Commission on Government Forecasting and Accountability

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MONTHLY BRIEFING

For the Month Ended: AUGUST 2026

Inside this Issue

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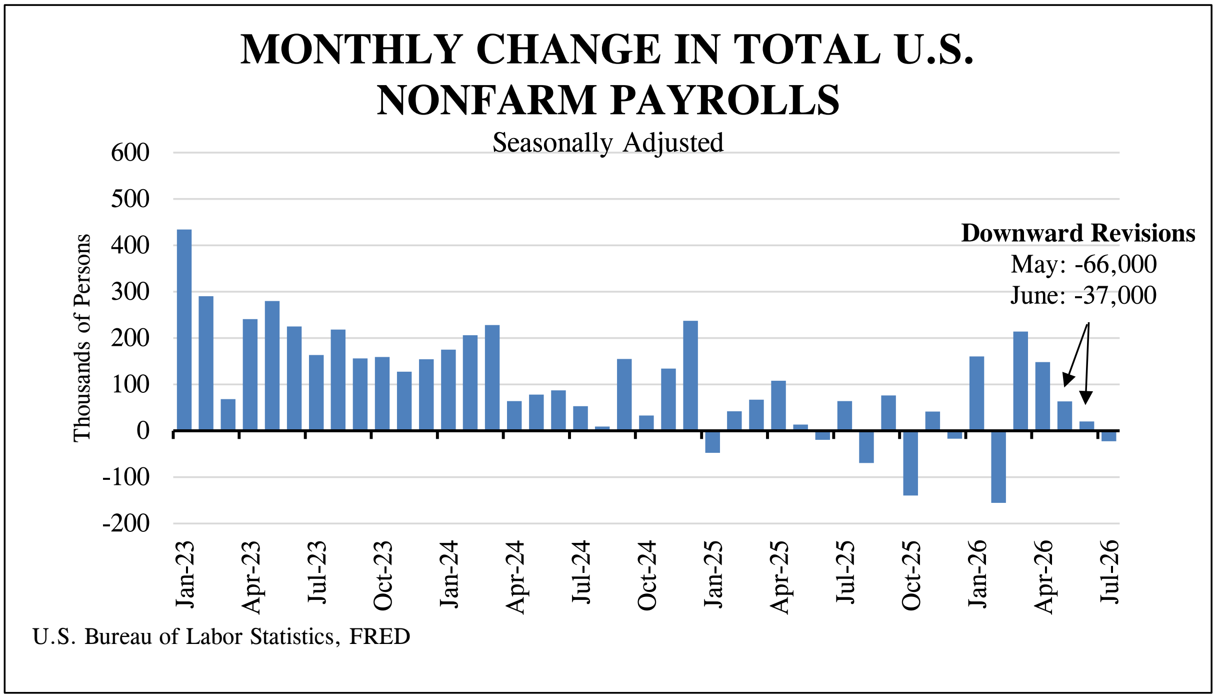
Economic Déjà vu

Benjamin L. Varner, Chief Economist

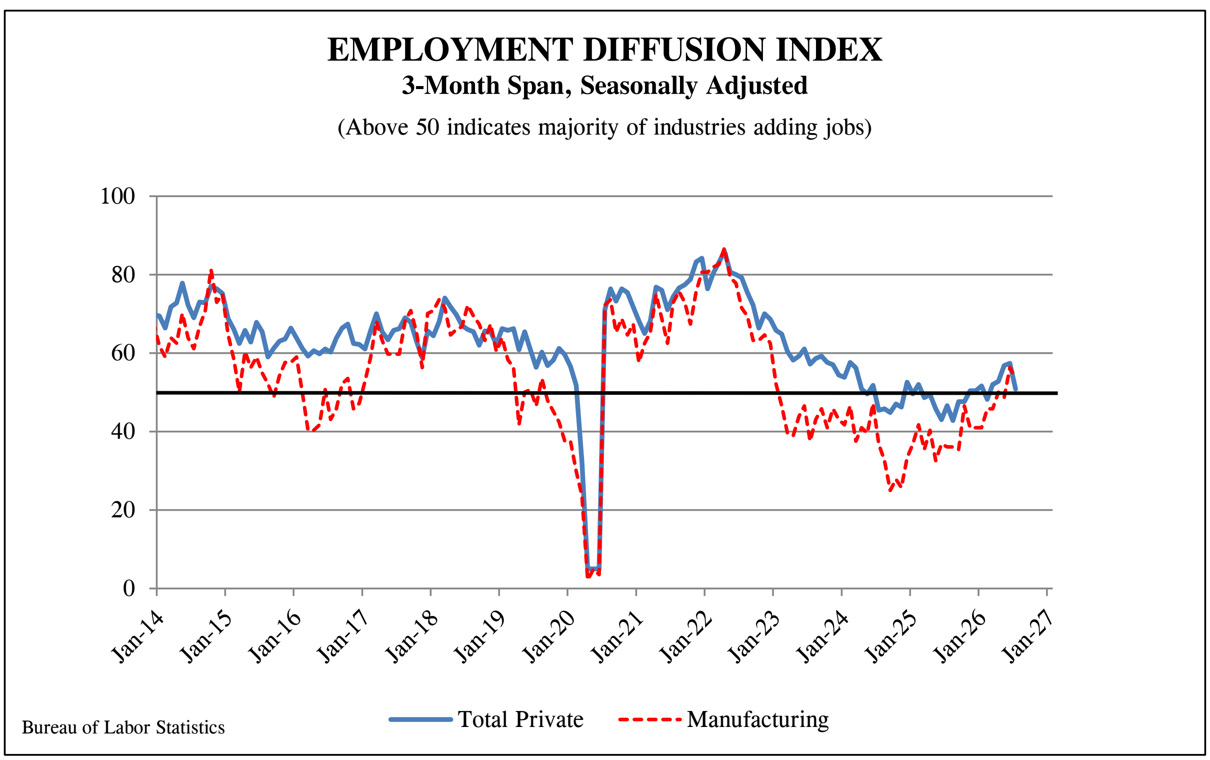
In the Commission's monthly briefing for August 2025, the Commission examined employment and inflation metrics for the country as a whole and for the State of Illinois. At the time, job growth was weakening while inflation was rising. A year later, a similar situation is once again emerging nationally. Illinois, however, presents a somewhat brighter picture.

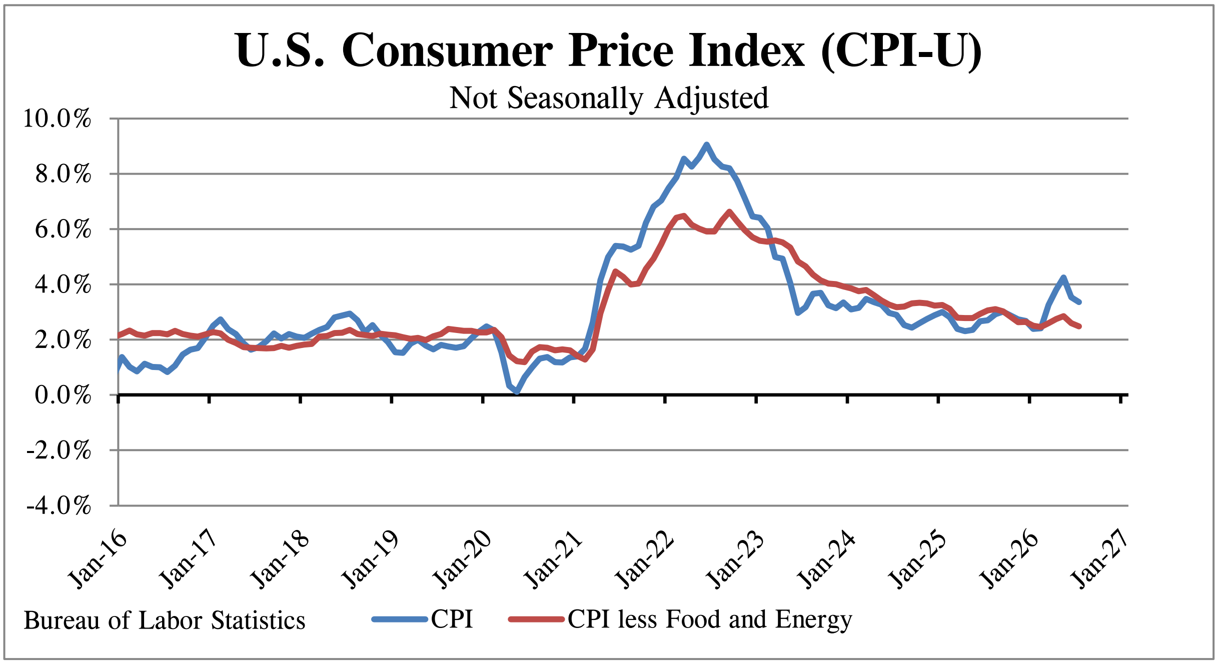
At the beginning of August, the Bureau of Labor Statistics reported that preliminary estimates showed U.S. nonfarm payrolls declined by 23,000 in July. The decline came as somewhat of a surprise, as previous estimates had indicated moderate job growth during the spring, and economists were expecting continued growth of closer to 80,000 to 90,000 jobs. However, revisions to the previous two months now indicate a considerably weaker employment picture. May's job growth was lowered by 66,000, from 129,000 to 63,000, while June's estimate was reduced by 37,000, from 57,000 to just 20,000.

Overall, job growth has averaged only 20,000 new jobs per month over the last three months, compared with 65,000 per month during the previous six months. July's decline was driven by losses in Government (-53,000) and Leisure and Hospitality (-40,000). These were partially offset by gains in Education and Health Services (25,000) and Construction (22,000). This weakening in employment is illustrated in the chart at the top of the following page.



One labor-market measure providing a somewhat more positive signal this year is the Employment Diffusion Index, which tracks the breadth of job growth across industries. A reading above 50 means more industries are adding jobs than reducing employment, while a reading below 50 indicates the opposite. After peaking in April of 2022, the index generally declined and fell below 50 during the summer of 2024, indicating that employment growth was no longer broad-based. The index began improving in the fall of 2025 and has remained above 50 for most of 2026. Manufacturing weakened even earlier, but its diffusion index has also rebounded in recent months.

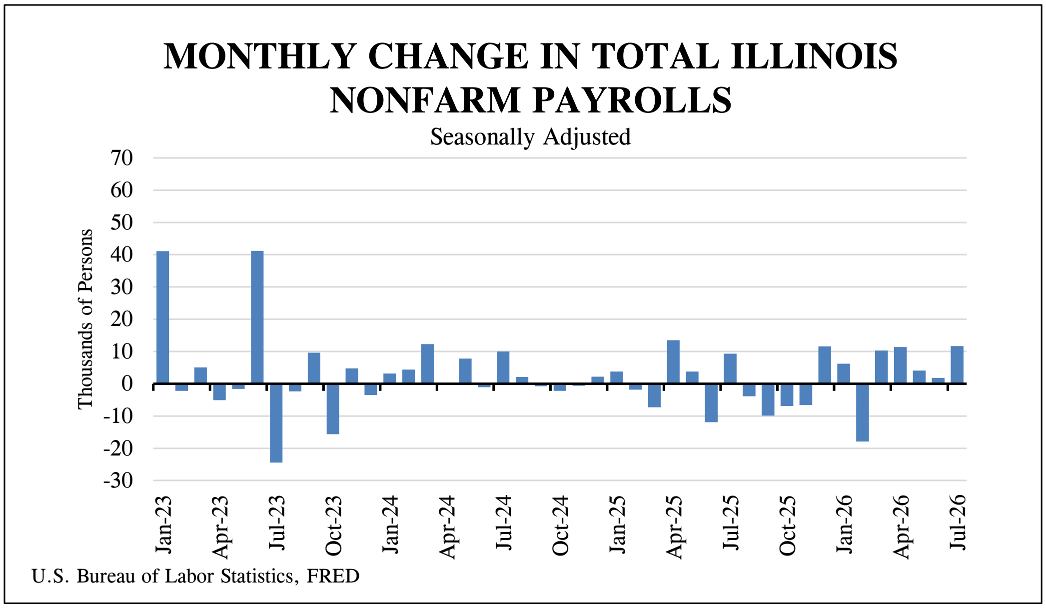




At the same time that payroll employment is weakening, inflationary pressures are also re-emerging. In April 2025, the U.S. Consumer Price Index (CPI) had cooled to 2.3%, while Core CPI, which excludes food and energy, had eased to 2.8%. Amid changes in trade and tariff policies during the spring of 2025, headline CPI rose to 3.0% by late summer, while Core CPI increased to 3.1%. Inflation subsequently moderated, and by the beginning of 2026 headline CPI had fallen to 2.4%.

Inflation accelerated again in the spring of 2026 as the cost of oil and other energy-related products rose significantly following the outbreak of war in Iran and the severe disruption of shipping through the Strait of Hormuz. Headline CPI reached 4.2% in May before falling back to 3.4% in July. Core CPI remained more subdued, reaching a recent peak of 2.9% in May before easing to 2.5% in July. Strong investment in artificial intelligence and data centers has also increased demand for semiconductors, computer equipment, electrical equipment, and other capital goods, putting additional pressure on prices. The longer these price pressures remain elevated, the greater the risk that price increases will spread more broadly throughout the economy. That risk could persist through the remainder of the year, as a monthly survey of U.S. economic and financial forecasters conducted by Consensus Economics projects that CPI will remain near 3.3% through the remainder of 2026 and into 2027.

The monetary policy environment also differs somewhat from a year ago. Last fall, growing concerns about weakness in the labor market contributed to the Federal Reserve lowering the target range for the federal funds rate by 75 basis points between September and December. This year, inflation has become a greater concern, with the Fed holding rates steady and three members favoring an increase at its July meeting.



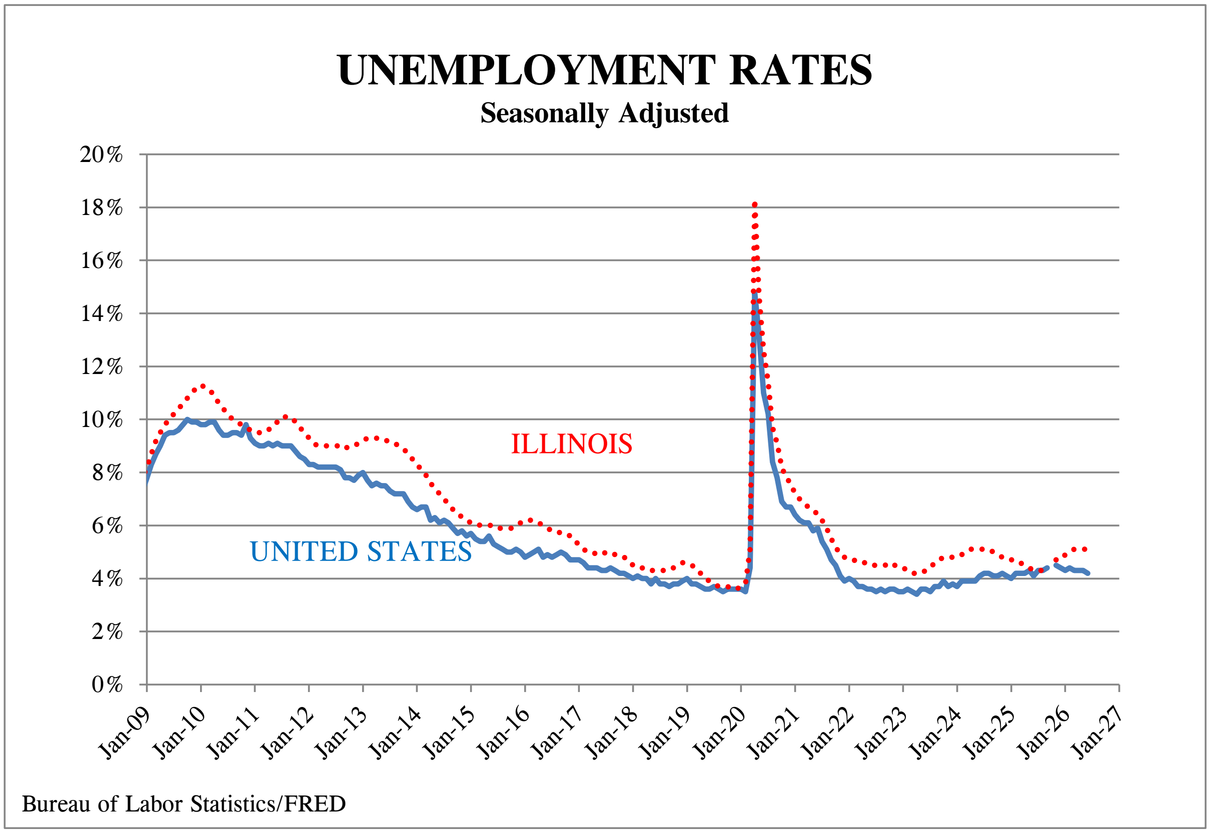
At the state level, however, the picture is somewhat brighter. Illinois job growth has improved in 2026 following a weak second half of 2025, although the pace of growth remains relatively modest. From June through November 2025, Illinois experienced declines in total nonfarm payroll employment in five of six months. Since then, payrolls have increased in seven of the last eight months, averaging just under 5,000 additional jobs per month. Following a gain of just 1,800 jobs in June, Illinois added 11,700 jobs in July. The monthly results for total nonfarm payroll in Illinois can be found in the chart above.

Despite declines during the second half of 2025, Illinois payroll employment in July was approximately 12,000 higher than a year earlier. Education and Health Services recorded the largest increase, adding 13,000 jobs. Construction had the fastest growth rate at 5.3%, representing an increase of 12,700 jobs. Government employment increased by just 0.7%, but its large employment base translated into more than 6,000 additional jobs. Financial Activities recorded the largest decline in both absolute and percentage terms, losing 14,500 jobs, or 3.7%. Three other subsectors saw notable declines: Trade, Transportation, and Utilities (-4,500), Professional and Business Services (-3,600), and Information (-2,800).

Nonfarm Payroll Employment by Subsector in Illinois
(Seasonally Adjusted in Thousands)

Subsector	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Year-over-Year Change	Year-over-Year Percentage Change
Mining and Logging	6.9	6.9	6.9	7.0	7.0	6.9	7.1	7.0	7.0	7.1	7.1	7.2	7.2	0.3	4.3%
Construction	241.1	240.7	240.2	239.2	241.4	237.3	251.3	246.7	246.5	248.0	249.1	250.6	253.8	12.7	5.3%
Manufacturing	568.9	568.2	566.2	564.8	563.9	562.5	569.2	567.8	567.1	568.2	571.3	571.0	571.0	2.1	0.4%
Trade, Transportation, and Utilities	1,221.2	1,218.2	1,217.1	1,215.7	1,215.9	1,214.0	1,212.7	1,208.2	1,208.6	1,214.3	1,217.2	1,212.9	1,216.7	-4.5	-0.4%
Information	90.2	90.0	89.5	89.7	89.5	91.0	89.7	87.0	87.8	88.5	89.4	88.0	87.4	-2.8	-3.1%
Financial Activities	393.0	392.8	392.2	390.8	390.7	391.8	390.8	389.6	387.3	385.2	381.8	380.7	378.5	-14.5	-3.7%
Professional and Business Services	909.8	909.1	908.3	896.0	889.9	899.8	898.4	896.7	898.5	896.3	897.6	902.5	906.2	-3.6	-0.4%
Education and Health Services	1,029.6	1,027.1	1,027.0	1,034.7	1,035.2	1,037.9	1,032.4	1,030.8	1,039.6	1,042.6	1,036.3	1,036.4	1,042.6	13.0	1.3%
Leisure and Hospitality	605.5	605.9	603.7	605.1	602.5	603.4	602.7	601.7	602.1	605.2	607.9	608.7	604.9	-0.6	-0.1%
Other Services	247.2	246.8	246.4	248.2	247.3	248.7	248.2	248.7	248.6	249.1	249.4	250.1	250.9	3.7	1.5%
Government	851.1	854.9	853.2	852.6	853.9	855.5	852.5	852.9	854.3	854.3	855.8	856.6	857.2	6.1	0.7%
Total	**6,164.5**	**6,160.6**	**6,150.7**	**6,143.8**	**6,137.2**	**6,148.8**	**6,155.0**	**6,137.1**	**6,147.4**	**6,158.8**	**6,162.9**	**6,164.7**	**6,176.4**	**11.9**	**0.2%**

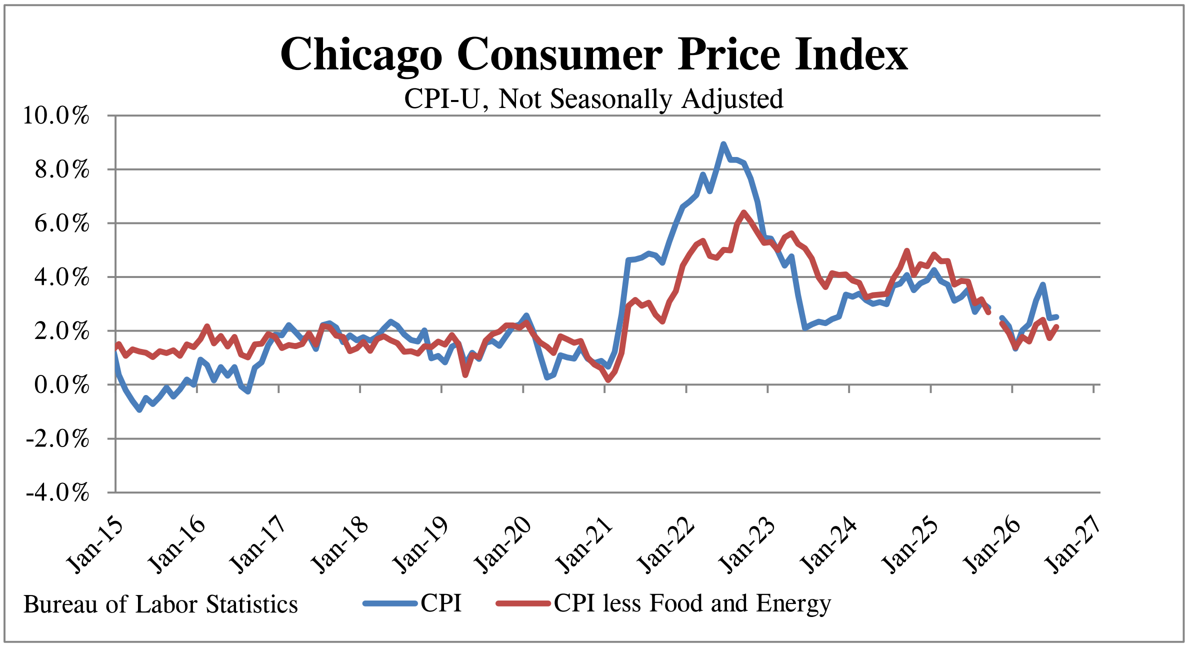
Bureau of Labor Statistics, CGFA



While Illinois' payroll employment has increased recently, the state's unemployment rate remains elevated relative to the rest of the country. In July, Illinois' unemployment rate stood at 4.9%, down from 5.1% in each of the previous four months. This compared with 4.1% nationally and 3.9% for the Midwest. As shown in the chart above, Illinois' unemployment rate has generally remained above the U.S. rate, only occasionally matching it. In July, the gap stood at 0.8 percentage points. Unemployment rates have remained relatively low despite slower job growth, partly because the labor force has declined at both the national and state levels. Nationally, these declines have been driven largely by an aging population and sharply reduced immigration. Similar factors may also be contributing to the decline in Illinois' labor force.

Despite the recent flare-up associated with the war in Iran, inflation trends in the Chicago metropolitan area have remained relatively subdued. In January 2026, Chicago-area CPI inflation stood at 1.3% compared with January 2025, while Core CPI was a similar 1.4%. The outbreak of the war and associated increase in oil and gasoline prices pushed headline CPI to 3.7% and Core CPI to 2.4% in May, but price pressures moderated in the following months. By July, headline CPI had fallen back to 2.5%, while Core CPI stood at 2.1%.

Even with this moderation, several expenditure categories continued to show sizable year-over-year increases. Motor fuel prices have declined in recent months but remained more than 16% above year-earlier levels. Other categories experiencing notable increases included shelter (4.9%), apparel (12.4%), and food away from home (4.6%). These increases were partially offset by relatively slow growth in food at home (1.3%) and transportation (1.3%), as well as outright declines in medical care (-1.8%) and the education and communication subsector (-0.9%).



The latest economic data indicate a mixed picture. National job growth has weakened considerably while inflation has moved higher, echoing conditions seen a year ago. Illinois has experienced somewhat better payroll growth in recent months, including a comparatively strong gain in July. However, the state's unemployment rate remains elevated relative to both the nation and the Midwest. Inflation in the Chicago area has remained comparatively subdued. Overall, weaker job growth and renewed inflationary pressures have created an economic picture that looks familiar, although the focus of concern has shifted more toward inflation than a year ago.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (July)	4.9%	5.1%	4.3%
Inflation in Chicago (12-month percent change) (July)	2.5%	2.5%	2.7%

	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (July)	6,499.6	-0.4%	-1.0%
Employment (thousands) (July)	6,183.9	-0.2%	-1.7%
Nonfarm Payroll Employment (July)	6,176,400	11,700	11,900
New Car & Truck Registration (July)	41,652	5.1%	4.3%
Single Family Housing Permits (July)	1,057	6.4%	1.6%
Total Exports ($ bil) (June)	6.82	-1.3%	7.8%
Chicago Purchasing Managers Index (Aug.)	47.1	-18.2%	13.5%

* Due to monthly fluctuations, trend best shown by % change from a year ago

Moody's and S&P Upgrade Illinois' Issuer Rating

Anthony Bolton, Revenue and Bond Analyst

On August 26, Moody's Ratings upgraded Illinois' issuer rating to A1 (stable) from A2 (stable). This upgrade includes the State's General Obligation Bond rating and the Build Illinois Bond rating in the move to A1. In addition, Moody's upgraded the Metropolitan Pier and Exposition Authority to A3 (stable) from Baa1. This upgrade to the State follows an upgrade from A3 (stable) to A2 (stable) in October 2025 and represents a fifth bond rating upgrade from Moody's since 2021.

On September 1, S&P upgraded Illinois' General Obligation Bond rating to A (stable) from A- (stable). Additionally, they upgraded the State's moral obligation bond debt to BBB from BBB- and Build Illinois bonds to A+ from A. In the same announcement, S&P upgraded the Metropolitan Pier and Exposition Authority's bond ratings to A+ from A. This is their first upgrade to Illinois' bond ratings since February 2023.

Moody's and S&P also announced upgraded A1 and A ratings respectively to the state's upcoming bond sale, which will reportedly include:

- $385 million in General Obligation Bonds, Taxable Series of October 2026A
- $263 million General Obligation Bonds, Series of October 2026B and
- $252 million General Obligation Bonds, Series of October 2026C

In Moody's most recent Credit Opinion, Illinois' revenue base, economy, and eighth consecutive balanced budget (for the 2027 fiscal year) are cited as steady fiscal improvement. However, Moody's notes that Illinois remains under the challenge of underfunded pensions, below-average growth, and limited financial flexibility. The credit rating agency notes a stable outlook based on various factors, such as an expectation for disciplined fiscal management, though other factors such as a high fixed-cost burden are expected to constrain credit quality compared to other, higher-rated, states. S&P cites Illinois' fiscal stability, conservative budgeting, and managing of revenue/liability differences in recent years.

Moody's notes certain factors that could lead to an upgrade, such as sustained fund balances above 20 percent of revenues (GAAP-basis), moderation of the existing fixed cost burden, increased pension system contributions, and continued prudent fiscal management practices. Potential downgrade factors include growth in state debts, weaker cash reserves, and fund balances below 15 percent of revenues (GAAP-basis). S&P also notes upgrade factors such as managing pension debt/continuing to make pension payments, identifying new revenues, maintaining overall fiscal health, and managing budget imbalances as they arise.

In their analysis, Moody's highlighted Illinois having the fifth largest economy in terms of Gross Domestic Product (GDP) in the United States and solid revenue growth along with high resident income/wealth. However, they also point out that Illinois' economic performance indicators and population have slower growth rates compared to the majority of states, which they expect to act as a drag on future economic growth. Moody's also notes that Illinois has succeeded in having several years of budget surpluses and growing reserves along with steady reductions in long-term debt and underfunded pensions. These results have been made possible by strong revenue growth in recent years, including over 4% in General Funds over the 2026 fiscal year.

Moody's notes concern with looming budget challenges such as federal policies that are expected to shift costs associated with Medicaid and the Supplemental Nutrition Assistance Program (SNAP) in the 2028 fiscal year. These two areas drive a significant portion of total state spending already, making expected future increases a challenge for fiscal planners. S&P echoes concerns regarding SNAP and Medicaid funding, but is optimistic that the lengthy implementation time for these changes will allow budgeters to accommodate them in future fiscal years. Federal tariff policy could have a deleterious effect on the state budget, according to Moody's analysis. Furthermore, Illinois faces growing pressure to increase spending in certain areas, such as K-12 education, which will continue to weigh on future budgets. While Illinois' reserves level has improved, it still remains low compared to other states.

S&P notes potential impingements on their ratings depending on Illinois' economy and actual revenues, as potential weaknesses in those areas and inadequate or untimely fixes could reduce overall state ratings. Finally, fixed costs and existing tax policy remain a concern for Moody's. In the 2025 fiscal year, fixed costs amounted to over 20 percent, much higher than the median level of 4.9%. Additionally, the existing flat income tax rate is cited by Moody's as a limitation on operational flexibility for Illinois, compared to other states.

Despite the recent upgrades, Illinois continues to remain as the weakest rated state in the country by both Moody's and S&P.

ILLINOIS' GENERAL OBLIGIATION BOND RATINGS HISTORY

Date of Rating Action	*Fitch* Rating	*Fitch* up/down	*S&P* Rating	*S&P* up/down	*Moody's* Rating	*Moody's* up/down
Aug-Sept 2026			*A*	↑*1x*	*A1*	↑1x
October 2025					*A2*	↑1x
November 2023	*A-*	↑1x				
Feb-Mar 2023			*A-*	↑1x	*A3*	↑1x
Apr-May 2022	*BBB+*	↑*2x*	*BBB+*	↑1x	*Baa1*	↑1x
Jun-Jul 2021			*BBB*	↑1x	*Baa2*	↑1x
April 2020	*BBB-*	↓1x				
June 2017			*BBB-*	↓1x	*Baa3*	↓1x
February 2017	*BBB*	↓1x				
September 2016			*BBB*	↓1x		
June 2016			*BBB+*	↓1x	*Baa2*	↓1x
October 2015	*BBB+*	↓1x			*Baa1*	↓1x
June 2013	*A-*	↓1x			*A3*	↓1x
Jan 2013			*A-*	↓1x		
Aug 2012			*A*	↓1x		
Jan 2012					*A2*	↓1x
Jun 2010	*A*	↓1x			*A1*	↓1x
Mar-Apr 2010	*A-/A+ recal*	↓1x/↑2x			*Aa3 recal*	↑2x
Dec 2009			*A+*	↓1x	*A2*	↓1x
Mar-Jul 2009	*A*	↓2x	*AA-*	↓1x	*A1*	↓1x
Dec 2008	*AA-*	↓1x				
May 2003	*AA*	↓1x			*Aa3*	↓1x
Jun 2000	*AA+*	↑1x				
Jun 1998					*Aa2*	↑1x
Jul 1997			*AA*	↑1x		
Feb 1997					*Aa3*	↑1x
Sep 1996	*AA*	*initial rating*				
Feb 1995					*A1*	↓1x
Aug 1992			*AA-*	↓1x	*Aa**	↓1x
Aug-Sep 1991			*AA*	↓1x	*Aa1*	↓1x
Mar 1983			*AA+*	↓1x		
Feb 1979			*AAA*	*initial rating*		
1973					*AAA*	*initial rating*

Note: "recal" means recalibration, when Fitch and Moody's revised their ratings on municipal bonds to match global/corporate ratings. These are not considered upgrades.
***Moody's rating of Aa was before that level had modifiers of Aa2 and Aa3, so it was considered one level in between AA1 and A1**

BUILD ILLINOIS BOND RATINGS HISTORY

Rating Agencies	June 2013	Oct 2015	Jun 2016	Jun 2017	May 2018	Oct 2018	Apr 2020	Jun-Jul 2021	Apr-May 2022	Feb-Mar 2023	Nov 2023	Oct 2025	Aug-Sept 2026
Fitch Ratings	AA+	AA+	AA+	AA+	A-	A-	BBB+	BBB+	A	A	A+	A+	A+
Standard & Poor's	AAA	AAA	AAA	AA-	AA-	BBB	BBB	BBB+	A-	A	A	A	A+
Moody's	A3	Baa1	Baa2	Baa3	Baa3	Baa3	Baa3	Baa2	Baa1	A3	A3	A2	A1
Kroll						AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+

Strong Start to FY 2027 Continues as General Funds Revenues Surge in August
Eric Noggle, Revenue Manager

The State's General Funds followed up its strong opening month of FY 2027 revenues with an even better month in August. For the month, receipts were up $326 million, or 9.2%. This represents an improvement over the July increase of $188 million, or 5.0%. August's growth was led by sizeable gains in Personal Income Tax and Federal Sources receipts, as well as another strong showing from Sales Tax receipts. Several other State sources also posted positive gains in August, which helped offset a down month for Transfers In. August had the same number of receipting days as the prior year.

After eking out a slight $1 million increase in July, Personal Income Tax receipts surged well above last August's totals, increasing by $195 million, or 10.4%. On a net basis, after factoring out distributions to the Income Tax Refund Fund and the Local Government Distributive Fund, the gain was $165 million. The recent monthly volatility appears to be largely timing related as year-to-date growth when combining the first two months is around 5%, just slightly above FY 2026's final growth rate of 4.2%.

The Corporate Income Tax followed up its strong opening month of tax receipts by posting another notable gain of 8.3%. However, the increase amounted to only $6 million in what is historically one of the lightest months of receipts for this revenue source. The net gain was also approximately $6 million.

The impressive growth in the State's Sales Tax that began the fiscal year continued in August, with receipts increasing by $91 million, or 9.0%. This follows a 12.9% increase in July. On a net basis, after accounting for statutory distributions to certain non-General Funds, the August increase was slightly lower at $87 million. While the growth appears to be relatively broad based, some of the increase may reflect strength in certain taxable categories, particularly motor fuel and motor vehicle sales. Preliminary figures indicate that Illinois is also not alone in experiencing strong Sales Tax growth, as several other states have reported significant year-over-year increases in Sales Tax collections at the start of the fiscal year.

It was also a strong month for All Other State Sources, which collectively rose $100 million, or 34.7% in August. The vast majority of this category's revenue growth was due to a $79 million increase in Interest on State Funds & Investments. However, this specific increase simply offsets the $79 million decline that occurred last month as a result of the timing of certain investment returns released to the State's General Funds. Additional modest increases from sources like the Estate Tax, Insurance Taxes, and Public Utility Taxes, each up $7 million, easily offset a slight $1 million decline in General Funds distributions from the Cigarette Tax.

While most revenue categories posted gains this month, Transfers In experienced a significant decline, falling $147 million, or 45.8%. This decline is attributable to the absence of the Income Tax Refund Fund Transfer this month, which totaled $150 million last August. This transfer, which represents the remaining balance of the Income Tax Refund Fund at the end of the previous fiscal year being transferred to the General Revenue Fund, is only anticipated to total approximately $50 million in FY 2027. This amount will be significantly less than the combined $700 million transferred in FY 2026 and is one of the primary reasons that overall receipts were estimated to be largely stagnant in FY 2027. The comparative negative impact of this reduced transfer amount will become more pronounced in the upcoming months, particularly when compared with the $304 million transferred in October and $246 million transferred in November of FY 2026.

Aside from the Income Tax Refund Fund Transfer, the results of the remaining transfers were mixed. Gaming Transfers grew $13 million in August, while Sports Wagering Transfers rose $7 million. Cannabis Transfers were $3 million higher. These gains were mostly offset by a $12 million drop in Lottery Transfers and an $8 million decline in Other Transfers.

Receipts deposited into the State's General Funds from Federal Sources totaled $487 million in August. This represents an increase of $115 million, or 30.9%, from last August's level. While this increase is favorable for State coffers, the timing of Federal Sources into the General Funds has historically been uneven. Therefore, some volatility in these receipts should be expected over the course of the fiscal year.

Summary of Receipts
AUGUST
FY 2026 vs. FY 2027
($ millions)

Revenue Sources	**August FY 2026**	**August FY 2027**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$1,589	$1,754	$165	10.4%
Net Corporate Income Tax	$57	$63	$6	10.5%
Net Sales Tax	$930	$1,017	$87	9.4%
All Other State Sources	$288	$388	$100	34.7%
Transfers In	$321	$174	($147)	-45.8%
Federal Sources [base]	$372	$487	$115	30.9%
Base General Funds	$3,557	$3,883	$326	9.2%
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	$3,557	$3,883	$326	9.2%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Sep-26

AUGUST FY 2026 vs. FY 2027 ($ millions)				
Revenue Sources	**August FY 2026**	**August FY 2027**	**$ CHANGE**	**% CHANGE**
State Taxes				
Personal Income Tax	$1,870	$2,065	$195	10.4%
Corporate Income Tax (regular)	72	78	6	8.3%
Sales Taxes	1,012	1,103	91	9.0%
Public Utility Taxes (regular)	53	60	7	13.2%
Cigarette Tax	16	15	(1)	-6.3%
Liquor Gallonage Taxes	14	14	0	0.0%
Estate Tax	63	70	7	11.1%
Insurance Taxes and Fees	68	75	7	10.3%
Corporate Franchise Tax & Fees	13	14	1	7.7%
Interest on State Funds & Investments	33	112	79	239.4%
Cook County IGT	0	0	0	N/A
Other Sources	28	28	0	0.0%
Total State Taxes	$3,242	$3,634	$392	12.1%
Transfers In				
Lottery	$70	$58	($12)	-17.1%
Gaming	15	28	13	86.7%
Sports Wagering	22	29	7	31.8%
Cannabis	9	12	3	33.3%
Refund Fund	150	0	(150)	-100.0%
Other	55	47	(8)	-14.5%
Total Transfers In	$321	$174	($147)	-45.8%
Total State Sources	$3,563	$3,808	$245	6.9%
Federal Sources [base]	$372	$487	$115	30.9%
Total Federal & State Sources	$3,935	$4,295	$360	9.1%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($171)	($189)	($18)	10.5%
Corporate Income Tax	($10)	($11)	(1)	10.0%
Local Government Distributive Fund				
Personal Income Tax	(110)	(121)	(11)	10.0%
Corporate Income Tax	(4)	(5)	(1)	25.0%
Sales Tax Distributions				
Deposits into Road Fund	(52)	0	52	-100.0%
Distribution to the PTF and DPTF	(31)	(86)	(55)	177.4%
General Funds Subtotal [Base]	**$3,557**	**$3,883**	**$326**	**9.2%**
Transfers to Repay Payroll Borrowing	$0	$0	$0	N/A
Total General Funds	**$3,557**	**$3,883**	**$326**	**9.2%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 2-Sep-26

Year to Date

Through the first two months of the fiscal year, revenues deposited into Illinois' General Funds are off to a very good start, up $515 million, or 7.0%, compared with the first two months of FY 2026. Each of the "big three" revenue sources has contributed to this strong start, with additional notable growth from Federal Sources. This growth has more than offset year-over-year declines in the remaining revenue categories to begin the fiscal year.

Summary of Receipts GENERAL FUNDS RECEIPTS: THROUGH AUGUST FY 2026 vs. FY 2027 ($ millions)				
Revenue Sources	**FY 2026**	**FY 2027**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$3,352	$3,519	$167	5.0%
Net Corporate Income Tax	$218	$329	$111	50.9%
Net Sales Tax	$1,870	$2,086	$216	11.6%
All Other State Sources	$695	$691	($4)	-0.6%
Transfers In	$504	$357	($147)	-29.2%
Federal Sources [base]	$676	$848	$172	25.4%
Base General Funds	$7,315	$7,830	$515	7.0%
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	$7,315	$7,830	$515	7.0%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				2-Sep-26

As noted previously, the Personal Income Tax began FY 2027 slowly, but August's strong revenue totals more than offset the stagnant start to provide a two-month increase of $196 million, or 5.0%. The net gain, after distributions to the Income Tax Refund Fund and the Local Government Distributive Fund, is $167 million. Corporate Income Tax revenues have also performed well through August, rising $138 million, or 50.7%, thanks primarily to a strong July. The net increase is $111 million.

The biggest driver of revenue growth so far this fiscal year is the Sales Tax, which is up an impressive $223 million through the first two months of FY 2027, an increase of 11.0%. On a net basis, the growth is slightly lower at $216 million. While this level of growth is unlikely to continue at such an elevated rate, the stronger than expected totals to start the year will provide additional financial cushion if revenues were to weaken later in the fiscal year.

Federal Sources have also gotten the fiscal year off to a strong start. The $115 million increase in August, when combined with July's growth, results in an increase of approximately $172 million, or 25.4%, through August. However, the historical volatility of this revenue category suggests that a slowdown in these receipts should be expected in the months ahead.

A significant timing factor affecting Interest on State Funds & Investments has created wide swings in revenue performance within the All Other State Sources category over the first two months, but the year-to-date total shows little change. After falling $104 million in July, primarily due to the timing of investment proceeds deposited into the General Funds, revenues offset nearly all of this decline with a $100 million gain in August, resulting in a two-month decline of just $4 million. The Estate Tax has experienced the largest two-month decline in this category, down $18 million, although receipts from this source increased in August. The largest revenue increase in the category so far is Public Utility Taxes, which are up $11 million through August.

Transfers In has experienced the largest decline of any revenue category this fiscal year, down $147 million through August. However, this decline was largely anticipated, as the Income Tax Refund Fund transfer is expected to be significantly lower than FY 2026 levels. Lottery Transfers, down $6 million, and Other Transfers, down $31 million, have also contributed to the comparatively lower Transfers In total through August. Helping to offset these declines are year-to-date increases of $19 million in Gaming Transfers, $17 million in Sports Wagering Transfers, and $4 million in Cannabis Transfers.

GENERAL FUNDS RECEIPTS: THROUGH AUGUST

FY 2026 vs. FY 2027

($ millions)

Revenue Sources	FY 2026	FY 2027	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$3,945	$4,141	$196	5.0%
Corporate Income Tax (regular)	272	410	138	50.7%
Sales Taxes	2,034	2,257	223	11.0%
Public Utility Taxes (regular)	103	114	11	10.7%
Cigarette Tax	30	33	3	10.0%
Liquor Gallonage Taxes	31	31	0	0.0%
Estate Tax	142	124	(18)	-12.7%
Insurance Taxes and Fees	161	167	6	3.7%
Corporate Franchise Tax & Fees	36	34	(2)	-5.6%
Interest on State Funds & Investments	137	138	1	0.7%
Cook County IGT	0	0	0	N/A
Other Sources	55	50	(5)	-9.1%
Total State Taxes	$6,946	$7,499	$553	8.0%
Transfers In				
Lottery	$120	$114	($6)	-5.0%
Gaming	33	52	19	57.6%
Sports Wagering	48	65	17	35.4%
Cannabis	18	22	4	22.2%
Refund Fund	150	0	(150)	-100.0%
Other	135	104	(31)	-23.0%
Total Transfers In	$504	$357	($147)	-29.2%
Total State Sources	$7,450	$7,856	$406	5.4%
Federal Sources [base]	$676	$848	$172	25.4%
Total Federal & State Sources	$8,126	$8,704	$578	7.1%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($361)	($379)	($18)	5.0%
Corporate Income Tax	(38)	(58)	(20)	52.6%
Local Government Distributive Fund				
Personal Income Tax	(232)	(244)	(12)	5.2%
Corporate Income Tax	(16)	(24)	(8)	50.0%
Sales Tax Distributions				
Deposits into Road Fund	(104)	0	104	-100.0%
Distribution to the PTF and DPTF	(60)	(170)	(110)	183.3%
General Funds Subtotal [Base]	**$7,315**	**$7,830**	**$515**	**7.0%**
Transfers to Repay Payroll Borrowing	$0	$0	$0	N/A
Total General Funds	**$7,315**	**$7,830**	**$515**	**7.0%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding — 2-Sep-26