



Commission on Government Forecasting and Accountability

MONTHLY BRIEFING

APRIL 2005

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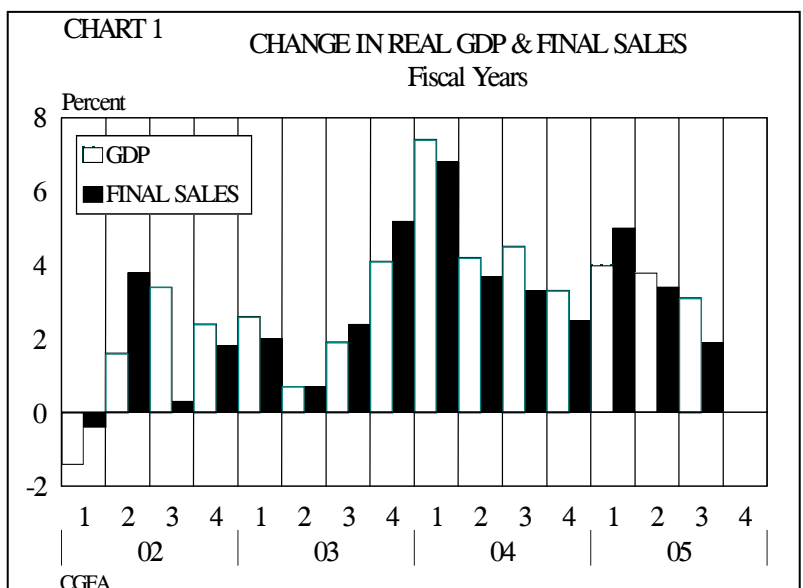
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ECONOMY: Soft Patch or Slowdown

Edward H. Boss, Jr., Chief Economist

The pace of economic activity moderated in the three months ended in March, according to the advanced report on gross domestic product (GDP) recently issued by the Commerce Department. Real GDP increased at a 3.1% annual rate in the first quarter of calendar 2005, the slowest rate in two years and down from 3.8% in the previous quarter and 4.4% during all of 2004. Moreover, the gain last quarter was aided by a buildup in inventories which rose \$80.2 billion during the quarter, the biggest increase since 2000 and up from \$47.2 billion in the prior quarter, even as sales slowed. Thus, as shown in Chart 1, real final sales (GDP less the change in private inventories) slowed even more than GDP, edging up at only a 1.9% annual rate, down from 3.4% in the previous quarter and 4% in 2004.

The deceleration in GDP growth early this year in part reflected weaker gains in consumer spending, primarily as



the rate of spending on autos declined; a reduced pace of business spending on new equipment and software, and acceleration in the pace of U.S. imports. Particularly disturbing was the setback in the rate of business spending that has been looked upon as the engine of future growth, with businesses plowing soaring profits back into the economy, stimulating job growth and incomes leading to sustained consumer spending gains. Whether this slowdown in business spending is a temporary phenomena or sign of more serious difficulties is uncertain. It should be pointed out, however, that a similar slowdown in such spending occurred in the first quarters of both 2003 and 2004, only to be followed by double-digit rates of growth in each of the following three quarters.

The release of the latest GDP report follows on the heels of several recent disappointing business reports, including retail sales, industrial production, and new factory orders for durable goods. When coupled with reduced consumer confidence, soaring gasoline prices, and sharp weakening in the stock market, it is becoming evident that the economy has hit a

“soft patch”. This is the term Federal Reserve Board Chairman Greenspan used when economic growth slowed sharply last spring. As a result of these reports, economists are in the process of revising down their economic forecasts.

However, all the economic news has not been bad. At month’s end, the Commerce Department reported that U.S. consumer spending rose at an unexpectedly strong rate in March, and perhaps even more important, sharply revised up February’s gain from its first reported 0.3% monthly gain to 0.7%. The rise in spending last month outstripped the gain in income that, while up more than anticipated, was flat when adjusted for inflation and taxes. Thus, the savings rate fell and was the lowest rate since last October. Still, currently most economists believe that the current soft patch in the economy will be temporary and not a precursor of anything more serious, such as a recession. As noted, the economy has been through such adjustment periods in the recent past at this time only to subsequently rebound.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY			
<u>INDICATORS</u>	<u>MAR 2005</u>	<u>FEB 2005</u>	<u>MAR 2004</u>
Unemployment Rate (Average)	5.6%	5.9%	6.3%
Annual Rate of Inflation (Chicago)	5.0%	3.8%	2.7%
		% CHANGE	% CHANGE
	LATEST	OVER PRIOR	OVER A
	MONTH	MONTH	YEAR AGO
Civilian Labor Force (thousands) (March)	6,450	-0.7%	1.1%
Employment (thousands) (March)	6,086	0.0%	1.8%
New Car & Truck Registration (March)	41,688	10.5%	-29.6%
Single Family Housing Permits (March)	4,159	65.6%	-3.0%
Total Exports (\$ mil) (February)	2,592	3.2%	17.1%
Chicago Purchasing Managers Index (April)	64.0	-7.5%	0.2%

Fees through the 3rd Quarter
Mike Moore, Revenue Analyst

Thru the third quarter of FY 2005 an estimated \$306.6 million has been collected in total fee revenues as the result of new and/or higher fees imposed over the last two fiscal years. It appears that lawsuits surrounding fees have settled down for the moment, however only time will tell if more parties file suit against the State. Monies currently being disputed are being placed in fund #937 (Industrial Commission Surcharge Escrow Fund). So far \$11.5 million has been placed in escrow until the litigation is settled.

The largest amount of fee revenue continues to be from the Office of Secretary of State with approximately \$102.7 million in fee revenues for the current fiscal year. In addition, the Secretary of State also collects the Commercial Distribution fee, which has brought in \$97.4 million thru the end of April. Secretary of State fees remain difficult to track. As noted, \$102.7 million has been collected thus far in FY 2005. However, the Secretary of

State only reported fees through the month of March. There is a lag time in reporting from the Secretary of State, so it can be assumed that fee revenues are higher than reported below. Newly created fees that were increased on I.D cards and replacement license stickers in FY 2005 have generated approximately \$4.1 million in new fee revenue.

While overall fee revenues appear to meet fiscal year expectations, the future of fees continues to be very uncertain. If any of the current lawsuits in progress are successful it is likely that a host of other payees would file suit against the State.

It should also be noted that the following table is comprised mostly of the fee revenue reported by the administering agency. If the fee proceeds are not automatically deposited in the General Revenue Fund, it is at the discretion of the GOMB to decide when and how much of the fee revenue should be transferred into the GRF. To date, no such revenue transfer has occurred although it is anticipated that the first such transfer will take place in May.

Agency	Fees Thru 3rd Quarter
<i>Illinois Environmental Protection Agency</i>	\$32,721,976
<i>Illinois Commerce Commission</i>	\$478,503
<i>Department of Natural Resources</i>	\$1,273,598
<i>Office of the State Fire Marshall</i>	\$1,233,525
<i>Department of Revenue (1)</i>	\$14,299,035
<i>Secretary of State (2)</i>	\$102,741,800
<i>Department of Agriculture</i>	\$1,970,503
<i>Capitol Development Board</i>	\$1,762,645
<i>DFPR/IL Workers Comp Comm (3)</i>	\$50,472,634
<i>Commercial Distribution Fee (4)</i>	\$97,353,476
<i>State Treasurer</i>	\$1,731,573
<i>Illinois Department of Public Health (5)</i>	\$551,700
Total Fees from FY 2005	\$306,590,968

1. The Department of Revenue estimate does not include monies collected via delinquent account fees or motor fuel tax prepay.
2. The Secretary of State compares FY 2003 with FY 2005.
3. Includes fees from the previous Department of Insurance, Office of Banks and Real Estate, and Department of Financial Institutions. Since the majority of fees collected for the Illinois Worker's Compensation Commission (IWCC) are collected by DFPR, IWCC fees are also included in this line. Due to legal rulings monies collected from this fee will be placed in an escrow account in the State Treasury. As of May 1, 2005 roughly \$11.5 million has been transferred into this escrow account. (Fund # 0937 Industrial Commission Surcharge Escrow Fund).
4. Commercial Distribution Fee total is current through May 1, 2005.
5. The fee structure for the Illinois Department of Public Health changed due to P.A 93-0841. This new legislation imposed a \$995 flat fee for nursing home licensure, in contrast to a fee based on beds as it was in FY 2004.

Year to Date FY 2005 Special Transfers
Lynnae Kapp, Bond Analyst

In April, the Comptroller transferred \$2.5 million in fund sweeps from six funds to GRF. Year-to-date special

transfers equal \$385.4 million, consisting of \$255.6 million in fund sweeps and \$129.8 million in chargebacks (which includes \$78.2 million of controversial chargebacks made by the Comptroller and disputed by the Treasurer).

Special Transfers in FY 2005 YTD as of 4/29/2005				
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	TOTAL
0014	Food & Drug Safety	\$93,400	\$817,000	\$910,400
0018	Transportation Regulatory Fund	\$669,199	\$2,379,000	\$3,048,199
0021	Financial Institution Fund	\$1,006,781	\$2,003,000	\$3,009,781
0022	General Professions Dedicated Fund	\$787,699	\$497,000	\$1,284,699
0024	IL Dept. of Ag. Laboratory Services Fund	\$61,500		\$61,500
0026	Live & Learn Fund	\$1,096,866		\$1,096,866
0031	Drivers Education	\$1,781,162	\$2,967,000	\$4,748,162
0036	IL Veterans' Rehabilitation	\$411,194		\$411,194
0039	State Boating Act	\$251,497	\$1,072,000	\$1,323,497
0040	State Parks	\$758,800		\$758,800
0044	Lobbyist Registration Administration Fund		\$327,000	\$327,000
0045	Agricultural Premium Fund	\$457,886	\$7,777,000	\$8,234,886
0050	Mental Health	\$2,349,990		\$2,349,990
0057	IL State Pharmacy Disciplinary Fund	\$135,100		\$135,100
0059	Public Utility	\$934,519	\$8,202,000	\$9,136,519
0067	Radiation Protection		\$750,000	\$750,000
0078	Solid Waste Management	\$2,525,819	\$10,084,000	\$12,609,819
0085	Illinois Gaming Law Enforcement	\$312,000		\$312,000
0089	Subtitle D Management Fund	\$100,439	\$3,006,000	\$3,106,439
0093	IL State Medical Disciplinary Fund	\$868,200		\$868,200
0094	DCFS Training Fund	\$1,089,600		\$1,089,600
0128	Youth Alcohol & Substance Abuse Prevention Fund	\$57,496		\$57,496
0129	State Gaming Fund	\$4,549,590		\$4,549,590
0136	University of Illinois Hospital Services Fund	\$2,169,658		\$2,169,658
0137	Plugging & Restoration	\$50,900	\$1,255,000	\$1,305,900
0147	Coal Mining Regulatory Fund	\$2,755		\$2,755
0151	Registered CPA Administration & Disciplinary Fund		\$819,000	\$819,000
0152	State Crime Laboratory		\$200,000	\$200,000
0156	Motor Vehicle Theft Prevention Fund	\$501,400		\$501,400
0163	Weights and Measures	\$402,745	\$1,800,000	\$2,202,745
0167	Registered Limited Liability Partnership Fund	\$24,560	\$356,000	\$380,560
0184	Violence Prevention Fund	\$140,330		\$140,330
0185	SOS Special License Plate Fund		\$856,000	\$856,000
0207	Pollution Control Board State Trust Fund	\$19,751		\$19,751
0213	Response Contractors Indemnification Fund		\$107,000	\$107,000
0214	Brownfields Redevelopment Fund	\$309,322		\$309,322
0215	Capital Development Board Revolving		\$1,229,000	\$1,229,000
0218	Professions Indirect Cost Fund	\$341,483	\$39,000	\$380,483
0220	DCFS Childrens' Services	\$13,003,500		\$13,003,500
0222	State Police DUI Fund	\$22,971		\$22,971
0224	Asbestos Abatement Fund	\$104,559		\$104,559
0238	IL Health Facilities Planning Fund		\$2,551,000	\$2,551,000

Special Transfers in FY 2005 YTD as of 4/29/2005				
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	TOTAL
0240	Emergency Public Health Fund	\$134,000		\$134,000
0245	Fair & Exposition Fund	\$133,000		\$133,000
0248	Racing Board Fingerprint License Fund	\$2,804		\$2,804
0251	Dept. of Labor Special State Trust Fund	\$8,235		\$8,235
0258	Nurse Dedicated & Professional Fund	\$418,045		\$418,045
0259	Optometric Licensing & Disciplinary Committee Fund		\$1,121,000	\$1,121,000
0265	State Rail Freight Loan Repayment Fund	\$554,165	\$3,500,000	\$4,054,165
0272	LaSalle Veterans Home Fund	\$36,434		\$36,434
0273	Anna Veterans Home Fund	\$148,628		\$148,628
0274	Self-Insurers Administration Fund	\$14,008		\$14,008
0276	Drunk & Drugged Driving Prevention Fund	\$219,317		\$219,317
0280	IL Racing Board Grant Fund	\$24,902		\$24,902
0281	IL Tax Increment	\$853,806	\$1,500,000	\$2,353,806
0285	Long-Term Care Monitor/Receiver Fund	\$115,592		\$115,592
0286	IL Affordable Housing Trust	\$243,489		\$243,489
0290	Fertilizer Control Fund	\$16,632		\$16,632
0292	Securities Investors Education Fund	\$186,442	\$3,271,000	\$3,457,442
0294	Used Tire Management Fund		\$3,278,000	\$3,278,000
0295	SOS Interagency Grant Fund	\$2,043		\$2,043
0298	Natural Areas Acquisition Fund	\$1,705,195		\$1,705,195
0299	Open Space Lands Acquisition and Development	\$3,607,703		\$3,607,703
0301	Working Capital Revolving Fund	\$500,000	\$12,000,000	\$12,500,000
0312	Communications Revolving Fund	\$5,000,000		\$5,000,000
0323	Motor Vehicle Review Board Fund	\$8,821		\$8,821
0340	Public Health Services Revolving Fund	\$52,300		\$52,300
0341	Provider Inquiry Trust Fund	\$58,334		\$58,334
0342	Audit Expense		\$1,237,000	\$1,237,000
0344	Care Providers for Persons w/ Developmental Disabilities	\$4,388,397		\$4,388,397
0360	Lead Poisoning, Screening, Prevention & Abatement Fund	\$219,800		\$219,800
0362	Securities Audit and Enforcement		\$14,000,000	\$14,000,000
0363	Dept. Business Service Spec. Ops Fund	\$261,447	\$524,000	\$785,447
0369	Feed Control Fund	\$80,000		\$80,000
0372	Plumbing Licensure & Program Fund	\$108,900		\$108,900
0373	State Treasurer's Bank Service	\$1,099		\$1,099
0378	Insurance Premium Tax Refund Fund	\$448,899	\$2,500,000	\$2,948,899
0380	Corporate Franchise Tax Refund Fund		\$1,650,000	\$1,650,000
0384	Tax Compliance & Administration	\$434,074	\$9,513,000	\$9,947,074
0386	Appraisal Administration	\$33,790	\$1,107,000	\$1,140,790
0397	Trauma Center Fund	\$1,169,463		\$1,169,463
0421	Public Aid Recoveries Trust	\$13,495,695		\$13,495,695
0422	Alternative Fuels Fund	\$122,900		\$122,900
0431	Second Injury Fund	\$92,019		\$92,019
0436	Safety Responsibility Fund	\$21,605		\$21,605
0438	IL State Fair	\$229,724		\$229,724
0452	IL Tourism Tax	\$148,097		\$148,097
0483	Secretary of State Special Services	\$43,943	\$600,000	\$643,943
0502	Early Intervention Services Revolving Fund	\$3,887,649		\$3,887,649
0514	State Asset Forfeiture Fund	\$110,600	\$1,500,000	\$1,610,600

Special Transfers in FY 2005 YTD as of 4/29/2005				
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	TOTAL
0520	Federal Asset Forfeiture Fund		\$1,500,000	\$1,500,000
0523	Department of Corrections Reimbursement		\$14,500,000	\$14,500,000
0530	Grape & Wine Resources Fund		\$1,000,000	\$1,000,000
0536	LEADS Maintenance		\$2,000,000	\$2,000,000
0537	State Offender DNA ID System Fund		\$1,050,000	\$1,050,000
0546	Public Pension Regulation Fund	\$100,373		\$100,373
0548	Drycleaner Environ Response Fund	\$272,563		\$272,563
0550	Supplemental Low Income Energy Assistance Fund	\$0		\$0
0552	Workforce, Technology & Econ. Dvlpmt Fund		\$250,000	\$250,000
0564	Renewable Energy Resources Trust Fund		\$5,000,000	\$5,000,000
0571	Energy Efficiency Trust Fund	\$431,391	\$3,040,000	\$3,471,391
0576	Pesticide Control	\$38,899		\$38,899
0608	Conservation 2000		\$7,439,000	\$7,439,000
0612	Wireless Service Emergency Fund	\$253,973		\$253,973
0621	International Tourism Fund	\$567,100		\$567,100
0632	Horse Racing		\$2,500,000	\$2,500,000
0634	IL Aquaculture Develop Fund		\$1,067,020	\$1,067,020
0635	Death Certificate Surcharge	\$134,756		\$134,756
0637	State Police Wireless Service Emergency Fund	\$160,262	\$700,000	\$860,262
0642	DHS State Projects Fund	\$211,424		\$211,424
0648	Downstate Public Transportation	\$5,018,939		\$5,018,939
0649	Motor Carrier Safety Inspection	\$217,277		\$217,277
0650	Municipal Economic Development Fund	\$14,796		\$14,796
0664	Student Loan Operation Fund	\$3,123,718		\$3,123,718
0669	Airport Land Loan Revolving Fund	\$212		\$212
0705	Whistleblower Reward & Protection Fund	\$65,600	\$1,250,000	\$1,315,600
0708	IL Standardbred Breeders Fund	\$167,487		\$167,487
0709	IL Thoroughbred Breeders Fund	\$192,600		\$192,600
0720	Family Care Fund	\$164,964		\$164,964
0728	Drug Rebate Fund	\$6,757,347		\$6,757,347
0731	IL Clean Water Fund	\$1,495,100		\$1,495,100
0732	SOS DUI Administration Fund	\$52,699	\$582,000	\$634,699
0733	Tobacco Settlement Recovery		\$19,400,000	\$19,400,000
0743	Statewide Economic Development Fund		\$4,329,246	\$4,329,246
0763	Tourism Promotion	\$3,082,196		\$3,082,196
0770	Digital Divide Elimination Fund	\$403,523		\$403,523
0771	Digital Divide Elimination Infrastructure (No. Approp)	\$400,000		\$400,000
0776	Presidential Library and Museum Fund		\$500,000	\$500,000
0795	Bank & Trust Company	\$1,204,710		\$1,204,710
0808	Medical Special Purpose Trust Fund	\$641,629	\$967,000	\$1,608,629
0821	Dram Shop		\$1,517,000	\$1,517,000
0823	IL State Dental Disciplinary Fund	\$235,500		\$235,500
0840	Hazardous Waste Research Fund	\$12,672		\$12,672
0850	Real Estate License Administration	\$696,172		\$696,172
0863	Cycle Rider Safety Training	\$361,536		\$361,536
0884	DNR Special Projects Fund	\$281,181		\$281,181
0888	Design Professionals Administration & Investigation	\$72,400	\$1,172,000	\$1,244,400
0896	Public Health State Projects	\$292,200		\$292,200
0903	State Surplus Property Revolving Fund	\$254,008		\$254,008

Special Transfers in FY 2005 YTD as of 4/29/2005				
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	TOTAL
0905	IL Forestry Development Fund	\$209,200	\$1,257,000	\$1,466,200
0906	State Police Services	\$2,196,052	\$250,000	\$2,446,052
0907	Health Insurance Reserve	\$12,874,230		\$12,874,230
0920	Metabolic Screening & Treatment Fund		\$3,435,000	\$3,435,000
0921	DHS Recoveries Trust	\$1,334,918		\$1,334,918
0922	Insurance Producer Administration	\$1,670,624	\$12,727,000	\$14,397,624
0925	Coal Technology Development Assistance Fund	\$176,342		\$176,342
0942	Radioactive Waste Facility Development & Operation		\$2,202,000	\$2,202,000
0943	Low-Level Radioactive Waste Facility Closure, Post-Closure Care & Compensation		\$6,000,000	\$6,000,000
0944	Environmental Protection Permit & Inspection		\$874,000	\$874,000
0954	Illinois State Podiatric Disciplinary Fund	\$50,130		\$50,130
0955	Tech Innovation & Commercialization Fund		\$76,729	\$76,729
0962	Park & Conservation	\$2,185,438	\$1,000,000	\$3,185,438
0969	Local Tourism Fund	\$502,405		\$502,405
0973	Build IL Capital Revolving Loan Fund	\$388,189		\$388,189
0982	IL Beach Marina	\$50,000		\$50,000
0993	Public Infrastructure Construction Loan	\$101,379	\$1,822,000	\$1,923,379
0997	Insurance Financial Regulation	\$3,956,074		\$3,956,074
	TOTAL	\$129,808,855	\$205,800,995	\$335,609,850
0569	School Technology Revolving Loan Fund to Common School Fund		\$49,775,000	\$49,775,000
	General Funds TOTAL	\$129,808,855	\$255,575,995	\$385,384,850

REVENUE

April Receipts Up

Jim Muschinske, Revenue Manager

Monthly revenues, excluding short-term borrowing and borrowing related transfers, rose by \$77 million in April. The larger most-closely tied economic sources, such as income taxes and sales taxes, posted a strong month. Offsetting some of that gain was last April's large transfer activity that was not repeated this year. The overall increase would have been larger, but April had one less receipting day than last year.

For the month, gross personal income taxes generated gains of \$112 million, or \$119 million net of refunds, while gross and net corporate income tax receipts increased by \$73 million. Sales tax receipts outpaced the same month of last year by \$35 million. Inheritance tax receipts had yet another good month and rose by \$9 million. Both interest income and other sources added \$2 million to the monthly gain, while liquor taxes finished up \$1 million.

A few sources experienced declines in April as the Cook County IGT fell by \$29 million. Public utility

taxes were down by \$17 million and insurance taxes and fees erased \$13 million in earlier gains.

Overall transfers (excluding those related to the short-term borrowing in March) were down \$101 million. Other transfers fell by \$109 million due to a variety of transfers that took place last April but were not repeated this year, i.e. fee transfers, chargebacks, and miscellaneous other transfers. Lottery transfers offset some of those losses with a monthly gain of \$8 million. Riverboat transfers were flat for the month.

Based on information provided from the Comptroller's Office, as of May 1, 2005 \$350 million in bills are awaiting payment, of which \$62 million are Medicaid bills. The dramatic improvement in the backlog was the result of the short-term borrowing and should be viewed as a temporary improvement. April ended with a general funds balance of \$317 million, of which the General Revenue Fund represented \$108 million (the remaining balance of \$209 million was comprised of education funds).

Year to Date

With two months left in the fiscal year, excluding Budget Stabilization Fund and Pension Contribution Fund transfers and short-term borrowing and related transfers, receipts are up \$687 million. With few

exceptions, virtually all revenue sources have experienced gains over the same period of last year.

Gross personal income tax contributed the most to this year's gain with receipts up \$429 million, or \$496 million net of refunds. Sales tax revenue continues to perform well and added \$216 million in new revenues. Inheritance tax continues to generate large monthly gains and is up \$88 million for the year. Other sources contributed \$78 million in gains and gross corporate income taxes added \$57 million, or \$134 million net of refunds. Cigarette taxes added \$50 million due to a temporary distribution change. All other sources that experienced gains added an additional \$39 million.

A few sources thus far have experienced declines as public utility taxes are down \$19 million, insurance taxes and fees \$15 million, the Cook County IGT \$11 million, and vehicle use tax \$2 million.

Overall transfers (excluding those related to the recent short-term borrowing) are down \$129 million. While riverboat transfers and direct receipts are up \$30 million and lottery transfers are ahead by \$28 million, those gains are offset by a \$187 million decline in all other transfers due to lower chargebacks, yet to occur fee transfers, and miscellaneous other transfers that will not be repeated this fiscal year. Federal related sources are down by \$238 million through April.

**Final FY 2005 Revision and FY 2006
Update**

The Commission is scheduled to meet on May 5th to discuss what is expected to be the final estimate for

FY 2005 as well as the updated revenue outlook for FY 2006. Details of those changes will be presented in next month's briefing or accessed shortly after that meeting on the Commission's website.

GENERAL FUNDS RECEIPTS: APRIL

FY 2005 vs. FY 2004

(\$ million)

Revenue Sources	APRIL FY 2005	APRIL FY 2004	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,182	\$1,070	\$112	10.5%
Corporate Income Tax (regular)	291	218	\$73	33.5%
Sales Taxes	560	525	\$35	6.7%
Public Utility Taxes (regular)	82	99	(\$17)	-17.2%
Cigarette Tax	33	33	\$0	0.0%
Liquor Gallonage Taxes	12	11	\$1	9.1%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax (Gross)	31	22	\$9	40.9%
Insurance Taxes and Fees	50	63	(\$13)	-20.6%
Corporate Franchise Tax & Fees	11	11	\$0	0.0%
Interest on State Funds & Investments	7	5	\$2	40.0%
Cook County IGT	29	58	(\$29)	-50.0%
Other Sources	46	44	\$2	4.5%
Subtotal	\$2,337	\$2,162	\$175	8.1%
Transfers				
Lottery	53	45	\$8	17.8%
Riverboat transfers & receipts	48	48	\$0	0.0%
Other	77	186	(\$109)	-58.6%
Total State Sources	\$2,515	\$2,441	\$74	3.0%
Federal Sources	\$278	\$282	(\$4)	-1.4%
Total Federal & State Sources	\$2,793	\$2,723	\$70	2.6%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$118)	(\$125)	\$7	-5.6%
Corporate Income Tax	(\$70)	(70)	\$0	0.0%
Subtotal General Funds	\$2,605	\$2,528	\$77	3.0%
Short-Term Borrowing	\$0	\$0	\$0	N/A
HPF and HHSMTF Transfers	\$233	\$0	\$233	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Pension Contribution Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$2,838	\$2,528	\$310	12.3%

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

3-May-05

GENERAL FUNDS RECEIPTS: YEAR TO DATE
FY 2005 vs. FY 2004
(\$ million)

Revenue Sources	FY 2005	FY 2004	CHANGE FROM FY 2004	% CHANGE
State Taxes				
Personal Income Tax	\$7,264	\$6,835	\$429	6.3%
Corporate Income Tax (regular)	1,228	1,171	\$57	4.9%
Sales Taxes	5,483	5,267	\$216	4.1%
Public Utility Taxes (regular)	886	905	(\$19)	-2.1%
Cigarette Tax	383	333	\$50	15.0%
Liquor Gallonage Taxes	123	105	\$18	17.1%
Vehicle Use Tax	27	29	(\$2)	-6.9%
Inheritance Tax (Gross)	263	175	\$88	50.3%
Insurance Taxes and Fees	276	291	(\$15)	-5.2%
Corporate Franchise Tax & Fees	144	131	\$13	9.9%
Interest on State Funds & Investments	55	47	\$8	17.0%
Cook County IGT	327	338	(\$11)	-3.3%
Other Sources	343	265	\$78	29.4%
Subtotal	\$16,802	\$15,892	\$910	5.7%
Transfers				
Lottery	491	463	\$28	6.0%
Riverboat transfers & receipts	571	541	\$30	5.5%
Other	662	849	(\$187)	-22.0%
Total State Sources	\$18,526	\$17,745	\$781	4.4%
Federal Sources (incl. \$434m MPRF transfer)	\$4,052	\$4,290	(\$238)	-5.5%
Total Federal & State Sources	\$22,578	\$22,035	\$543	2.5%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$733)	(\$800)	\$67	-8.4%
Corporate Income Tax	(\$299)	(\$376)	\$77	-20.5%
Subtotal General Funds	\$21,546	\$20,859	\$687	3.3%
Short-Term Borrowing	\$765	\$0	\$765	N/A
HPF and HHSMTF Transfers	\$995	\$0	\$995	N/A
Budget Stabilization Fund Transfer	\$276	\$226	\$50	22.1%
Pension Contribution Fund Transfer	\$0	\$1,395	(\$1,395)	N/A
Total General Funds	\$23,582	\$22,480	\$107	4.9%
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				3-May-05

GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE

FY 2005 ESTIMATE vs. FY 2004 ACTUAL

(\$ million)

Revenue Sources	March-05*	FYTD 2005	AMOUNT	FYTD 2004	GROWTH NEEDED	% CHANGE
	ESTIMATE FY 2005		NEEDED FY 2005 EST.			
State Taxes						
Personal Income Tax	\$8,572	\$7,264	\$1,308	\$6,835	(\$92)	-6.6%
Corporate Income Tax (regular)	1,422	1,228	\$194	1,171	(\$14)	-6.7%
Sales Taxes	6,545	5,483	\$1,062	5,267	(\$2)	-0.2%
Public Utility Taxes (regular)	1,090	886	\$204	905	\$30	17.2%
Cigarette Tax	450	383	\$67	333	\$0	0.0%
Liquor Gallonage Taxes	147	123	\$24	105	\$2	9.1%
Vehicle Use Tax	34	27	\$7	29	\$1	16.7%
Inheritance Tax (Gross)	285	263	\$22	175	(\$25)	-53.2%
Insurance Taxes and Fees	391	276	\$115	291	\$44	62.0%
Corporate Franchise Tax & Fees	180	144	\$36	131	\$4	12.5%
Interest on State Funds & Investments	60	55	\$5	47	(\$3)	-37.5%
Cook County IGT	433	327	\$106	338	\$16	17.8%
Other Sources	452	343	\$109	265	(\$65)	-37.4%
Subtotal	\$20,061	\$16,802	\$3,259	\$15,892	(\$104)	-3.1%
Transfers						
Lottery	588	491	\$97	463	(\$10)	-9.3%
Riverboat transfers & receipts	713	571	\$142	541	\$22	18.3%
Other	963	662	\$301	849	(\$9)	-2.9%
Total State Sources	\$22,325	\$18,526	\$3,799	\$17,745	(\$101)	-2.6%
Federal Sources (incl. \$434m MPRF transfer)	\$4,519	\$4,052	\$467	\$4,290	(\$432)	-48.1%
Total Federal & State Sources	\$26,844	\$22,578	\$4,266	\$22,035	(\$533)	-11.1%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	(\$864)	(\$733)	(\$131)	(\$800)	\$33	-20.1%
Corporate Income Tax	(346)	(\$299)	(\$47)	(376)	\$19	-28.8%
Subtotal General Funds	\$25,634	\$21,546	\$4,088	\$20,859	(\$481)	-10.5%
Short-Term Borrowing*	\$765	\$765	\$0	\$0	\$0	N/A
HPF and HHSMTF Transfer*	\$997	\$995	\$2	\$0	\$2	N/A
Budget Stabilization Fund Transfer	\$276	\$276	\$0	\$226	\$0	N/A
Pension Contribution Fund Transfer	\$0	\$0	\$0	\$1,395	\$0	N/A
Total General Funds	\$27,672	\$23,582	\$4,090	\$22,480	(\$479)	-10.5%

* The March 2005 revision was made prior to the recent short-term borrowing and subsequent transfer from the Hospital Provider Fund. They are being included here to reflect actual activity.

GENERAL FUNDS PERFORMANCE TO DATE
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

FY 2005 ESTIMATE vs. FY 2004 ACTUALS

(\$ million)

	*GOMB FEB-05 Estimate FY 2005	FYTD 2005	AMOUNT NEEDED FY 2005 Est.	FYTD 2004	GROWTH NEEDED	% CHANGE
Revenue Sources						
State Taxes						
Personal Income Tax	\$8,645	\$7,264	\$1,381	\$6,835	(\$19)	-1.4%
Corporate Income Tax (regular)	1,412	1,228	\$184	1,171	(\$24)	-11.5%
Sales Taxes	6,530	5,483	\$1,047	5,267	(\$17)	-1.6%
Public Utility Taxes (regular)	1,101	886	\$215	905	\$41	23.6%
Cigarette Tax	450	383	\$67	333	\$0	0.0%
Liquor Gallonage Taxes	145	123	\$22	105	\$0	0.0%
Vehicle Use Tax	35	27	\$8	29	\$2	33.3%
Inheritance Tax (Gross)	265	263	\$2	175	(\$45)	-95.7%
Insurance Taxes and Fees	371	276	\$95	291	\$24	33.8%
Corporate Franchise Tax & Fees	190	144	\$46	131	\$14	43.8%
Interest on State Funds & Investments	45	55	(\$10)	47	(\$18)	-225.0%
Cook County IGT	433	327	\$106	338	\$16	17.8%
Other Sources	451	343	\$108	265	(\$66)	-37.9%
Subtotal	\$20,073	\$16,802	\$3,271	\$15,892	(\$92)	-2.7%
Transfers						
Lottery	588	491	\$97	463	(\$10)	-9.3%
Gaming Fund Transfer	700	571	\$129	541	\$9	7.5%
Other	945	662	\$283	849	(\$27)	-8.7%
Total State Sources	\$22,306	\$18,526	\$3,780	\$17,745	(\$120)	-3.1%
Federal Sources (incl. \$434m MPRF transfers)	\$4,519	\$4,052	\$467	\$4,290	(\$432)	-48.1%
Total Federal & State Sources	\$26,825	\$22,578	\$4,247	\$22,035	(\$552)	-11.5%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	(\$864)	(\$733)	(\$131)	(\$800)	\$33	-20.1%
Corporate Income Tax	(339)	(299)	(\$40)	(376)	\$26	-39.4%
Subtotal General Funds	\$25,622	\$21,546	\$4,076	\$20,859	(\$493)	-10.8%
Short-Term Borrowing*	\$765	\$765	\$0	\$0	\$0	N/A
HPF and HHSMTF Transfer*	\$997	\$995	\$2	\$0	\$2	N/A
Budget Stabilization Fund Transfer	\$276	\$276	\$0	\$226	\$0	N/A
Pension Contribution Fund Transfer	\$0	\$0	\$0	\$1,395	\$0	N/A
Total General Funds	\$27,660	\$23,582	\$4,078	\$22,480	(\$491)	-10.7%

* The GOMB February forecast was made prior to the recent short-term borrowing and subsequent transfer from the Hospital Provider Fund. They are being included here to reflect actual activity.

Bond Transparency
Lynnae Kapp, Bond Analyst

P.A. 93-0839 (SB 2206) set limits on debt to create greater responsibility in debt management. The following table shows that the Office of Management

and Budget has followed the debt responsibility measures for FY 2005 bond issues.

Debt Responsibility Measures						
FY 2005 Bond Series	Cost of Issuance Limit 0.50%	No Capitalized Interest	25 yr. Maturity	Negotiated or Competitive Sale	Level principal debt service payments	Annual maturity or mandatory redemption
G.O. September 2004-\$285 million	0.28%	no	√	Competitive	√	√
G.O. November 2004-\$275 million	0.35%	no	√	Negotiated	√	√
Build IL February 2005-\$75 million	0.37%	no	√	Competitive	√	√
G.O. April 2005-\$315 million	0.36%*	no	√	Negotiated	√	√

To date, 32.6% of G.O. bonds and 100% of Build Illinois bonds have been sold competitively, which are both in excess of the minimum requirement of 25%.

The Act also requires the Governor's Office of Management and Budget to disclose details of each bond deal starting in FY 2005. The costs of the \$75 million February Build Illinois bond issuance are shown on the following page.

**\$75,000,000 Series of February 2005
Competitive Bid Sale
Cost of Issuance Disclosure**

Line Item	Status	Participation Percentage	Total
Underwriting¹			
First Albany Corporation		50%	76,838.00
Raymond James and Associates, Inc.		50%	76,838.00
Legal			
Chapman and Cutler			23,841.03
Financial Advisor			
Scott Balice	WBE		27,101.00
Ratings Report and Presentation			
Ronald Picur, Ph.D.			9,600.00
Market Pricing Service			
Delphis Hanover Corporation			3,600.00
Printing			
ImageMaster			3,117.36
Miscellaneous			
Parity Electronic Bidding System			1,500.00
TMS Syndicate Communication Wire			1,190.00
Debt Service Fund Deposit			5,000.61
Ratings			
Moody's Investor Service			13,750.00
Standard and Poor's			20,000.00
Fitch Ratings			15,000.00
Total Expenses (Excluding Bond Insurance)			277,376.00
Bond Insurance			
Financial Guarantee Insurance Corporation			13,249.00
Total Expenses (Including Bond Insurance)			290,625.00
Maximum Allowable Expenses (Par amount x 0.5%)			375,000.00
Total MBE Participation			27,101.00

¹ The State of Illinois did not select the underwriters. The underwriting syndicates were formed independently by the underwriters. A total of 11 syndicates bid on the Bonds. The underwriting syndicate led by First Albany had the lowest interest rate bid.

² FGIC was selected as bond insurer by the underwriting syndicate, not the State of Illinois

In April, the State sold \$315 million in General Obligation bonds. In the

following chart, the costs of issuance are shown:

**\$315,000,000 Series April 2005
Cost of Issuance Disclosure**

Line Item	Status	Participation Percentage	Amount	Total
Underwriting Syndicate				
Citigroup		40.1%	303,290.00	
Loop Capital	MBE	15.6%	118,044.00	
Cabrera Capital	MBE	7.3%	65,030.00	
Bank of America		15.4%	116,630.00	
William Blair		6.0%	45,360.00	
Melvin	MBE	4.7%	35,230.00	
Ramirez	MBE	8.5%	64,460.00	
SBK Brooks	MBE	2.4%	17,966.00	756,000.00
Underwriting Expenses				
Bond Market Association Fee			11,025.00	
Dalcomp Service Fee			19,687.50	
Dalcomp Co-Manager			210.00	
Dalcomp Order Period			4,725.00	
CUSIP			471.00	
Day Loan on Gross Proceeds			9,460.00	
Misc Communication, Travel & DTC fees			1,200.00	46,768.50
Bond Counsel				
Barnes & Thornburg LLP			48,533.25	
Co-Bond Counsel				
Burris, Wright, Slaughter & Tom	MBE		14,175.00	
Underwriters Counsel				
Gardner Carton & Douglas			33,369.60	96,077.85
Financial Advisor				
Kirkpatrick Pettis, a Division of D.A. Davidson & Co.			86,850.00	
Budget & Cashflow advisor				
Ronald D. Picur, PhD.			28,594.15	
Market Pricing Advisor				
Delphis Hanover Corporation			20,000.00	135,444.15
Rating Agencies				
Moody's Investor Services			30,000.00	
Standard and Poor's			30,000.00	
Fitch Ratings			21,500.00	81,500.00
Printing & shipping				
ImageMaster			2,858.00	2,858.00
Total Expenses (Excluding Bond Insurance)				1,118,648.50
Maximum Allowable Expenses (Par amount x 0.5%)			1,575,000.00	
Bond Insurance				
AMBAC			666,474.48	666,474.48
Total Expenses (Including Bond Insurance)				1,785,122.98
MBE FIRM SUBTOTALS				
Underwriting		38.46%	290,720.00	
Legal		14.8%	14,175.00	
Financial Advisory		0.0%	-	304,895.00