



Commission on Government Forecasting and Accountability

802 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: May 2022

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Economy: Seeking a Soft Landing

Benjamin L. Varner, Chief Economist

In last month's briefing, the Commission discussed the concept of stagflation which is an economic condition characterized by slow growth and high unemployment (economic stagnation) mixed with rising prices (inflation). The Commission's analysis concluded that while there were many similarities (supply shocks, changing economic policy, rising prices) to the last period of stagnation in the U.S. throughout the late 1970s and early 1980s, the current situation more closely resembles the years leading into the stagnation era. The briefing concluded that "The future of where the economy actually goes likely depends how well the Federal Reserve implements a changing policy from a more accommodative stance, seeking to ensure full employment, to a more restrictive monetary policy, designed to curtail the rise in prices." This month the Commission will discuss the Federal Reserve and examine what tools it has at its disposal to slow the economy to get price growth under control without causing a recession (which is often referred to as a "soft landing").

The Federal Reserve (the Fed) is the central bank of the United States and was created under the Federal Reserve Act in 1913. The Fed is responsible for conducting the nation's monetary policy, ensuring the stability of the financial system, promoting the safety and soundness of individual financial institutions, fostering payment and settlement system safety and efficiency, and supporting consumer protection and community development. While the

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Fed has many responsibilities and provides a number of services to financial markets, it is most well-known for directing the country's monetary policy in order to fulfill its mandate of promoting maximum employment, stable prices, and moderate long-term interest rates in the U.S economy.

The Fed is made up of three main entities: 1) the Federal Reserve Board, 2) the Federal Reserve Banks which are spread out over twelve districts throughout the country, and 3) the Federal Open Market Committee (FOMC). The Federal Reserve Board of Governors is an independent agency of the federal government made up of seven members who are nominated by the President and confirmed by the Senate. The Board of Governors guides and oversees the operation of the Federal Reserve System. The Federal Reserve Banks examine and supervise financial institutions, act as lenders of last resort, and provide U.S. payment system services. The FOMC sets U.S. monetary policy to promote maximum employment, stable prices and moderate long-term interest rates in the U.S. economy.

The FOMC is in the midst of changing its monetary policy to better fit the current economic climate and get inflation back to its long-term goal of 2.0%. The main tools the Fed uses to affect the economy are changes in short-term interest rates that it administers and open market operations that affect the Fed's balance sheet. Prior to the COVID-19 pandemic, the FOMC was tightening its monetary policy after years of a more accommodative stance coming out of the Great Recession. Between 2017 and 2019, interest rates were slowly increasing and the Fed's balance sheet was shrinking. However, once the COVID-19 pandemic hit, the Fed quickly lowered interest rates to near zero and bought assets to help sustain the economy. This policy shift helped withstand the economic headwinds associated with the virus. Now, the combination of inflation and an overheating economy is the main issue and the Fed has initiated a tighter monetary policy to correct course.

The primary tool the Fed currently uses to implement monetary policy is through modifications of short-term interest rates. Changes in short-term interest rates lead to changes in longer term interest rates.

Longer term interest rates affect asset prices and the spending decisions of households and businesses. Collectively all these changes influence the entire economy including the level of economic output, employment, and inflation. For example, lowering short-term interest rates can lead to decreases in longer term mortgage rates, which makes housing more affordable. More affordable housing can entice some renters to purchase homes. Increases in spending on housing can precede higher employment in the homebuilder and durable goods sectors. Lower rates can also make refinancing of mortgages more likely which can allow more money to be spent in other parts of the economy. The inverse of this is also true, as increases in interest rates can slow the economy. Rising interest rates make borrowing to fund purchases of homes or vehicles more expensive which decreases demand for those items. Declines in demand puts downward pressure on price growth which is the current goal in regard to inflation.

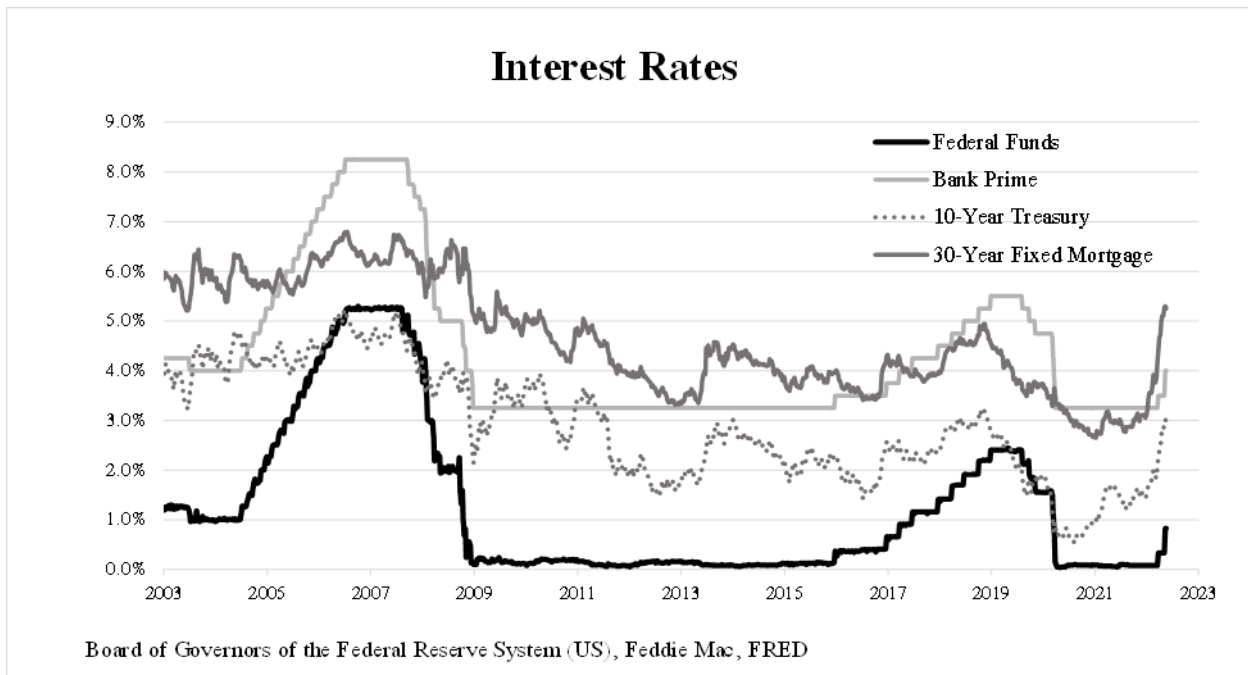
The key short-term rate that the Fed strives to influence is the federal funds rate. The federal funds rate is the market-based interest rate at which depository institutions (including banks, savings institutions, and credit unions) and government-sponsored enterprises, borrow from and lend to each other overnight to meet short-term business needs. As can be seen on the next page, longer term interest rates generally follow the path of the federal funds rate. As part of forming the country's monetary policy, the FOMC sets a target range for the federal funds rate.

During the COVID-19 pandemic, the FOMC had kept the target range for the federal funds rate between 0.0% and 0.25%. At the beginning of 2022, the Fed began signaling a change to a tighter, less accommodative monetary policy. At the March meeting of the FOMC, the target range for the federal funds rate was increased to between 0.25% and 0.5%. This range was moved up again during the May meeting to 0.75% to 1.0%. The 0.5% increase shows the urgency with which the FOMC is acting as changes in the federal funds target range generally occur in 0.25% increments.

Minutes from the Fed meeting in early May indicated that "Most participants judged that 50 basis point

increases in the target range would likely be appropriate at the next couple of meetings.” The minutes also stated that “At present, participants judged that it was important to move expeditiously

to a more neutral monetary policy stance. They also noted that a restrictive stance of policy may well become appropriate depending on the evolving economic outlook and risks to the outlook.”



The primary way the Federal Reserve keeps the federal funds rate within its target range is through the use of a few short-term interest rates which they administer. The primary tool is the interest on reserve balances (IORB) rate which is the rate depository institutions earn on their reserves deposited at the Federal Reserve. The IORB rate is an effective tool in guiding where the federal funds rate settles in the open market. A second, supplementary rate is the overnight reverse repurchase agreement (ON RRP) rate which helps set a floor for the federal funds rate. The last rate the Fed sets that influences the federal funds rate is the discount rate. The discount rate is the interest rate charged by the Fed to banks for loans obtained through the discount window which can be for as long as ninety days and is often associated with emergency lending. Banks often try to avoid borrowing from the discount window as there is a stigma associated with having to borrow from the Fed instead of from another bank. As such, borrowing from the Fed is seen as a sign of financial weakness. The discount rate acts as a ceiling for the federal funds rate as banks would be unwilling to

borrow money from other banks at a rate higher than what they could get from the Fed.

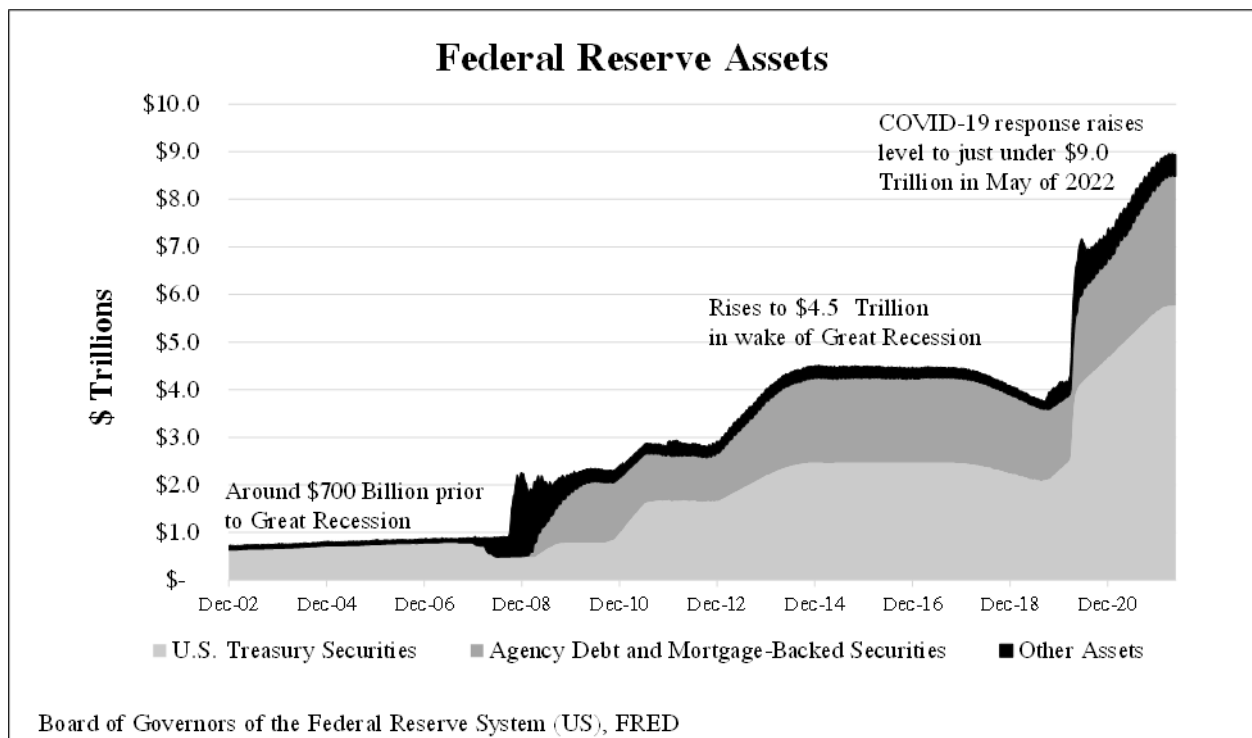
In practice the federal funds rate has tended to track below the IORB rate and above the ON RRP rate. The current target range for the federal funds rate is 0.75% to 1.0%. The IORB rate is set at 0.9%, while the ON RRP rate is set at 0.8%. Currently, the federal funds rate is around 0.83% which is within the target range. The discount rate ranges from 1.0% to 1.5% depending upon the type of loan agreement.

The other main tool the Fed uses to affect the economy is open market operations which affects the amount of assets and liabilities on its balance sheet. Open market operations are the purchase and sale of securities in the open market by the central bank. These securities are primarily made up of various U.S. treasuries and mortgage-backed securities. Prior to the Great Recession under a “limited-reserves” monetary policy framework, the Fed used daily open market operations to adjust the amount of reserve balances to keep the federal funds rate near its target rate. However, during the Great

Recession, the Fed had lowered the federal funds rate to near zero and wanted to provide more accommodative policy measures. As such, they began to greatly expand the amount of longer term assets on the Fed’s balance sheet which was known as quantitative easing (QE). This was done to increase the amount of money in the economy and put downward pressure on long-term interest rates, which would ease broader financial market conditions and support greater economic activity and job creation.

Prior to the Great Recession, Fed assets totaled around \$700 billion. This amount grew to \$4.5 trillion by the end of 2014 under QE. In 2015 with the economy having largely rebounded, the Fed announced a plan to normalize monetary policy to return short-term interest rates and the size and composition of the balance sheet to more normal levels. The shrinking of the balance sheet is known

as quantitative tightening (QT). The Fed began raising interest rates in 2015 and shrinking the amount of assets in 2017. However, at the beginning of 2019, the Fed made a policy decision to move away from the “limited-reserves” monetary policy framework to an “ample reserves” framework. Therefore, the amount of assets would be reduced but not all the way to pre-Great Recession levels. This is the framework in place today and favors the use of short-term interest rate adjustments over daily open market operations to guide the federal funds rate. The Fed actually began to increase its assets again in August of 2019 when it was at \$3.8 trillion to maintain an ample amount of reserves. The outbreak of COVID-19 brought another large increase in the amount of assets held on the Fed’s balance sheet to help the economy. Currently the amount of assets on the Fed’s balance sheet stands just under \$9.0 trillion.



In late January of 2022, the Fed announced intentions to significantly reduce the size of the Fed's balance sheet following the beginning of raising the target range for the federal funds rate. In May, in conjunction with raising the federal fund target range for a second time, the Fed unveiled a plan to reduce the size of the Fed's balance sheet by approximately \$95 billion per month by not reinvesting the proceeds when securities mature. The plan is scheduled to begin on June 1, 2022 with the reduction in reinvestment capped at \$30 billion for Treasury securities and \$17.5 billion in agency debt or agency mortgage-backed securities for the first three months. After that, the caps rise to \$60 billion and \$35 billion per month, respectively. The Fed plans to continue to reduce the balance sheet until reserve balances are somewhat above the level it judges to be consistent with ample reserves based on economic conditions in the future.

While the Fed has a difficult task ahead, the effects of the change in monetary policy can already be seen in the economy. The increase in short-term interest rates has also been seen in longer term rates, especially mortgages. The rise in mortgage rates have increased the cost of mortgage payments. According to a report by real estate brokerage firm Redfin, while the median asking price for newly listed homes has increased by 18% in the last year, the monthly mortgage payment on the median asking price home rose 43%. This is due to mortgage rates being around 3% last year and now being over 5% for a 30-year mortgage. While the housing market remains robust, it has begun showing signs of a decline in demand as new home sales and loan applications have slowed as buyers may be getting priced out of the market. Expectations are for short-term interest rates to continue to rise as the Fed tries to thread the needle of slowing the economy and getting inflation under control without causing a recession.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS*</u>	<u>LATEST MONTH</u>	<u>PRIOR MONTH</u>	<u>A YEAR AGO</u>
Unemployment Rate (Average) (Apr.)	4.6%	4.7%	6.6%
Inflation in Chicago (12-month percent change) (Apr.)	7.2%	7.8%	4.6%
—————			
	<u>LATEST MONTH</u>	<u>CHANGE OVER PRIOR MONTH</u>	<u>CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (Apr.)	6,449.9	0.3%	2.3%
Employment (thousands) (Apr.)	6,153.5	0.4%	4.6%
Nonfarm Payroll Employment (Apr.)	6,002,600	9,300	235,800
New Car & Truck Registration (Apr.)	29,161	-18.6%	-53.4%
Single Family Housing Permits (Apr.)	1,021	-1.5%	-16.2%
Total Exports (\$ mil) (Mar.)	6,758.5	18.6%	20.2%
Chicago Purchasing Managers Index (May)	60.3	6.9%	-19.8%
* Due to monthly fluctuations, trend best shown by % change from a year ago			

Bond Rating Upgrades for the State, Some Authorities and Universities

By Lynnae Kapp, Senior Analyst

In April and May of 2022, all three rating agencies upgraded Illinois to the BBB+/Baa1 level. In May of 2022, Fitch raised Illinois General Obligation ratings two levels from BBB- to BBB+, and Build Illinois ratings two levels from BBB+ to A, with stable outlooks. Standard and Poor's raised Illinois General Obligation ratings to BBB+ from BBB, and Build Illinois ratings from BBB+ to A-, with stable outlooks. This is the second upgrade from S&P in a year, with the last upgrade occurring in July of 2021. This comes on the heels of a second upgrade from Moody's to Baa1 for GO and Build Illinois ratings in April of 2022. Moody's had increased ratings one level in the summer of 2021. This puts Illinois just below the single A level, where it has not been since June of 2016. In their assessments, all three rating agencies explained their decisions were based on Illinois' improved revenues and federal funding, and the early passage of the State's budget, which paid down borrowing and late bills, and included additional funding for pensions and the rainy day fund.

FITCH BBB+; outlook stable

"The upgrade to 'BBB+' reflects fundamental improvements in Illinois' fiscal resilience including full unwinding of pandemic-era and certain pre-pandemic non-recurring fiscal measures, meaningful contributions to reserves and sustained evidence of more normal fiscal decision-making. The 'BBB+' IDR (Issuer Default Rating) also reflects the state's elevated long-term liability position and resulting spending pressure, as well as a long record of structural imbalance primarily related to pension underfunding. Illinois' deep and diverse economy is only slowly growing, but still provides a strong fundamental context for its credit profile.

"The Build Illinois bonds' 'A' ratings reflect Fitch's view that pledged state sales tax deposits will grow with inflation. The security structures can withstand a substantial level of decline and still maintain sum-sufficient debt service coverage. However, Fitch caps the ratings on the Build Illinois bonds at two notches above the state's 'BBB+' IDR based on our

assessment of security-specific considerations. This is below our assessment of the underlying credit quality of the dedicated tax bonds.

"With operating expenditures generally in line with the enacted budget, the state was able to direct the revenue surplus for the current year towards paying down liabilities including the remainder of its federal Municipal Liquidity Facility (MLF) loans (\$1 billion), outstanding interfund borrowings (\$929 million - most of which was incurred pre-pandemic) and longstanding unpaid health insurance bills for employee and retiree healthcare (\$898 million, also incurred pre-pandemic). Additional measures taken include paydown of a liability for the College Illinois program, a contribution to the state's budget stabilization fund and primarily one-time tax relief measures..."

S&P BBB+; outlook stable

"The upgrade reflects our view that Illinois' enacted \$46 billion fiscal 2023 budget, along with the state's plans for using fiscal 2022 surplus revenues and deploying federal aid, will likely support its trend of financial stability. The state enacted the fiscal 2023 budget in April, well ahead of the July 1 fiscal year start. This continues the trend of on-time consensus budgeting, a credit feature we consider to have improved following the budget impasses in the previous decade. Favorable state credit elements within this budget include fully funding the \$9.6 billion pension system contributions, a \$200 million contribution to a pension stabilization fund, and \$309 million for the state share of the Chicago teachers pension system, as well as a \$312 million proposed contribution by fiscal year-end to the budget stabilization fund (BSF) that would increase the fund balance to more than \$1 billion or 2.2% of the fiscal 2023 budget, and also dedicating a component of cannabis revenue as a permanent stream to further build the fund.

“If the state continues to improve pension, other postemployment benefits, and BSF funding levels, while shrinking the statutorily created structural deficit without experiencing meaningful deterioration in other credit factors, we could raise

the rating. Although not required for us to consider an upgrade, a return to a more abbreviated audit-release period would be in line with that of higher-rated peers.”

ILLINOIS GENERAL OBLIGATION BOND RATINGS													
Rating Agencies	June 2010	Jan 2012	Aug 2012	Jan 2013	June 2013	Oct 2015	Jun 2016	Sep 2016	Feb 2017	Jun 2017	Apr 2020	Jun-Jul 2021	Apr-May 2022
Fitch Ratings	A	A	A	A	A-	BBB+	BBB+	BBB+	BBB	BBB	BBB-	BBB-	BBB+
Standard & Poor's	A+	A+	A	A-	A-	A-	BBB+	BBB	BBB	BBB-	BBB-	BBB	BBB+
Moody's	A1	A2	A2	A2	A3	Baa1	Baa2	Baa2	Baa2	Baa3	Baa3	Baa2	Baa1

BUILD ILLINOIS BOND RATINGS HISTORY													
Rating Agencies	Mar-Apr 2010*	June 2010	Jan 2012	June 2013	Oct 2015	Jun 2016	Jun 2017	May 2018	Oct 2018	Apr 2020	Jun-Jul 2021	Apr-May 2022	
Fitch Ratings	AA+	AA+	AA+	AA+	AA+	AA+	AA+	A-	A-	BBB+	BBB+	A	
Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AA-	AA-	BBB	BBB	BBB+	A-	
Moody's	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Baa3	Baa3	Baa3	Baa2	Baa1	
Kroll									AA+		AA+	AA+	

Authorities' and Public Universities' Ratings Upgrades

In conjunction with the State's recent upgrades, Moody's and S&P upgraded some of Illinois'

authorities and public universities that rely on the State for funding for debt service or for operations, while Fitch upgraded the Metropolitan Pier and Exposition Authority.

Issuer	S&P	Moody's	Fitch
Metropolitan Pier and Exposition Authority	A-		BBB
Illinois Sports Facilities Authority	BBB-		
Regional Transportation Authority		Aa3	
Chicago Transit Authority		A1	
Eastern Illinois University	BB+	Ba1	
Governors State University	BBB		
Illinois State University	A-	Baa1	
Northeastern Illinois University	BB+	Ba1	
Northern Illinois University		Ba1	
Southern Illinois University	BBB+	Baa3	
University of Illinois	A+		
Western Illinois University	BB+		

Illinois Sells \$1.638 billion of General Obligation Bonds

By Lynnae Kapp, Senior Analyst

Illinois sold \$1.638 billion in General Obligation bonds in May of 2022. The negotiated, tax-exempt bonds were repriced due to being three times oversubscribed, with over \$5 billion in orders and interest from over 90 different investors. The bonds were sold in two series, with the \$925 million of June 2022A series proceeds going to capital projects under the Rebuild Illinois program and for funding for the pension acceleration buyout program. The June 2022B series of \$713 million are refunding bonds expected to give the State \$21.9 million in savings. The aggregate true interest cost was 4.64%. [Press Statement, Paul Chatalas, Director of Capital Markets, State of Illinois, May 18, 2022.]

“Municipals were mixed in secondary trading as large general obligation bond offerings from Illinois and New York City took the focus and saw yields lowered in repricings. U.S. Treasuries were better in a risk-off rally with the biggest gains 10 years and

out while equities saw massive losses... The market is dealing with ‘a new round of headwinds with a large new-issue calendar and ongoing heavy bids lists — creating yield clog and setting new levels across the curve,’ said Kim Olsan, senior vice president at FHN Financial...

“Illinois’ GO offering brought recalibrated couponing on the long end to 5.50%, up from 5.25% and a contrast to the state’s March 2021 pricing when the maximum coupon was 5% in longer maturities, Olsan noted. While some of the best opportunities are available to buyers currently, she said sellers are ‘finding new yield ranges are required for orderly placement.’ Upcoming issuance, she said, can be expected ‘to see tailor-made structures come into play while the rate and inflation outlooks remain volatile’.” [Munis mixed as Ill., NYC price; ICI reports largest outflow of 2022, by Jessica Lerner and Lynne Funk, The Bond Buyer, May 18, 2022.]

STATE-ISSUED BOND SALES									
DATE	BOND SALE TYPE	AMOUNT	TAXABLE v. TAX-EXEMPT	NEGOTIATED v. COMPETITIVE SALE	TRUE INTEREST COST	S&P	FITCH	MOODY'S	KROLL
FY 2020									
Nov-19	General Obligation November 2019A/B/C	\$750 million	tax-exempt	competitive	all in TIC 3.4578%	BBB	BBB-	Baa3	
May-20	General Obligation May 2020	\$800 million	tax-exempt	negotiated	all in TIC 5.83%	BBB-	BBB-	Baa3	
Jun-20	General Obligation Certificates (MLF)	\$1.2 billion	tax-exempt	negotiated	3.36% adjusted	BBB-	BBB-	Baa3	
FY 2021									
Oct-20	General Obligation October 2020 A	\$125 million	taxable	competitive	2.83%	BBB-	BBB-	Baa3	
Oct-20	General Obligation October 2020 B	\$325 million	tax-exempt	competitive	3.71%	BBB-	BBB-	Baa3	
Oct-20	General Obligation October 2020 C	\$300 million	tax-exempt	competitive	4.32%	BBB-	BBB-	Baa3	
Oct-20	General Obligation October 2020 D	\$100 million	tax-exempt	competitive	2.15%	BBB-	BBB-	Baa3	
Dec-20	General Obligation Notes (MLF)	\$2.0 billion	tax-exempt	negotiated	3.42%	BBB-	BBB-	Baa3	
Mar-21	General Obligation March 2021A	\$850 million	tax-exempt	negotiated	2.90%	BBB-	BBB-	Baa3	
Mar-21	General Obligation March 2021B	\$150 million	tax-exempt	negotiated		BBB-	BBB-	Baa3	
Mar-21	General Obligation Refunding March 2021C	\$258 million	tax-exempt	negotiated		BBB-	BBB-	Baa3	
FY 2022									
Sep-21	Build Illinois Septemer 2021A	\$130 million	tax-exempt	competitive	1.31%	BBB+	BBB+	Baa2	AA+
Sep-21	Build Illinois Septemer 2021B	\$220 million	taxable	negotiated	2.72%	BBB+	BBB+	Baa2	AA+
Sep-21	Build Illinois Septemer 2021C refunding	\$143 million	tax-exempt	negotiated	1.25%	BBB+	BBB+	Baa2	AA+
Dec-21	General Obligation December 2021A	\$200 million	tax-exempt	competitive	1.30%	BBB	BBB-	Baa2	
Dec-21	General Obligation December 2021B	\$200 million	tax-exempt	competitive	2.50%	BBB	BBB-	Baa2	
May-22	General Obligation June 2022A	\$925 million	tax-exempt	negotiated	4.64% aggregated	BBB+	BBB+	Baa1	
May-22	General Obligation June 2022B refunding	\$713 million	tax-exempt	negotiated		BBB+	BBB+	Baa1	

Timing of Last Year’s Delayed Tax Day Deadline Results in Expected Sizeable Drop in May Tax Receipts

Eric Noggle, Revenue Manager

After experiencing a record-month of revenues in April, revenues dropped sharply in May, falling \$1.214 billion. However, a significant decline was expected due to the timing of last year’s individual income tax final payments. May had one extra receipting day as compared to last year, helping to offset a portion of the declines.

In response to COVID-19 complications, the tax deadline period for individual income tax final payments has been adjusted several times over the last couple of years from April to July in 2020 to May in 2021 and back to the more-typical April filing period in 2022. These date changes have created wild swings in year-over-year monthly revenue comparisons that include the influx of final tax payments. While this factor heavily aided the large revenue gains of last month, the lack of notable final payments in May 2022 is why personal income tax receipts fell \$1.313 billion or \$1.127 billion on a net basis, as compared to the prior May.

The tax deadline for corporate income tax revenues returned to a more typical April filing period last year. Therefore, this May’s receipts have more of an “apples to apples” comparison in terms of the timing of tax payments. Because of this, and the continuing strong performance of its receipts this fiscal year, corporate income tax revenues rose another \$36 million this month, or \$29 million net.

Sales tax revenues benefitted from the extra day of receipts and eked out a \$17 million base increase in May, but was actually down \$10 million on a net basis. While still solid—especially when considering the totals of last year were aided by federal stimulus dollars—the monthly levels of growth in sales tax receipts have shown signs of weakening in recent months, noticeably below the robust levels of growth experienced during the first half of the fiscal year.

The inheritance tax continued its stellar year, up another \$20 million in May, while public utility taxes

increased \$16 million. The vehicle use tax, insurance taxes, and miscellaneous State sources each added a \$2 million gain for the month. Minor losses were felt by corporate franchise taxes [down \$6 million]; interest earnings [down \$2 million]; cigarette tax [down \$1 million]; and liquor taxes [down \$1 million].

Overall May transfers into the general funds combined to show no gain this month. The \$11 million from the casino gaming transfer and the \$8 million increase in miscellaneous transfers were offset by the \$19 million falloff in Lottery transfers. After experiencing its biggest month of the fiscal year last month, federal sources dipped \$138 million in May. However, this decline likely reflects the timing of available reimbursable spending dollars that come from the aforementioned income tax final payments last month and from May of last year.

Year to Date

Despite May’s sizeable decline, overall base receipts remain up \$4.751 billion for FY 2022 with one month of the fiscal year remaining. This level of increase shows the strength of receipts for the fiscal year, especially when considering the year-to-date totals are compared to FY 2021, which contained two periods of final income tax payments.

Even with May’s losses, personal income tax revenues are still up \$2.158 billion for the fiscal year on a net basis. Corporate income tax continues to expand on its impressive year, now up \$1.557 billion net. Despite a slight tick down, sales tax net receipts remain \$842 million above last year’s levels. Adding to the growth of the “big three” is a \$10 million year-to-date increase in the remaining State tax sources.

After an offsetting May, overall transfers remain \$472 million above last year’s levels. A \$39 million reduction in refund fund transfers has been offset by \$363 million in gains from miscellaneous transfers,

\$132 million in added revenue from the return of casino transfers and related proceeds; and \$16 million in lottery transfer growth.

Federal sources, when not including the revenues from the ARPA Reimbursement for Essential

Government Services, are now \$288 million below last fiscal year's levels when including May's declines. [However, if the \$439 million of ARPA money that has been receipted in FY 2022 is included, total federal sources are up \$151 million].

MAY
FY 2022 vs. FY 2021
(\$ million)

Revenue Sources	May FY 2022	May FY 2021	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,952	\$3,265	(\$1,313)	-40.2%
Corporate Income Tax (regular)	208	172	36	20.9%
Sales Taxes	926	909	17	1.9%
Public Utility Taxes (regular)	66	50	16	32.0%
Cigarette Tax	18	19	(1)	-5.3%
Liquor Gallonage Taxes	14	15	(1)	-6.7%
Vehicle Use Tax	4	2	2	100.0%
Inheritance Tax	46	26	20	76.9%
Insurance Taxes and Fees	4	2	2	100.0%
Corporate Franchise Tax & Fees	18	24	(6)	-25.0%
Interest on State Funds & Investments	6	8	(2)	-25.0%
Cook County IGT	0	0	0	N/A
Other Sources	19	17	2	11.8%
Subtotal	\$3,281	\$4,509	(\$1,228)	-27.2%
Transfers				
Lottery	\$72	\$91	(\$19)	-20.9%
Riverboat transfers & receipts	11	0	11	N/A
Proceeds from Sale of 10th license	0	0	0	N/A
Refund Fund transfer	0	0	0	N/A
Other	47	39	8	20.5%
Total State Sources	\$3,411	\$4,639	(\$1,228)	-26.5%
Federal Sources [base]	\$74	\$212	(\$138)	-65.1%
Total Federal & State Sources	\$3,485	\$4,851	(\$1,366)	-28.2%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$181)	(\$294)	\$113	-38.4%
Corporate Income Tax	(31)	(26)	(5)	19.2%
Local Government Distributive Fund				
Personal Income Tax	(107)	(180)	73	-40.6%
Corporate Income Tax	(12)	(10)	(2)	20.0%
Sales Tax Distributions				
Deposits into Road Fund	(15)	0	(15)	N/A
Distribution to the PTF and DPTF	(54)	(42)	(12)	28.6%
Subtotal General Funds	\$3,085	\$4,299	(\$1,214)	-28.2%
Treasurer's Investments	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
ARPA Reimb. for Essential Gov't Services	\$0	\$0	\$0	N/A
Short Term Borrowing [MLF]	\$0	\$0	\$0	N/A
Total General Funds	\$3,085	\$4,299	(\$1,214)	-28.2%

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

1-Jun-22

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2022 vs. FY 2021

(\$ million)

Revenue Sources	FY 2022	FY 2021	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$26,697	\$24,099	\$2,598	10.8%
Corporate Income Tax (regular)	5,671	3,663	2,008	54.8%
Sales Taxes	9,965	8,821	1,144	13.0%
Public Utility Taxes (regular)	688	691	(3)	-0.4%
Cigarette Tax	228	253	(25)	-9.9%
Liquor Gallonage Taxes	171	165	6	3.6%
Vehicle Use Tax	37	33	4	12.1%
Inheritance Tax	564	425	139	32.7%
Insurance Taxes and Fees	383	411	(28)	-6.8%
Corporate Franchise Tax & Fees	199	302	(103)	-34.1%
Interest on State Funds & Investments	19	56	(37)	-66.1%
Cook County IGT	244	244	0	N/A
Other Sources	253	196	57	29.1%
Subtotal	\$45,119	\$39,359	\$5,760	14.6%
Transfers				
Lottery	\$738	\$722	\$16	2.2%
Riverboat transfers & receipts	128	0	128	N/A
Proceeds from Sale of 10th license	10	6	4	N/A
Refund Fund transfer	242	281	(39)	N/A
Other	809	446	363	81.4%
Total State Sources	\$47,046	\$40,814	\$6,232	15.3%
Federal Sources [base]	\$4,251	\$4,539	(\$288)	-6.3%
Total Federal & State Sources	\$51,297	\$45,353	\$5,944	13.1%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$2,470)	(\$2,169)	(\$301)	13.9%
Corporate Income Tax	(852)	(515)	(337)	65.4%
Local Government Distributive Fund				
Personal Income Tax	(1,468)	(1,329)	(139)	10.5%
Corporate Income Tax	(330)	(216)	(114)	52.8%
Sales Tax Distributions				
Deposits into Road Fund	(117)	0	(117)	N/A
Distribution to the PTF and DPTF	(551)	(366)	(185)	50.5%
Subtotal General Funds	\$45,509	\$40,758	\$4,751	11.7%
Treasurer's Investments	\$0	\$400	(\$400)	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
ARPA Reimb. for Essential Gov't Services	\$439	\$0	\$439	N/A
Short Term Borrowing [MLF]	\$0	\$1,998	(\$1,998)	N/A
Total General Funds	\$45,948	\$43,156	\$2,792	6.5%

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

1-Jun-22