue	0.0	530.0	530.0	100.0%	250.0	-280.0	-52.8%
<b>Total</b>	<b>\$150.0</b>	<b>\$6,702.0</b>	<b>\$6,552.0</b>	<b>4368.0%</b>	<b>\$3,900.0</b>	<b>-\$2,802.0</b>	<b>-41.8%</b>
<b>Outstanding Principal</b>							
General Obligation	18,951.8	24,210.0	5,258.2	27.7%	26,744.0	2,534.0	10.5%
Revenue	2,063.7	2,443.6	379.9	18.4%	2,519.7	76.1	3.1%
<b>Total</b>	<b>\$21,015.5</b>	<b>\$26,653.6</b>	<b>\$5,638.1</b>	<b>26.8%</b>	<b>\$29,263.7</b>	<b>\$2,610.1</b>	<b>9.8%</b>
<b>Debt Service</b>							
General Obligation	1,705.3	1,777.1	71.8	4.2%	2,643.6	866.5	48.8%
Revenue	279.1	288.5	9.4	3.4%	316.9	28.4	9.8%
<b>Total</b>	<b>\$1,984.4</b>	<b>\$2,065.6</b>	<b>\$81.2</b>	<b>4.1%</b>	<b>\$2,960.5</b>	<b>\$894.9</b>	<b>43.3%</b>

### BUILD ILLINOIS BOND RATINGS

Rating Agencies	Apr/July 2009	Oct 2009	Dec 2009
<b>Fitch, Inc.</b>	<b>AA</b>	<b>AA</b>	<b>AA</b>
<b>Standard &amp; Poor's</b>	<b>AAA</b>	<b>AAA</b>	<b>AAA</b>
<b>Moody's Investor Service</b>	<b>Aa3</b>	<b>A1</b>	<b>A2</b>

### STATES WITH THE LOWEST RATINGS

	Moody's	S&P	Fitch
California	Baa1	A-	BBB
<b>Illinois</b>	<b>A2</b>	<b>A+</b>	<b>A</b>
Louisiana	A1	AA-	AA-
Michigan	Aa3	AA-	A+
Kentucky	Aa2	AA-	AA-

### GENERAL OBLIGATION BOND RATINGS

RATING AGENCIES	July 1997	June 1998	June 2000	May 2003	Dec 2008	Mar-July 2009	Dec 2009	MAXIMUM RATING
<b>Fitch Ratings</b>	<b>AA</b>	<b>AA</b>	<b>AA+</b>	<b>AA</b>	<b>AA-</b>	<b>A</b>	<b>A</b>	<b>AAA</b>
<b>Standard &amp; Poor's</b>	<b>AA</b>	<b>AA</b>	<b>AA</b>	<b>AA</b>	<b>AA</b>	<b>AA-</b>	<b>A+</b>	<b>AAA</b>
<b>Moody's Investor Service</b>	<b>Aa3</b>	<b>Aa2</b>	<b>Aa2</b>	<b>Aa3</b>	<b>Aa3</b>	<b>A1</b>	<b>A2</b>	<b>Aaa/Aa1</b>