

***ILLINOIS ECONOMIC
and
FISCAL COMMISSION***

AUTUMN UPDATE

FY 2002 Economic Outlook and Revenue Estimate



*October 23, 2001
703 Stratton Office Building
Springfield, IL 62706*

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Economic and Revenue Updates

Illinois Economic and Fiscal Commission

ECONOMIC UPDATE

The U.S. economy slowed sharply in FY 2001, rising a meager 2.7% with growth near zero by the end. As shown in Chart 1 on page 3, this was in sharp contrast to real growth of 4.5% in FY 2000 and growth of 4.1% and 4.4%, respectively in each of the prior two fiscal years.

Still, despite its deterioration, the economy appeared to be bottoming. For example, by far the weakest sector has been business, particularly the manufacturing sector. As shown in Chart 2, while still contracting, the purchasing manager's index indicated a definite uptrend in activity since the beginning of the year.

At the same time, the consumer continued to spend, keeping this overall economy from sinking. Accounting for more than two-thirds of total spending, consumers remained confident and, with tax rebate checks in the mail, kept up purchases of durables. As shown in Chart 3 on page 4, new car and truck sales held at high levels.

Another positive sign for the future was the rapid decline in interest rates pursued by the Federal Reserve. In response to the Fed's actions, market interest rates were on a sharp downward trend even before the latest drop associated with the tragic events of September 11th. As shown in Chart 4, these rates now have fallen well below their 1991 recession levels, and even mortgage rates are at a three-year low.

The drop in financing costs spurred housing activity. As Chart 5 on page 5 shows, new single-family building permits in Illinois, a precursor to new housing activity, held up well despite the slowdown in overall economic activity. A large positive to the consumer was the income generated from their ability to refinance their mortgages at these lower interest rates.

Even so, the economy was fragile and the shock of September 11th caused an unprecedented drop in consumer confidence. As illustrated in Chart 6, both the Michigan and Conference Board surveys plunged. Even though this occurred late in the quarter, it is thought to have done enough harm to have shifted overall growth for the quarter to a small negative from a slight positive. Moreover, it could have even more detrimental effects this quarter.

Even before the terrorist attacks, the U.S. economy was fragile. And, weakness had spread throughout most other nations. As economies slowed, their demand for U.S.

products softened. Thus, as illustrated in Chart 7 on page 6, Illinois exports began to fall below their recent trend. Moreover, because such data are reported with a lag, this sector is expected to have weakened further.

The labor force also had weakened even prior to the terrorist shock. The U.S. September unemployment rate was 4.9%, the highest since September 1997. Moreover, the rate would have been even higher had it not been for shrinkage in the labor force. As shown in Chart 8, Illinois employment picture has been even weaker and for some time. Moreover with layoffs mounting, both unemployment rates are expected to climb substantially higher in the months ahead.

One positive aspect to the economic slowing has been a favorable price response. Consumer prices, as shown in Chart 9 on page 7, began to edge lower early this year and this trend is likely to continue. A weakening in worldwide demand and at home suggest firms will have little pricing power. This also has begun to affect energy prices. However, uncertainties in the Middle East may keep these supplies in question.

The continued deterioration in economic performance is consistent with the IEFIC's leading economic indicator. Chart 10 shows this indicator has been in a clear downward trend, repeating the pattern of 1990, which preceded the 1991 recession.

The latest forecast from DRI/WEFA, made after the terrorist attacks, now clearly depict a recession as illustrated in Chart 11 on page 8 and detailed in Table 1 on page 9. After virtually no growth in the final quarter of FY 2001, real growth is now expected to have declined 0.8% in the quarter just ended and 2.5% in the current quarter, before a recovery begins in the second half of FY 2002, or a V-shaped pattern. This is in contrast to the gradual improvement, or U-shaped recovery anticipated prior to the attacks.

The results of this economic performance already have had dire effects on State revenues. As shown in Chart 12, such revenue collections, represented by 16 states including Illinois, have slowed drastically since last fall. The following section will examine how this outlook is likely to affect Illinois revenues.

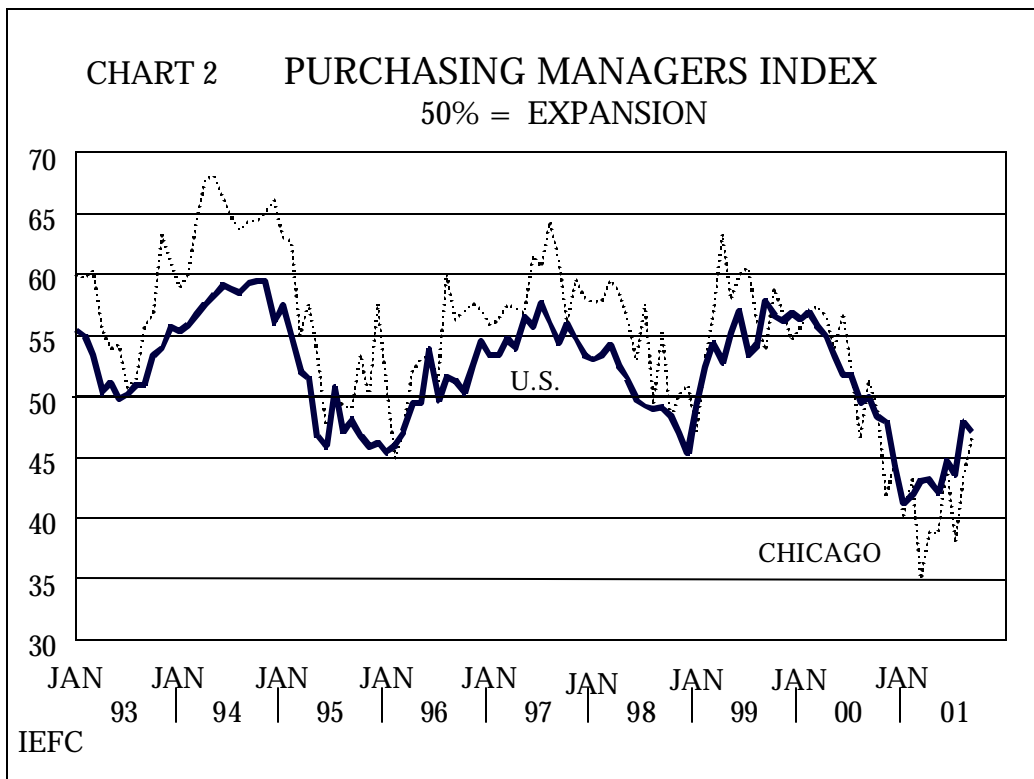
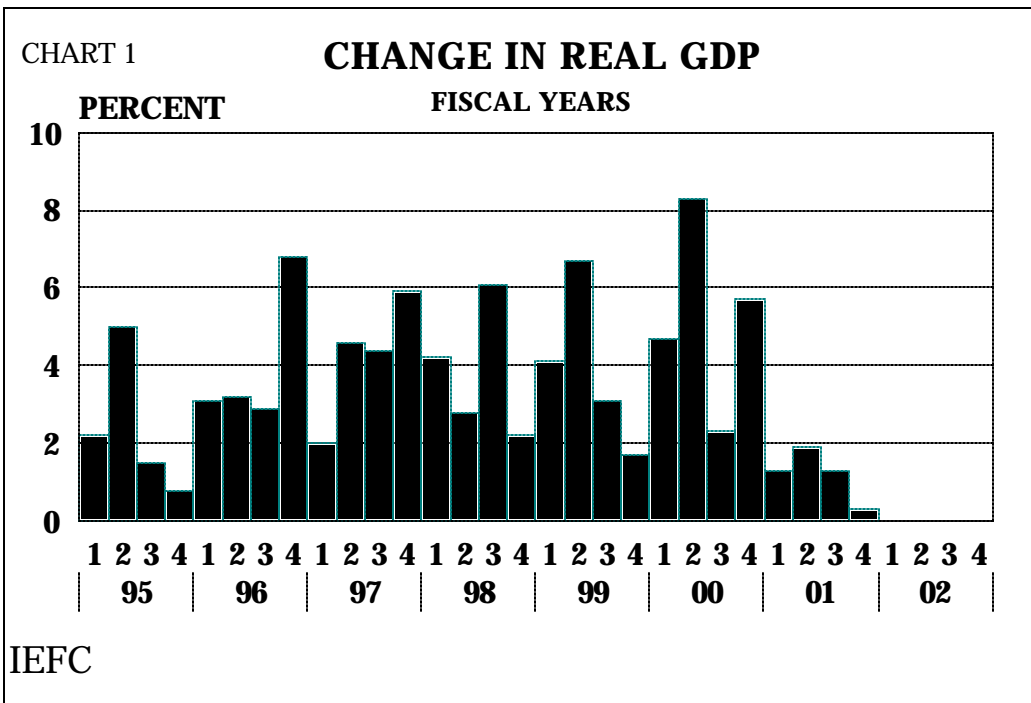


CHART 3 ILLINOIS NEW CAR & TRUCK REGISTRATIONS

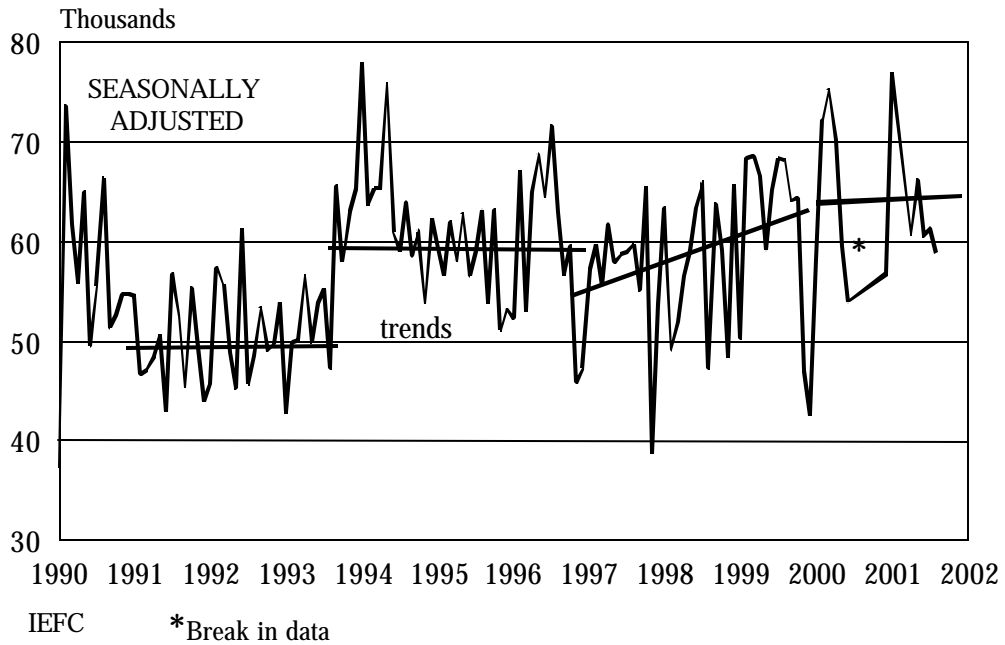


CHART 4 U. S. INTEREST RATES

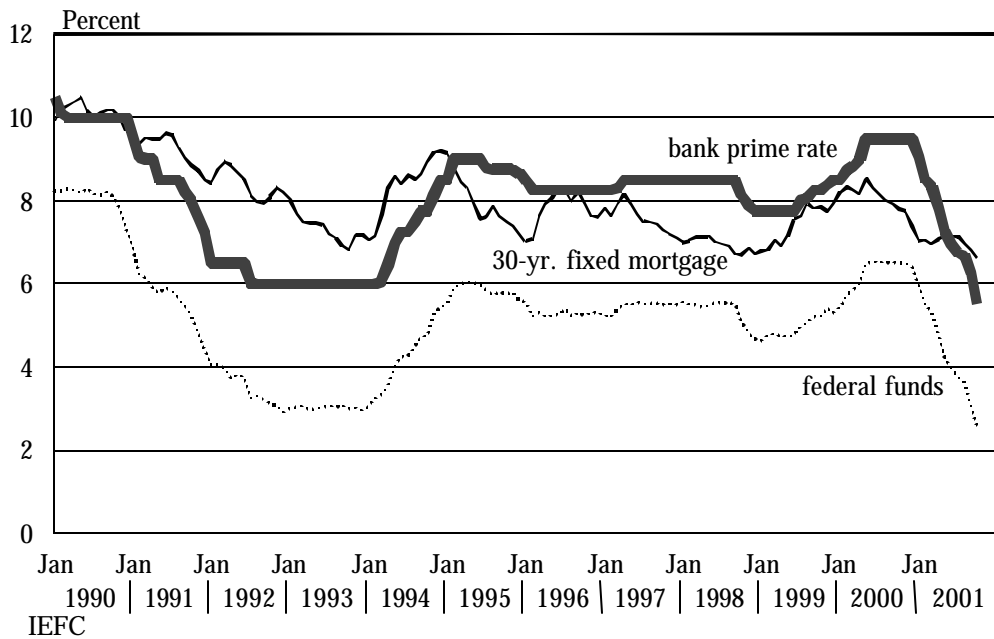
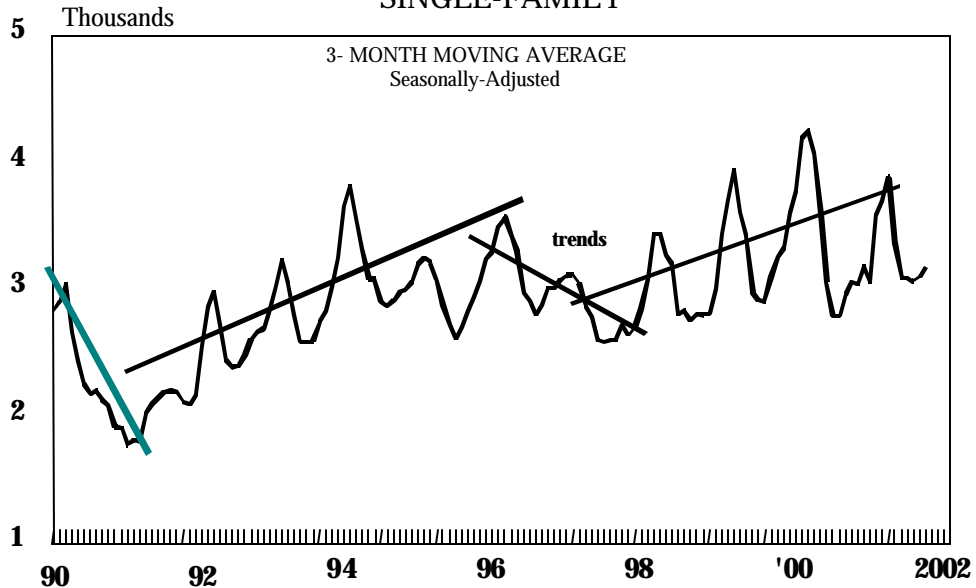


CHART 5 ILLINOIS BUILDING PERMITS

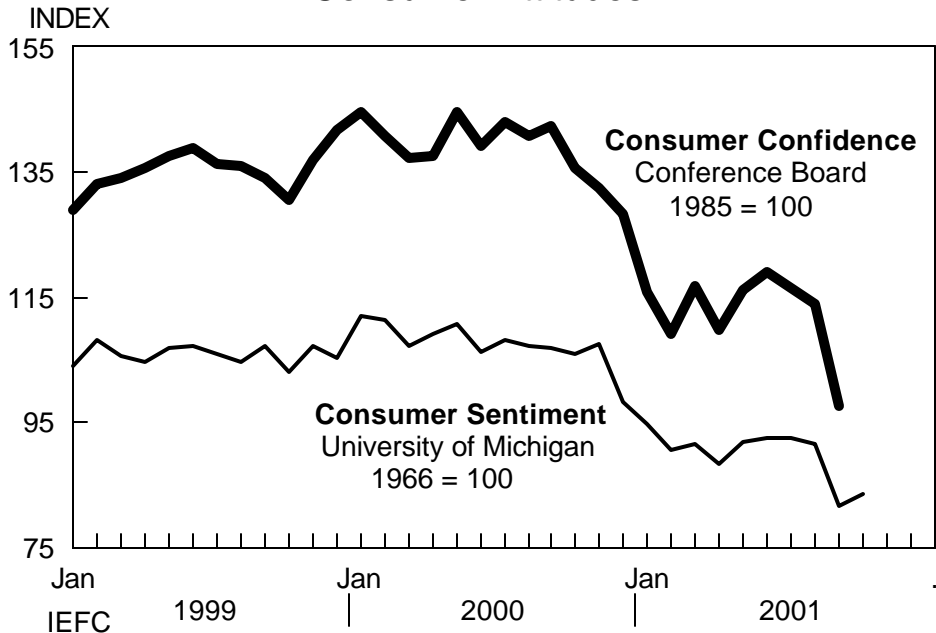
SINGLE-FAMILY

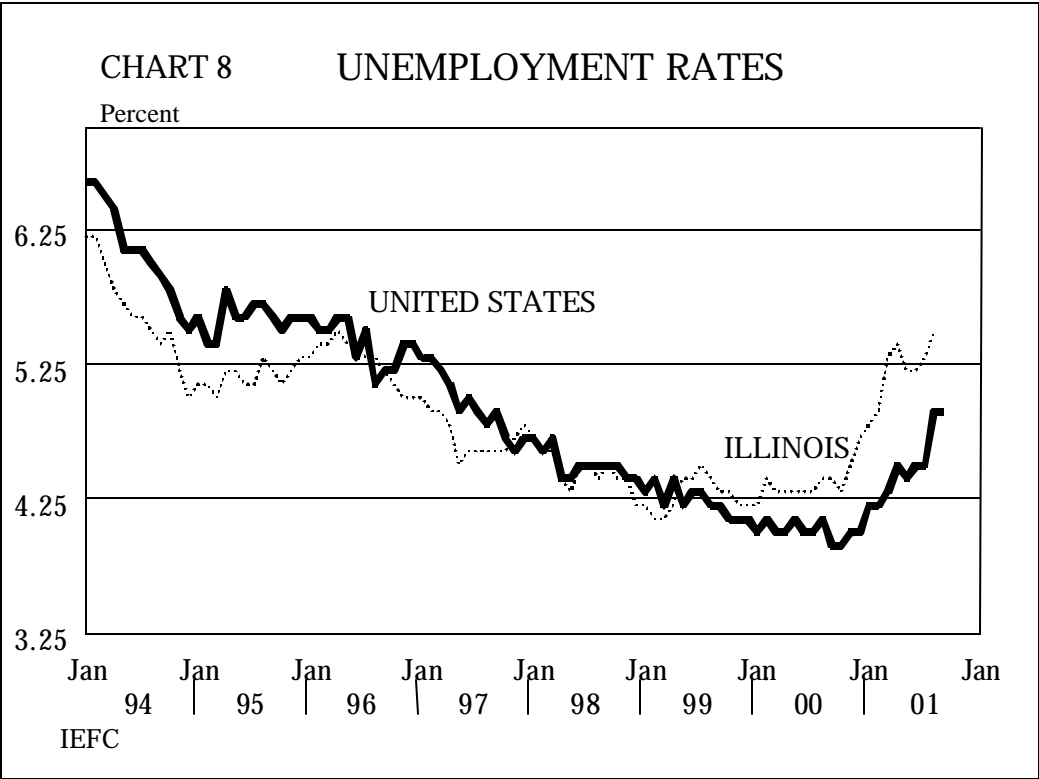
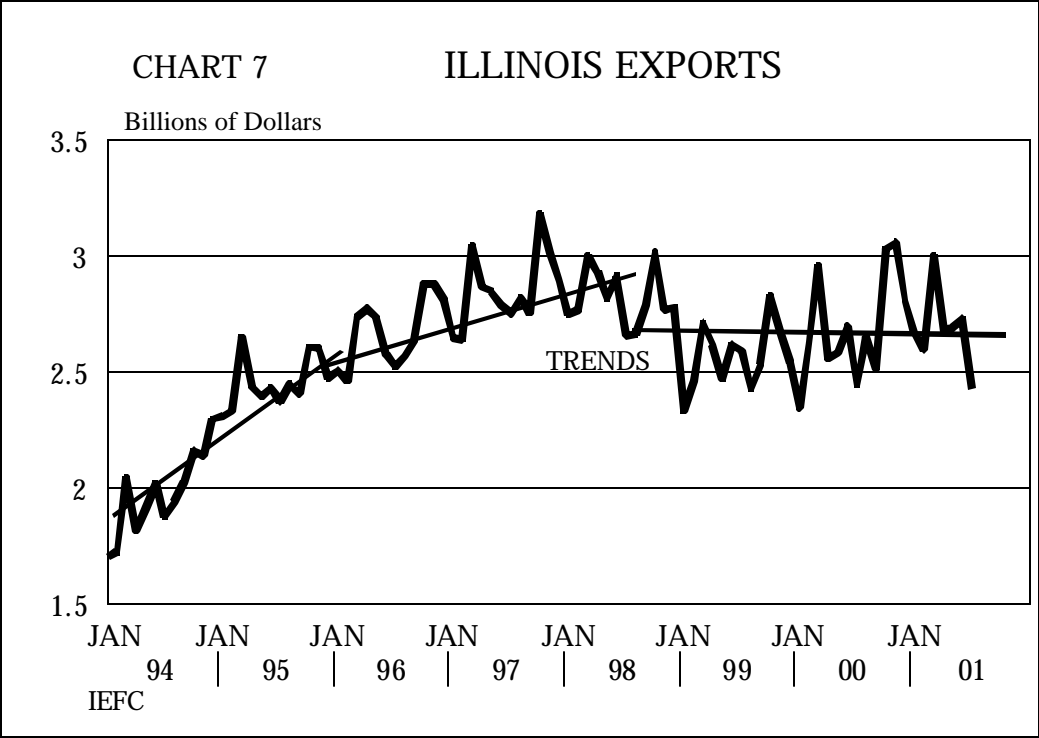


IEFC

CHART 6

Consumer Attitudes





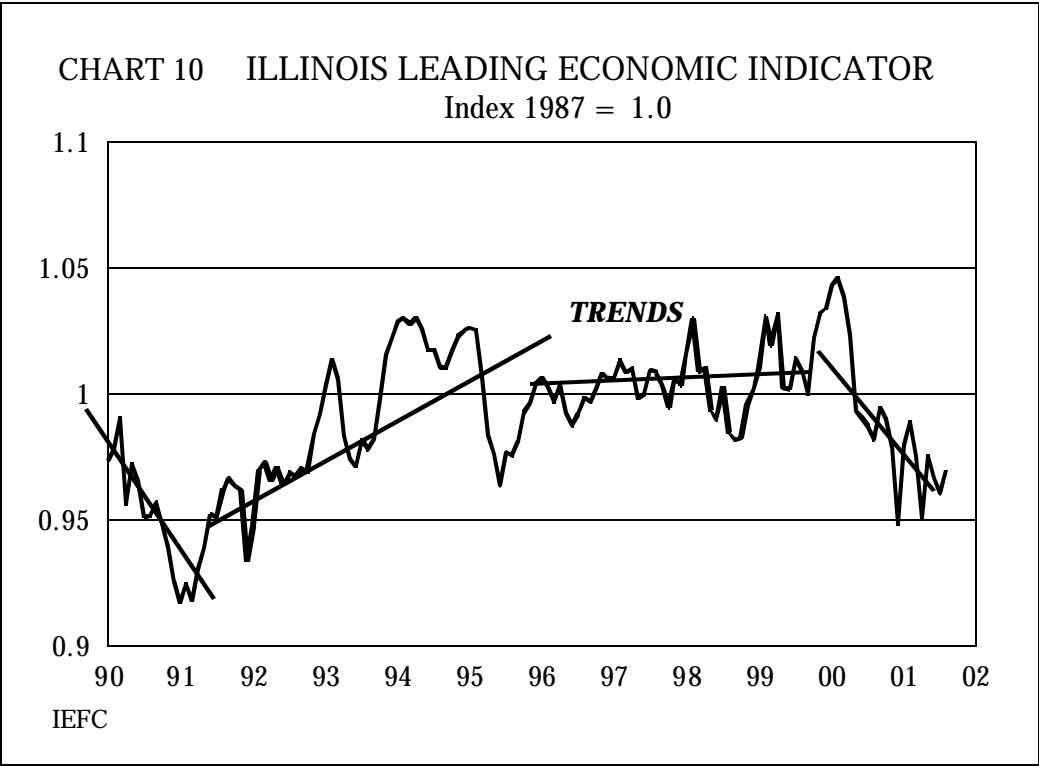
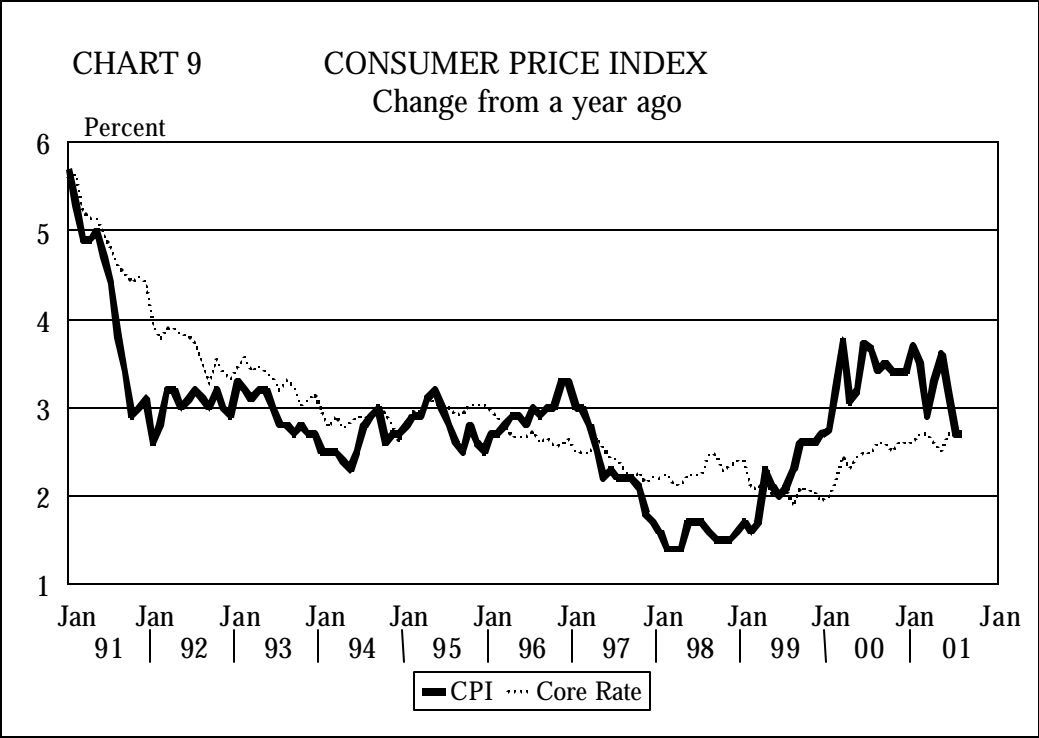
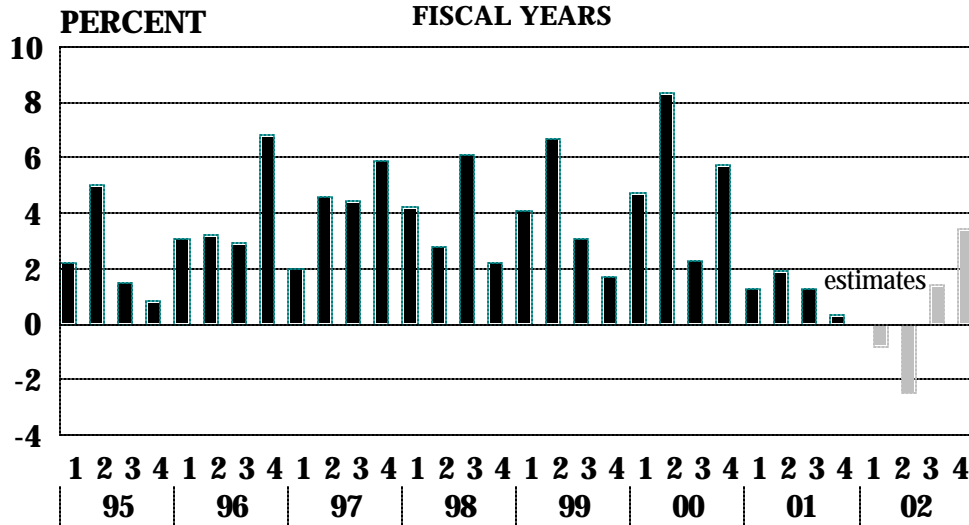


Chart 11

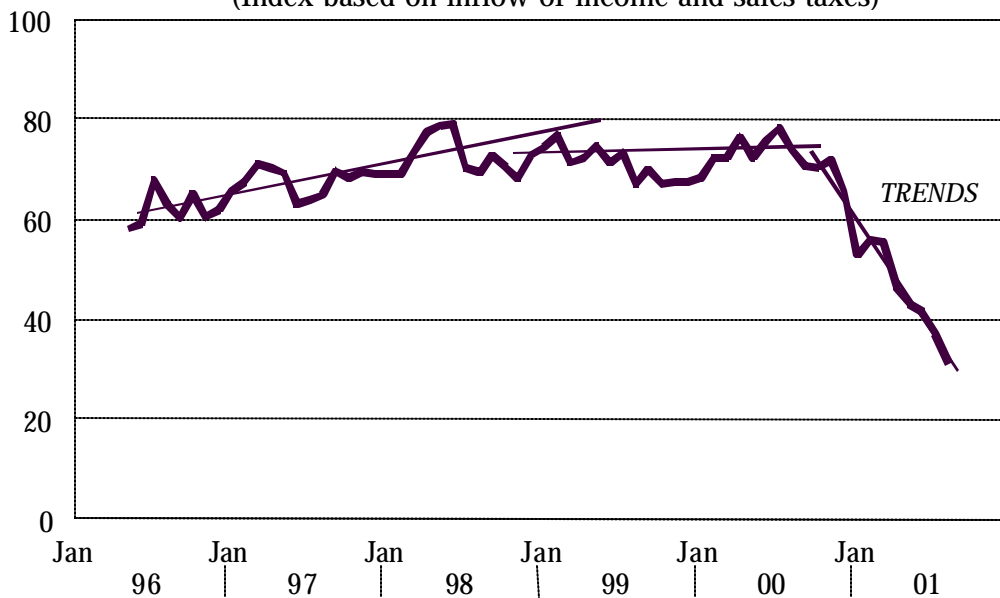
CHANGE IN REAL GDP



IEFC

CHART 12 STATE TAX RECEIPTS SURVEY

(Index based on inflow of income and sales taxes)



SOURCE: ISI (International Strategy & Investment)

TABLE 1: CONTROL and IFC FORECASTS - October 2001					
(% Change from Prior Year Levels)					
	FY'98	FY'99	FY'00	FY'01	FY'02
REAL (1996 \$)	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	IEFC/DRI
Gross Domestic Product	4.4	4.1	4.5	2.7	0.0
Personal Consumption	4.3	4.8	5.1	4.2	2.0
Durable	9.7	11.4	12.2	5.9	0.5
Nondurable	3.3	4.7	4.8	3.4	3.2
Services	3.7	3.7	3.9	3.8	1.8
Fixed Investment	10.3	10.0	8.2	3.8	-7.9
Exports	8.0	0.7	7.5	5.1	-9.8
Imports	13.8	9.9	12.7	7.4	-5.1
Government	2.3	2.5	3.5	2.3	4.3
Federal	-0.2	0.2	3.4	0.5	4.3
State & Local	3.8	3.7	3.2	2.3	4.7
<u>OTHER MEASURES</u>					
Personal Income	3.2	4.6	3.5	4.0	2.0
Disposable Income	4.1	4.1	2.9	3.6	3.4
Consumer Prices	1.8	1.7	2.8	3.4	2.3
Unemployment Rate (Avg.)	4.6	4.4	4.1	4.2	5.5

GENERAL REVENUE FORECAST

Revenue Recap

From FY 1995 to FY 2000, annual general revenue growth averaged an increase of \$1.277 billion or just over 6.9%. Then, halfway through FY 2001, growth contracted significantly. The period of revenues consistently outperforming forecasts came to an end. Sales tax revenues, even after factoring in the resumption of the sales tax on motor fuel, began to falter and have yet to recover. Corporate income tax revenues dried up, and even personal income tax revenue, after holding up throughout much of the spring, eventually faded toward the end of the fiscal year.

FY 2001 ended with growth of \$856 million or 3.7%, the lowest rate of growth since FY 1991. In fact, if it weren't for a late surge of federal receipts, growth could have been much lower. Clearly a shift in revenue performance had begun.

At the last Commission meeting, held on May 8th, FY 2002 general revenues were forecast to grow \$800 million, which was \$100 million less than the Bureau of the Budget was projecting at the time. In July, the Commission's forecast was recalculated taking into account actual FY 2001 revenues, which fell \$39 million short of the May estimate. The July estimate anticipated FY 2002 growth to be \$720 million or 3.0%.

In comparison, the enacted FY 2002 budget assumed an increase of \$894 million or 3.7%, a difference of \$174 million.

At the time the July forecast was prepared, the underlying economic assumptions were still based on continued weakness during the first half of the fiscal year followed by a moderate second half improvement. While economic weakness was a concern, it still was felt that a defined recession could be avoided based on several stimulative policy decisions. However, it was clear that the economy was at a precipice. Each day brought with it contradictory information as every good bit of economic news was met with an equally damaging one.

In an effort to make some sense out of the possible outcomes, the Commission published a 5-year general funds outlook in August. While we have done a similar report each of the last couple of years, the fact that we were in such a state of uncertainty made it seem all the more worthwhile this time. As in the past, the report presented several different economic and subsequent revenue scenarios.

To quickly summarize that report, the Baseline estimate, which was our official forecast, assumed an improving economy beginning in the second half of FY 2002 and growth of \$720 million. The Pessimistic forecast had the economy slipping into a near-term recession and growth falling to \$344 million. A late recession scenario also was presented, although on a near-term basis did not differ much from the Baseline forecast. At the time the report was compiled, the Baseline forecast was assigned a probability of 50% while the Pessimistic was slightly less at 40%. Given the events of the last six weeks, most economists are concluding that we are indeed in a recession.

It has been approximately a decade since the economy has been in recession. While most economists feel that the September 11th attack was the proverbial straw that broke the camel's back, whether we eventually meet the textbook definition of recession is in many ways moot. Policy makers are now wrestling with the question of what can be done to turn the economy around, how to instill confidence in the consumer, and how to generate business activity again.

Even prior to the terrorist attacks, there were a number of items already in place i.e. tax rebate checks, numerous reductions in interest rates, lower inventory levels, etc. Unfortunately, those items were outweighed by the attacks. Nonetheless, those elements were in the "pipeline". Since the attacks, additional actions have been taken which also should serve as economic stimulus, i.e. rapid increase in government spending, additional sharp cuts in interest rates and increased liquidity provided by the Federal Reserve. Furthermore, it appears likely that some form of additional stimulus package will be passed by the federal government in the coming months.

While these elements alone do not signal an end to the current poor economic conditions, they do increase the likelihood that a turnaround will occur with more vigor

i.e. “V” shape rather than “U” shape recovery. Unfortunately, from a State revenue standpoint, the fiscal year clock is ticking. We have already experienced a disappointing first part of the fiscal year and as time moves on it becomes less likely that lost revenues can be made up before the end of June.

Revised FY 2002 General Revenue Forecast

Revenues started the fiscal year on a down note as overall July revenues fell \$99 million over the same first month of last year. August added an additional decline of \$45 million. The first quarter concluded with a dismal month of September as receipts plunged an additional \$152 million bringing the three month decline to nearly \$296 million. While earlier forecasts assumed a poor beginning to the fiscal year, given the slowdown seen at the end of FY 2001, none anticipated weakness to such a degree. See Table 2 on page 14.

While the Commission still forecasts improvement in the second half of the fiscal year, the degree of weakness experienced to date necessitates some significant revisions to the estimate. As shown in Table 3 on page 15, the FY 2002 general funds forecast has been lowered \$300 million to \$24.526 billion, which represents growth of only \$420 million or 1.7% (see Table 4 on page 16). A summary of the sources experiencing revisions include the following:

- Personal income tax receipts (gross) were down \$52 million or 2.8% for the first quarter. Through September, all of the components that comprise the income taxes were down as withholding was off 1.4%, estimated payments down 9.1%, and final payments down 1.0%. The estimate of gross personal income tax revenues has been revised down \$175 million. The revised forecast represents growth of only 2.0%, which would be similar to the last recessionary period of FY 1992 when growth was 2.2%.
- Corporate income tax receipts (gross) were off by \$61 million or 22.8% through September. Estimated payments, of which September is a big month, were off 19.7% for the quarter. The revised estimate is \$1.252 billion, a \$66 million decline from the earlier forecast and a 2.1% decline from last year’s actual receipts. Even during stable economic times, corporate profits are one of the more volatile and difficult sources to forecast. Given the uncertainty associated with the current business climate, it becomes even more clouded. However, it is worth noting that corporate income tax receipts often experience the fastest growth once an economic upturn begins.
- Sales tax receipts were up \$15 million or 1.0% through September. However, once receipts are adjusted for last year’s six-month suspension of sales tax on motor fuel, growth is also down by about 2.4%. The poor performance of sales tax goes back

to the middle of last fiscal year as receipts have lacked any meaningful growth for virtually a full year. The FY 2002 forecast is being revised down \$158 million to \$6.220 billion. While the revised forecast represents an overall increase of 4.4% over last year, once the cost of the motor fuel sales tax suspension is factored in, the real rate of base growth is only 1.7%. While consumer confidence started to show signs of improvement prior to the tragic events of September 11th, the plunge immediately after the attacks was a blow to what could have been the basis for a possible recovery. Obviously, consumer confidence is in a fragile state and developments on the war on terrorism could either help or hurt that condition.

- Revenues from interest earnings were down \$23 million in the first quarter as a result of lower balances and falling interest rates. While a drop in interest earnings was forecast previously, the magnitude of the decline necessitates a reduction in the estimate by \$30 million. The revised estimate reflects a reduction of \$39 million or 14.2% in comparison to last fiscal year.
- The estimate for Federal Sources has been increased \$100 million due to the Administration's identification of additional federal funds.

The Commission's revised estimate attempts to balance the current poor economic climate with the numerous stimulative policy actions already taken and forecast to be taken in the near future. Clearly, the current war on terrorism is a large unpredictable variable. Since the revised forecast is predicated on improvement early in the second half of the fiscal year, to the extent that turn around is delayed or muted due to unforeseen events, future revisions cannot be ruled out.

IEFC/BoB Comparison

Table 5 on page 17 illustrates the differences in the Revised Estimate of the Commission and the Bureau of the Budget. As shown, the Commission revised estimate is \$124 million lower than the Bureau's forecast which was recently revised down \$350 million. As shown, the most significant difference occurs in the estimate of personal income tax revenue, as the Commission's revised forecast is \$94 million (\$87 million net) lower than the Bureau's revised number.

General Funds Revenues and Balances

As shown on page 13, FY 2001 ended with a June 30th general funds balance of \$1.126 billion. Lapse period spending totaled \$826 million resulting in an after-lapse balance of \$300 million. Utilizing the Bureau of the Budget's estimated FY 2002 spending figures provided in their October QFR in conjunction with the Commission's revenue estimate yields an estimated June 30th balance of \$776 million and an after-lapse balance

of -\$74 million, the first negative after-lapse balance of total general funds since FY 1996.

Also of note is the recent creation and subsequent transfer of \$225 million into the Budget Stabilization Fund (Rainy Day Fund) on July 2, 2001. The Fund is expected to total \$230 million at the end of FY 2002. If both general funds and the Budget Stabilization Fund balances are combined, the June 30th balance for FY 2002 should be \$1.006 billion and an after-lapse balance of \$156 million.

General Funds Revenue & Balances- Cash Basis				
Excludes Short-Term Borrowing (\$ in millions)				
Fiscal Year	General Revenue	Jun-30 Balance	Lapse Spending	Balance After Lapse
1990	\$12,841	\$395	\$586	(\$191)
1991	\$13,261	\$100	\$766	(\$666)
1992	\$14,032	\$131	\$1,018	(\$887)
1993	\$14,750	\$172	\$802	(\$630)
1994	\$15,586	\$230	\$652	(\$422)
1995	\$17,002	\$331	\$672	(\$341)
1996	\$17,936	\$426	\$718	(\$292)
1997	\$18,854	\$806	\$761	\$45
1998	\$19,984	\$1,202	\$846	\$356
1999	\$21,674	\$1,351	\$848	\$503
2000	\$23,250	\$1,517	\$740	\$777
2001	\$24,106	\$1,126	\$826	\$300
est. 2002	\$24,526	\$776	\$850	(\$74)

Estimated FY 2002 General Funds Budget (\$millions)	
Beginning Balance	\$1,126
Revenues	\$24,526
Expenditures	\$24,876
Ending Balance (June 30)	\$776
Lapse Spending	\$850
Balance After Lapse	(\$74)
Plus Budget Stabilization Fund Balance	\$230
TOTAL	\$156

TABLE 2: GENERAL FUNDS RECEIPTS

Through September

FY 2002 vs. FY 2001

(\$ million)

Revenue Sources	FY 2002	FY 2001	CHANGE FROM FY 2001	% CHANGE
State Taxes				
Personal Income Tax	\$1,818	\$1,870	(\$52)	-2.8%
Corporate Income Tax (regular)	206	267	(\$61)	-22.8%
Sales Taxes	1,533	1,518	\$15	1.0%
Public Utility Taxes (regular)	233	266	(\$33)	-12.4%
Cigarette Tax	100	100	\$0	0.0%
Liquor Gallonage Taxes	25	34	(\$9)	-26.5%
Vehicle Use Tax	10	10	\$0	0.0%
Inheritance Tax (Gross)	98	96	\$2	2.1%
Insurance Taxes and Fees	49	51	(\$2)	-3.9%
Corporate Franchise Tax & Fees	32	34	(\$2)	-5.9%
Interest on State Funds & Investments	50	73	(\$23)	-31.5%
Cook County IGT	77	77	\$0	0.0%
Other Sources	47	51	(\$4)	-7.8%
Subtotal	\$4,278	\$4,447	(\$169)	-3.8%
Transfers				
Lottery	118	103	\$15	14.6%
Gaming Fund Transfer	130	136	(\$6)	-4.4%
Other	56	97	(\$41)	-42.3%
Total State Sources	\$4,582	\$4,783	(\$201)	-4.2%
Federal Sources	\$924	\$1,017	(\$93)	-9.1%
Total Federal & State Sources	\$5,506	\$5,800	(\$294)	-5.1%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$139)	(\$133)	(\$6)	4.5%
Corporate Income Tax	(47)	(51)	\$4	-7.8%
Total General Funds	\$5,320	\$5,616	(\$296)	-5.3%

SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.

IEFC-

12-Oct-01

**TABLE 3: ADJUSTMENTS TO THE
FY 2002 GENERAL FUNDS ESTIMATE**
(\$ million)

Revenue Sources	ACTUAL RECEIPTS FY 2001	OCT-01 REVISED ESTIMATE FY 2002	JULY-01 ESTIMATE FY 2002	\$ CHANGE
State Taxes				
Personal Income Tax	\$8,607	\$8,780	\$8,955	(\$175)
Corporate Income Tax (regular)	1,279	1,252	1,318	(\$66)
Sales Taxes	5,958	6,220	6,378	(\$158)
Public Utility Taxes (regular)	1,146	1,180	1,180	\$0
Cigarette Tax	400	400	400	\$0
Liquor Gallonage Taxes	124	135	135	\$0
Vehicle Use Tax	34	35	35	\$0
Inheritance Tax (Gross)	361	376	376	\$0
Insurance Taxes and Fees	246	260	260	\$0
Corporate Franchise Tax & Fees	146	151	151	\$0
Interest on State Funds & Investments	274	235	265	(\$30)
Cook County Intergovernmental Transfer	245	245	245	\$0
Other Sources	407	497	497	\$0
Subtotal	\$19,227	\$19,766	\$20,195	(\$429)
Transfers				
Lottery	501	505	505	\$0
Gaming Fund Transfer	460	465	465	\$0
Other	452	465	465	\$0
Total State Sources	\$20,640	\$21,201	\$21,630	(\$429)
Federal Sources	\$4,320	\$4,280	\$4,180	\$100
Total Federal & State Sources	\$24,960	\$25,481	\$25,810	(\$329)
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$611)	(\$667)	(\$681)	\$14
Corporate Income Tax	(\$243)	(\$288)	(303)	\$15
Total General Funds	\$24,106	\$24,526	\$24,826	(\$300)
Change from Prior Year	\$856	\$420	\$720	
Percent Change	3.7%	1.7%	3.0%	

IEFC

TABLE 4: GENERAL FUNDS RECEIPTS

FY 2002 vs. FY 2001

(\$ million)

<u>Revenue Sources</u>	<u>OCT-01 REVISED ESTIMATE FY 2002</u>	<u>ACTUAL RECEIPTS FY 2001</u>	<u>\$ CHANGE FY 2001-2002</u>	<u>% CHANGE</u>
State Taxes				
Personal Income Tax	\$8,780	\$8,607	\$173	2.0%
Corporate Income Tax (regular)	1,252	1,279	(\$27)	-2.1%
Sales Taxes	6,220	5,958	\$262	4.4%
Public Utility Taxes (regular)	1,180	1,146	\$34	3.0%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	135	124	\$11	8.9%
Vehicle Use Tax	35	34	\$1	2.9%
Inheritance Tax (Gross)	376	361	\$15	4.2%
Insurance Taxes and Fees	260	246	\$14	5.7%
Corporate Franchise Tax & Fees	151	146	\$5	3.4%
Interest on State Funds & Investments	235	274	(\$39)	-14.2%
Cook County Intergovernmental Transfer	245	245	\$0	0.0%
Other Sources	497	407	\$90	22.1%
Subtotal	\$19,766	\$19,227	\$539	2.8%
Transfers				
Lottery	505	501	\$4	0.8%
Gaming Fund Transfer	465	460	\$5	1.1%
Other	465	452	\$13	2.9%
Total State Sources	\$21,201	\$20,640	\$561	2.7%
Federal Sources	\$4,280	\$4,320	(\$40)	-0.9%
Total Federal & State Sources	\$25,481	\$24,960	\$521	2.1%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$667)	(\$611)	(\$56)	9.2%
Corporate Income Tax	(288)	(243)	(\$45)	18.5%
Total General Funds	\$24,526	\$24,106	\$420	1.7%
IEFC				18-Oct-01

TABLE 5: IEFC-BoB COMPARISON-FY 2002

(millions)

<u>Revenue Sources</u>	<u>BoB OCT-01 FY 2002</u>	<u>IEFC OCT-01 FY 2002</u>	<u>Difference</u>
State Taxes			
Personal Income Tax	\$8,874	\$8,780	(\$94)
Corporate Income Tax	\$1,260	\$1,252	(\$8)
Sales Taxes	\$6,235	\$6,220	(\$15)
Public Utility (regular)	\$1,180	\$1,180	\$0
Cigarette Tax	\$400	\$400	\$0
Liquor Gallonage Taxes	\$130	\$135	\$5
Vehicle Use Tax	\$35	\$35	\$0
Inheritance Tax (gross)	\$395	\$376	(\$19)
Insurance Taxes & Fees	\$250	\$260	\$10
Corporate Franchise Tax & Fees	\$150	\$151	\$1
Interest on State Funds & Investments	\$245	\$235	(\$10)
Cook County Intergovernmental Transfer	\$245	\$245	\$0
Other Sources	\$500	\$497	(\$3)
Subtotal	\$19,899	\$19,766	(\$133)
Transfers			
Lottery	\$510	\$505	(\$5)
Gaming Fund Transfer	\$465	\$465	\$0
<u>Other</u>	<u>\$460</u>	<u>\$465</u>	<u>\$5</u>
Total State Sources	\$21,334	\$21,201	(\$133)
Federal Sources	\$4,280	\$4,280	\$0
Total Federal & State Sources	\$25,614	\$25,481	(\$133)
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax	(\$674)	(\$667)	\$7
Corporate Income Tax	(\$290)	(\$288)	\$2
Total General Funds	\$24,650	\$24,526	(\$124)
Change from Prior Year Estimate	\$544	\$420	
Percent Change	2.3%	1.7%	

TABLE 6: ALL APPROPRIATED FUNDS REVENUE FY 2000 to FY 2002

(\$ millions)

REVENUE SOURCES	ACTUAL RECEIPTS FY 2000	ACTUAL RECEIPTS FY 2001	\$ CHG. FROM FY 2000	% CHG. FROM FY 2000	Oct-01 Estimate FY 2002	\$ CHG. FROM FY 2001	% CHG. FROM FY 2001
State Taxes							
Personal Income Tax	\$8,273	\$8,607	\$334	4.0%	\$8,780	\$173	2.0%
Corporate Income Tax							
Regular	\$1,527	\$1,279	(\$248)	-16.2%	\$1,252	(\$27)	-2.1%
Replacement	\$1,026	\$930	(\$96)	-9.4%	\$915	(\$15)	-1.6%
Sales	\$7,022	\$6,963	(\$59)	-0.8%	\$7,240	\$277	4.0%
Public Utility							
Regular	\$1,316	\$1,384	\$68	5.2%	\$1,420	\$36	2.6%
Replacement	\$208	\$222	\$14	6.7%	\$225	\$3	1.4%
Motor Fuel (gross)	\$1,384	\$1,394	\$10	0.7%	\$1,432	\$38	2.7%
Cigarette	\$467	\$473	\$6	1.3%	\$480	\$7	1.5%
Liquor Gallonage Taxes	\$133	\$129	(\$4)	-3.0%	\$139	\$10	7.8%
Vehicle Use Tax	\$43	\$39	(\$4)	-9.3%	\$40	\$1	2.6%
Inheritance Tax	\$348	\$361	\$13	3.7%	\$376	\$15	4.2%
Insurance Taxes and Fees	\$260	\$290	\$30	11.5%	\$305	\$15	5.2%
Horse Racing Taxes & Fees	\$23	\$13	(\$10)	-43.5%	\$13	\$0	0.0%
Corporate Franchise Taxes	\$144	\$151	\$7	4.9%	\$156	\$5	3.3%
Other Privilege Taxes	\$222	\$241	\$19	8.6%	\$250	\$9	3.7%
Riverboat Gambling Taxes & Fees	\$475	\$529	\$54	11.4%	\$559	\$30	5.7%
SUBTOTAL	\$22,871	\$23,005	\$134	0.6%	\$23,582	\$577	2.5%
State Nontax Sources							
Motor Vehicle & License Fees	\$973	\$1,135	\$162	16.6%	\$1,135	\$0	0.0%
Cigarette Settlement Distributions	\$350	\$268	(\$82)	-23.4%	\$325	\$57	21.3%
Other Fees	\$297	\$282	(\$15)	-5.1%	\$285	\$3	1.1%
Provider Assessment Fees	\$649	\$678	\$29	4.5%	\$680	\$2	0.3%
Receipts From State Hospital Patients	\$24	\$25	\$1	4.2%	\$27	\$2	8.0%
Interest on State Funds & Investments	\$332	\$406	\$74	22.3%	\$355	(\$51)	-12.6%
Reimbursements & Repayments	\$274	\$249	(\$25)	-9.1%	\$250	\$1	0.4%
Revolving Fund Receipts	\$284	\$290	\$6	2.1%	\$295	\$5	1.7%
Lottery (net gross)	\$815	\$765	(\$50)	-6.1%	\$765	\$0	0.0%
All Other Nonfederal Receipts	\$2,532	\$3,003	\$471	18.6%	\$3,093	\$90	3.0%
Income from Sale of Bonds	\$988	\$1,618	\$630	63.8%	\$1,700	\$82	5.1%
Local Government Health Plan	\$71	\$86	\$15	21.1%	\$90	\$4	4.7%
SUBTOTAL	\$30,460	\$31,810	\$1,350	4.4%	\$32,582	\$772	2.4%
State Transfers In	\$44	\$38	(\$6)	-13.6%	\$38	\$0	0.0%
TOTAL STATE SOURCES	\$30,504	\$31,848	\$1,344	4.4%	\$32,620	\$772	2.4%
Federal Sources	\$9,025	\$9,780	\$755	8.4%	\$10,090	\$310	3.2%
SUBTOTAL ALL APPROPRIATED	\$39,529	\$41,628	\$2,099	5.3%	\$42,710	\$1,082	2.6%
Short Term Borrowing	\$0	\$0	\$0	N/A	\$0	\$0	N/A
TOTAL ALL APPROPRIATED	\$39,529	\$41,628	\$2,099	5.3%	\$42,710	\$1,082	2.6%
Unaudited FY 2001 actuals							IEFC

BACKGROUND

The Illinois Economic and Fiscal Commission, a bipartisan, 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. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans; and
- 5) 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.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html