Commission on Government Forecasting and Accountability

Clayton Klenke, Executive Director · Laurie Eby, Deputy Director

Co-Chairs: Sen. Dave Koehler and Rep. C.D. Davidsmeyer

Senators: Omar Aquino · Seth Lewis · Donald DeWitte · Elgie Sims · David Syverson

Representatives: Sonya Harper · Elizabeth Hernandez · Travis Weaver · Anna Moeller · Joe Sosnowski

MONTHLY BRIEFING

For the Month Ended: SEPTEMBER 2025

Inside this Issue

CGFA

Commission on Government Forecasting & Accountability

https://cgfa.ilga.gov/

Phone: 217/782-5320

Strong Month of Receipts in September Boosts 1st Quarter Gains for General Funds

Eric Noggle, Revenue Manager

After a mediocre start in the first couple months of the fiscal year, September revenues deposited into the General Funds came in much higher, providing a solid first quarter of collections for FY 2026. For the month, revenues rose $413 million or 8.6% thanks to strong growth in Personal Income Tax receipts, Sales Tax revenues, and Federal Sources. Through the 1st Quarter of FY 2026, revenues are now up $450 million or 3.7%. September's totals were aided by an additional receipting day this month as compared to a year ago.

After a subpar performance to start the year, Personal Income Tax gross receipts grew $307 million as compared to last September, for growth of 10.3%. On a net basis, when subtracting out distributions to the Refund Fund and the Local Government Distributive Fund, these receipts were up $260 million. This month's gains were despite the fact that the "true-ups" from the annual reallocations of business-related income are and will be notably less than last year (discussed in greater detail on page 8 of the monthly). While the details behind this month's growth will not be released for a few days, the timing of withholding tax payments and the "extra" receipting day is believed to be the main cause of the strong showing this month.

Sales Tax receipts continued its recent upward trend by rising $54 million or 5.6% in September. Even when accounting for non-General Funds distributions to the Road Fund and certain transportation funds, net receipts were still up a positive $21 million or 2.3% for the month.

Also contributing to the strong month of receipts was a bounce-back month in revenues received from Federal Sources. These deposits grew $239 million or 199.2% in September. As noted in last month's briefing, Federal Sources are highly volatile and subject to irregular receipting patterns. September's gains easily erased the $114 million deficit that was present after the first two months of the fiscal year.

The growth in these prominent revenue sources overshadowed the disappointing month for Corporate Income Tax receipts. For the month, gross revenues were $196 million lower than last September, resulting in a decline of -18.1%. On a net basis, revenues were down $157 million. This is despite the fact that true-up reallocation adjustments (including the first of five adjustments that occurred in September) will be a net positive for Corporate Income Tax receipts this fiscal year (see page 8). A possible explanation for the disappointing revenue totals for this source so far is discussed on page 5.

In the category of "All Other State Sources", revenues were a combined $19 million higher, though the performance of individual sources was mixed. Revenues from the Estate Tax grew the most with a gain of $22 million. Other Sources were up $9 million while Interest on State Funds & Investments improved by $3 million. Losses in individual revenue sources this month were relatively minor. Insurance Taxes were down $7 million. Corporate Franchise Taxes were $5 million lower. Liquor Taxes fell $2 million, while Public Utility Taxes were $1 million behind last September's pace.

It was also a positive month for Transfers In. Overall, these transfers were $31 million higher in September. Lottery Transfers improved from its earlier declines with growth of $16 million. Gaming Transfers were up $11 million and the Sports Wagering Transfer added an additional $7 million. Other Transfers slipped $3 million this month, while Cannabis Transfers were flat.

Summary of Receipts
SEPTEMBER
FY 2025 vs. FY 2026
($ millions)

Revenue Sources	**Sep. FY 2025**	**Sep. FY 2026**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$2,541	$2,801	$260	10.2%
Net Corporate Income Tax	$866	$709	($157)	-18.1%
Net Sales Tax	$910	$931	$21	2.3%
All Other State Sources	$241	$260	$19	7.9%
Transfers In	$120	$151	$31	25.8%
Federal Sources [base]	$120	$359	$239	199.2%
Base General Funds	$4,798	$5,211	$413	8.6%
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	$4,798	$5,211	$413	8.6%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Oct-25

SEPTEMBER
FY 2025 vs. FY 2026
($ millions)

Revenue Sources	Sep. FY 2025	Sep. FY 2026	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$2,990	$3,297	$307	10.3%
Corporate Income Tax (regular)	1,081	885	(196)	-18.1%
Sales Taxes	962	1,016	54	5.6%
Public Utility Taxes (regular)	61	60	(1)	-1.6%
Cigarette Tax	17	17	0	0.0%
Liquor Gallonage Taxes	16	14	(2)	-12.5%
Estate Tax	47	69	22	46.8%
Insurance Taxes and Fees	7	0	(7)	-100.0%
Corporate Franchise Tax & Fees	25	20	(5)	-20.0%
Interest on State Funds & Investments	38	41	3	7.9%
Cook County IGT	0	0	0	N/A
Other Sources	30	39	9	30.0%
Total State Taxes	$5,274	$5,458	$184	3.5%
Transfers In				
Lottery	$50	$66	$16	32.0%
Gaming	8	19	11	137.5%
Sports Wagering	8	15	7	87.5%
Cannabis	9	9	0	0.0%
Refund Fund	0	0	0	N/A
Other	45	42	(3)	-6.7%
Total Transfers In	$120	$151	$31	25.8%
Total State Sources	$5,394	$5,609	$215	4.0%
Federal Sources [base]	$120	$359	$239	199.2%
Total Federal & State Sources	$5,514	$5,968	$454	8.2%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($273)	($302)	($29)	10.6%
Corporate Income Tax	($152)	($124)	28	-18.4%
Local Government Distributive Fund				
Personal Income Tax	(176)	(194)	(18)	10.2%
Corporate Income Tax	(63)	(52)	11	-17.5%
Sales Tax Distributions				
Deposits into Road Fund	(51)	(52)	(1)	2.0%
Distribution to the PTF and DPTF	(1)	(33)	(32)	3,200.0%
General Funds Subtotal [Base]	**$4,798**	**$5,211**	**$413**	**8.6%**
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	**$4,798**	**$5,211**	**$413**	**8.6%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Oct-25

1st Quarter Analysis of Revenues

Through the first quarter of FY 2026, revenues deposited into the State's General Funds are up $450 million or 3.7%. The gains are led by the Personal Income Tax, which is up $258 million on a gross basis and up $219 million on a net basis. While the year-to-date growth rate of 3.7% is currently well above the 0.9% anticipated under the enacted budget's revenue assumptions, the year-over-year performance is expected to slow throughout the year due to fewer "true-up" reallocations to the Personal Income Tax revenue line as compared to FY 2025 (see page 8).

Sales Tax receipts have continued its positive momentum from the second half of FY 2025 into FY 2026. Through the first three months, Sales Tax gross receipts are up $181 million or 6.3%. On a net basis, when subtracting out distributions to the Road Fund and to certain transportation funds, the growth is $84 million or 3.1%. This is currently ahead of the 1.4% growth initially anticipated. However, nine months of the fiscal year still remain and the growth seen in the first quarter is compared against the weakest part of FY 2025 for Sales Tax collections.

After two months of the fiscal year, Federal Sources were down 14.4%. However, the large deposits in September have quickly changed the 1st Quarter result to an increase of $125 million or 13.7%. This growth rate is in line with the 13.1% growth expected in FY 2026 when comparing the FY 2026 assumed revenue total of $4.2 billion with the FY 2025 actual total of $3.715 billion, though three quarters of the fiscal year remain.

In the category of All Other State Sources, receipts are slightly above last year's pace with a mere gain of $2 million. The modest growth in this category is led by the Estate Tax, which is up $66 million through the first three months of the fiscal year. Despite no revenues reported in September, Insurance Taxes and Fees are up $11 million. The growth from these sources has barely outweighed the declines from Other Sources [-$33 million]; Interest on State Funds & Investments [-$27 million]; the Cigarette Tax [-$5 million]; Public Utility Taxes [-$5 million]; Liquor Gallonage Taxes [-$3 million]; and the Corporate Franchise Tax [-$2 million]. Even with minimal growth, first-quarter performance is currently ahead of the 6.6% decline projected in the enacted budget for these revenue sources by fiscal year-end. This expected decline was primarily based on an anticipated drop in Interest Income due to lower interest rates, which may still materialize as the fiscal year progresses.

It has been a positive first quarter for Transfers In. Through September, these revenues are up $235 million or 55.8%. The primary reasons for this level of growth are the August transfer of $150 million from the Income Tax Refund Fund to the General Revenue Fund and the $56 million cumulative increase in Sports Wagering Transfers (more on these on the next page). The Gaming Transfer has also risen $24 million due to the further development of the casino industry. Other Transfers are also up with a year-to-date gain of $10 million. Lottery Transfers are down $4 million in the first quarter while Cannabis Transfers are $1 million lower.

While the majority of revenue sources have performed reasonably well to start the fiscal year, the same cannot be said for the Corporate Income Tax. Following September's declines, receipts from this source are now down $270 million through the first quarter—a drop of 18.9%. On a net basis, the decline stands at $215 million.

As discussed in the July Monthly Briefing, this revenue stream was originally projected to grow by 10.8% over FY 2025 actuals, largely due to several revenue-enhancing provisions enacted at the end of the spring session via P.A. 104-0006. These provisions include a tax amnesty program scheduled for October and November, a shift from the "Joyce" to the "Finnigan" method for apportioning certain business income, and changes to the treatment of foreign-source dividends under the Global Intangible Low-Taxed Income (GILTI) & 80/20 Safe Harbor provisions. At the time of the FY 2026 budget introduction, the Governor's Office projected a positive net impact of $438 million from these corporate tax changes.

However, the federal *One Big Beautiful Bill Act*, enacted in July—after the State budget had been finalized—may offset much of the anticipated corporate tax revenue growth from these state-level reforms. Key components of the Act, including the permanent reinstatement of 100% bonus depreciation for qualifying property and expanded deductibility of business interest expenses, will reduce federal taxable income. Because Illinois conforms to many aspects of the federal tax code, these changes are likely to lower State Corporate Tax Revenues relative to earlier expectations. While proponents argue that the federal provisions could spur economic growth and eventually boost tax revenues in the future, the near-term impact in FY 2026 may be a net reduction in State Corporate Income Tax collections.

As a result, the Corporate Income Tax will remain a particularly difficult revenue source to forecast for the remainder of the fiscal year. It remains unclear how businesses will react to the various changes and whether the positive revenue effects of the state-level changes will outweigh the declining revenue impact of the federal changes. The sharp 18.1% decline in September may reflect a correction in estimated tax payments made earlier in the year, possibly in response to the recent tax changes, but it could also serve as an early warning of continued weakness in this revenue source for FY 2026.

While the potential reduction of Corporate Income Tax receipts this fiscal year is a concern for State coffers, revenue totals are expected to get a boost from other areas (beyond original budgetary expectations) and could mitigate or even outweigh these losses. For example, the Income Tax Refund Fund Transfer was conservatively forecast in May to provide $450 million in revenues for FY 2026. Based on June's end-of-year balance, this transfer is now anticipated to total nearly $800 million (including the $150 million transferred in August) or approximately $350 million more than the assumed budgetary value. Additional General Funds growth may also come from newly enacted measures, such as the per-wager tax on online sports betting, which will flow into the General Revenue Fund via the Sports Wagering Transfer.

In short, while the decrease in Corporate Income Tax receipts is concerning, other revenue sources may offset these declines. The Commission will continue to closely monitor revenue developments over the remaining nine months of the fiscal year and will make adjustments to forecasts and expectations as needed.

GENERAL FUNDS RECEIPTS: THROUGH SEPTEMBER

FY 2025 vs. FY 2026

($ millions)

Revenue Sources	FY 2025	FY 2026	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$6,983	$7,241	$258	3.7%
Corporate Income Tax (regular)	1,426	1,156	(270)	-18.9%
Sales Taxes	2,869	3,050	181	6.3%
Public Utility Taxes (regular)	168	163	(5)	-3.0%
Cigarette Tax	52	47	(5)	-9.6%
Liquor Gallonage Taxes	48	45	(3)	-6.3%
Estate Tax	145	211	66	45.5%
Insurance Taxes and Fees	150	161	11	7.3%
Corporate Franchise Tax & Fees	58	56	(2)	-3.4%
Interest on State Funds & Investments	205	178	(27)	-13.2%
Cook County IGT	0	0	0	N/A
Other Sources	127	94	(33)	-26.0%
Total State Taxes	$12,231	$12,402	$171	1.4%
Transfers In				
Lottery	$190	$186	($4)	-2.1%
Gaming	28	52	24	85.7%
Sports Wagering	8	64	56	700.0%
Cannabis	28	27	(1)	-3.6%
Refund Fund	0	150	150	N/A
Other	167	177	10	6.0%
Total Transfers In	$421	$656	$235	55.8%
Total State Sources	$12,652	$13,058	$406	3.2%
Federal Sources [base]	$910	$1,035	$125	13.7%
Total Federal & State Sources	$13,562	$14,093	$531	3.9%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($639)	($662)	($23)	3.6%
Corporate Income Tax	(200)	(162)	38	-19.0%
Local Government Distributive Fund				
Personal Income Tax	(410)	(426)	(16)	3.9%
Corporate Income Tax	(84)	(68)	16	-19.0%
Sales Tax Distributions				
Deposits into Road Fund	(152)	(156)	(4)	2.6%
Distribution to the PTF and DPTF	(1)	(94)	(93)	9,300.0%
General Funds Subtotal [Base]	**$12,076**	**$12,526**	**$450**	**3.7%**
Non-Base Gen Funds Revenues	$0	$0	0	N/A
Total General Funds	**$12,076**	**$12,526**	**$450**	**3.7%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding — 1-Oct-25

Summary of Receipts				
GENERAL FUNDS RECEIPTS: THROUGH SEPTEMBER				
FY 2025 vs. FY 2026				
($ millions)				
Revenue Sources	**FY 2025**	**FY 2026**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$5,934	$6,153	$219	3.7%
Net Corporate Income Tax	$1,142	$927	($215)	-18.8%
Net Sales Tax	$2,716	$2,800	$84	3.1%
All Other State Sources	$953	$955	$2	0.2%
Transfers In	$421	$656	$235	55.8%
Federal Sources [base]	$910	$1,035	$125	13.7%
Base General Funds	$12,076	$12,526	$450	3.7%
Non-Base Gen Funds Revenues	$0	$0	$0	N/A
Total General Funds	$12,076	$12,526	$450	3.7%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				1-Oct-25

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (Aug.)	4.4%	4.6%	5.0%
Inflation in Chicago (12-month percent change) (Aug.)	3.1%	2.7%	3.8%

	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (Aug.)	6,580.7	-0.3%	-0.9%
Employment (thousands) (Aug.)	6,288.2	-0.2%	-0.3%
Nonfarm Payroll Employment (Aug.)	6,153,700	-13,300	5,900
New Car & Truck Registration (Aug.)	35,641	-10.7%	-20.4%
Single Family Housing Permits (Aug.)	1,043	0.3%	12.0%
Total Exports ($ bil) (July)	5.86	-6.1%	-10.2%
Chicago Purchasing Managers Index (Sep.)	40.6	-2.2%	-12.9%

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

“True-Up” Reallocations Return in FY 2026 but on Smaller Scale

Eric Noggle, Revenue Manager

In recent fiscal years, revenues deposited into the State’s General Funds have been significantly boosted by large reallocations of income tax receipts through statutory adjustments known as “true-ups.” These adjustments are part of the Department of Revenue’s annual reconciliation process for business-related tax payments. Although true-ups occur regularly, their size has increased notably in recent years, largely due to changes in taxpayer behavior stemming from federal and state tax policy shifts. In particular, the modification of the State and Local Tax (SALT) deduction cap and the development and expanded use of the Pass-Through Entity (PTE) Tax have changed how certain businesses remit taxes. As a result, the normal default rates used to allocate revenues increasingly diverged from the distributions required by statute. When such discrepancies arise, true-up adjustments are needed to bring allocations into compliance.

Business-related income tax receipts are typically distributed among three primary revenue sources: the Personal Income Tax, the Corporate Income Tax, and the Personal Property Replacement Tax (PPRT). Each of these revenue streams is governed by its own statutory allocation formula. The vast majority of the Personal and Corporate Income Tax receipts are deposited into the State’s General Funds whereas the PPRT receipts flow to the PPRT Fund and are distributed to local governments. After the close of a tax year, the Department reviews actual collections and attributes them to the appropriate revenue source based on the type of business entity (e.g., C-corporations, S-corporations, partnerships) and their applicable tax rate. If discrepancies are identified between the actual distributions and the amounts required by law, the Department reallocates the difference—i.e., the true-up—accordingly in the subsequent fiscal year.

This reconciliation process for a particular tax year spans multiple fiscal years. For example, tax collections from Tax Year 2023 were reviewed in FY 2024, with any necessary true-up reallocations processed in FY 2025. The adjustments that will occur in FY 2026 reflect Tax Year 2024 activity that was reviewed in FY 2025. These true-up adjustments are typically made in five equal installments, which are disbursed in the months of September, December, March, April, and June.

As shown in the table that follows, the magnitude of the adjustments in FY 2023 were relatively small as typically had been the case prior to FY 2024. In this year, the Personal Income Tax received $68 million in true-up adjustments, the Corporate Income Tax had a negative adjustment of $85 million, while the PPRT received a positive true-up of $17 million. The net impact on General Funds was a revenue loss of $10 million when removing the non-General Funds reallocations to the PPRT and distributions to the Income Tax Refund Fund and the Local Government Distributive Fund (LGDF). This was a relatively minor adjustment when considering a General Funds budget of near $50 billion.

However, the value of the true-up adjustments shifted dramatically in FY 2024, largely due to the federal and state tax policy changes previously discussed. That year, the Personal Income Tax saw a substantial positive adjustment of $1.077 billion, an increase of $1.010 billion over the prior year. In contrast, the Corporate Income Tax experienced a negative adjustment of $259 million, representing a $174 million larger decline than the previous year. The most significant impact, however, was on the PPRT, which faced a negative adjustment of $835 million as a result of the reconciliation process required to align with statutory distribution formulas. This represented an $835 million year-over-year loss for PPRT. The General Funds becomes the beneficiary of the adjustments with a net gain of $718 million.

As the table shows, a similar large adjustment was made in FY 2025. The Department's review found that the Personal Income Tax was owed $1.289 billion in adjustments from Tax Year 2023 activity. This was $212 million more than the true-up received in FY 2024 and provided another boost to this source's revenue total. However, this significant reallocation came at the cost of both the Corporate Income Tax (negative adjustment of $268 million) and the PPRT (negative adjustment of $1.022 billion). The overall General Funds net impact in FY 2025 was a positive gain of $881 million or $173 million more than the amount received in FY 2024.

The sizeable negative adjustments to PPRT in FY 2024 and FY 2025 posed considerable challenges for local governments and school districts, which depend heavily on these funds. However, it should be stressed that the reallocations reflect required statutory corrections. In effect, local governments had received more than they were statutorily entitled to in previous years. This point becomes clearer by looking at historical revenue totals. From FY 2017 to FY 2021, annual PPRT revenues averaged approximately $1.8 billion. In FY 2022, that figure surged to nearly $5.0 billion and remained high at $4.9 billion in FY 2023. While part of this increase can be attributed to higher taxable corporate profits—driven in part by pandemic-related stimulus programs—a substantial portion of the growth was due to outdated allocation rates that had not been adjusted to reflect shifts in the business environment.

Recent True-Up Adjustments of Business-Related Income Taxes
$ in millions

	FY 2023	FY 2024	FY23 vs FY24 Diff	FY 2025	FY24 vs FY25 Diff	FY 2026	FY25 vs FY26 Diff
Annualized Amount							
Personal Income Tax (Gross)	$68	$1,077	$1,010	$1,289	$212	$806	-$483
Corporate Income Tax (Gross)	-$85	-$259	-$174	-$268	-$9	-$181	$87
Replacement Tax (PPRT)	$17	-$818	-$835	-$1,022	-$203	-$625	$396
Total	$0	$0	$0	$0	$0	$0	$0
General Funds Net Impact*	-$10	$708	$718	$881	$173	$540	-$341
*Amount per Adjustment***							
Personal Income Tax (Gross)	$14	$215	$202	$258	$42	$161	-$97
Corporate Income Tax (Gross)	-$17	-$52	-$35	-$54	-$2	-$36	$17
Replacement Tax (PPRT)	$3	-$164	-$167	-$204	-$41	-$125	$79
Total	$0	$0	$0	$0	$0	$0	$0

*** The General Funds Net total subtracts out the PPRT totals as well as non-general income tax distributions to the Refund Fund and the LGDF.**
**** The annualized amount is adjusted in five equal installments, typically in the months of Sep, Dec, Mar, Apr, and Jun.**

To be clear, while some may be critical of the Department for not modifying the default rates to avoid the magnitude of true-ups seen in recent years, the circumstances involved in these true-ups would have been difficult to predict. The rapid escalation of taxpayers using the Pass-Through Entity Tax option was not expected (at least at the level that has occurred). Nevertheless, the purpose of the true-up process is to ensure that each revenue source is allocated and distributed in accordance with State law. During FY 2022 and FY 2023, local governments received excess distributions that, by statute, should have been directed to the State's General Funds. The recent true-ups served to correct these overallocations and realign distributions with legal requirements.

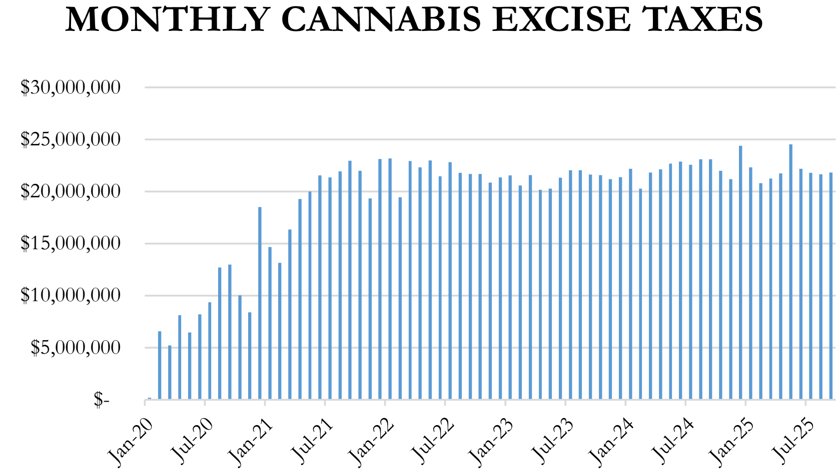
To mitigate the magnitude of true-up adjustments in future years, the default allocation rates for business-related tax receipts have been revised to better reflect recent trends. However, adapting to shifting taxpayer behavior is an ongoing process that requires multiple adjustments over time. For instance, in FY 2024, the Department modified the default rates to allocate a greater share of business-related tax receipts to the Personal Income Tax and less to the Corporate Income Tax and the PPRT. While this adjustment has helped reduce the scale of the true-ups applied to FY 2026 receipts (as discussed below), the reallocations remain significant. Further default rate adjustments were made by the Department at the beginning of FY 2025 and again for the revenues coming in FY 2026.

As noted above and shown in the previous table, despite the changes to default allocation rates, a significant true-up adjustment will still be applied in FY 2026. Once again, this adjustment benefits the Personal Income Tax, which is set to receive a gross positive adjustment of $806 million—disbursed in five installments of $161 million each, beginning in September. Meanwhile, Corporate Income Tax gross receipts will see a negative adjustment of $181 million (-$36 million per installment), and the PPRT will experience a negative adjustment of $625 million (-$125 million per installment). The net effect is a positive $540 million in adjustments to the General Funds by the end of FY 2026.

While the $540 million in FY 2026 reallocations is favorable for the State's General Funds, it represents a $341 million decline compared to the true-up revenue received in FY 2025. As a result, from a year-over-year perspective, the General Funds effectively faces a $341 million shortfall in FY 2026—an anticipated gap that was incorporated into the budget developed in the spring. Similarly, the $806 million reallocation to the Personal Income Tax in FY 2026 is $483 million less than the amount received in FY 2025. This reduction is a key reason why Personal Income Tax revenues are projected to grow by only about 1% over FY 2025 actuals, despite relatively stable employment and wage conditions.

If true-up adjustment values continue to decline as expected, this will lead to additional "revenue holes" in future fiscal years, as the extraordinary revenues that have recently boosted the General Funds through true-ups will no longer be available. Conversely, PPRT revenues should begin to rise, as the negative adjustments that have suppressed distributions to local governments will phase out—resulting in higher PPRT receipts going forward. All of this, however, hinges on the assumption that federal policy and taxpayer behavior remains consistent, which, history has shown, is no guarantee.

Cannabis Quarterly – 1st Quarter FY 2026



Illinois State Comptroller

CANNABIS REGULATION FUND REVENUE

($ millions)

Revenue Source	FY25 Q1	FY26 Q1	$ Change	% Change	FY25 YTD	FY26 YTD	$ Change	% Change
State Cannabis Excise Taxes	$68.7	$65.2	($3.5)	-5.0%	$68.7	$65.2	($3.5)	-5.0%
Licenses and Registration Fees	$2.9	$2.2	($0.7)	-22.7%	$2.9	$2.2	($0.7)	-22.7%
Other Revenue	$0.0	$0.0	($0.0)	-99.1%	$0.0	$0.0	($0.0)	-99.1%
Total	**$71.6**	**$67.5**	**($4.1)**	**-5.8%**	**$71.6**	**$67.5**	**($4.1)**	**-5.8%**

Illinois State Comptroller, CGFA

CANNABIS REGULATION FUND EXPENDITURES

($ millions)

Object of Expenditure	FY25 Q1	FY26 Q1	$ Change	% Change	FY25 YTD	FY26 YTD	$ Change	% Change
Transfer - General Revenue Fund	$21.8	$21.0	($0.7)	-3.4%	$21.8	$21.0	($0.7)	-3.4%
Transfer - Professional Services	$0.0	$0.1	$0.1	n/a	$0.0	$0.1	$0.1	n/a
Transfer - Workers' Compensation Revolving	$0.1	$0.0	($0.1)	-96.4%	$0.1	$0.0	($0.1)	-96.4%
Transfer - Criminal Justice Info Projects	$15.6	$15.0	($0.5)	-3.4%	$15.6	$15.0	($0.5)	-3.4%
Transfer - Drug Treatment	$1.2	$1.2	($0.0)	-3.4%	$1.2	$1.2	($0.0)	-3.4%
Transfer - DHS Community Services	$12.4	$12.0	($0.4)	-3.4%	$12.4	$12.0	($0.4)	-3.4%
Transfer - Local Government Distributive Fund	$5.0	$4.8	($0.2)	-3.4%	$5.0	$4.8	($0.2)	-3.4%
Transfer - Budget Stabilization	$6.2	$6.0	($0.2)	-3.4%	$6.2	$6.0	($0.2)	-3.4%
Transfer - Cannabis Expungement	$0.7	$0.7	($0.0)	-5.1%	$0.7	$0.7	($0.0)	-5.1%
Transfer Total	**$63.0**	**$60.8**	**($2.1)**	**-3.4%**	**$63.0**	**$60.8**	**($2.1)**	**-3.4%**
Operations - Agriculture	$1.3	$1.1	($0.2)	-13.9%	$1.3	$1.1	($0.2)	-13.9%
Operations - Commerce and Econ. Opportunity	$0.1	$0.3	$0.1	109.8%	$0.1	$0.3	$0.1	109.8%
Operations - Financial Professional Regulation	$1.1	$1.5	$0.4	33.1%	$1.1	$1.5	$0.4	33.1%
Operations - Public Health	$0.0	$0.0	$0.0	n/a	$0.0	$0.0	$0.0	n/a
Operations - Revenue	$1.5	$1.5	$0.0	1.7%	$1.5	$1.5	$0.0	1.7%
Operations - State Police	$0.5	$0.7	$0.2	41.3%	$0.5	$0.7	$0.2	41.3%
Operations - Criminal Justice Information Authority	$0.0	$0.0	$0.0	n/a	$0.0	$0.0	$0.0	n/a
Operations Total	**$4.5**	**$5.0**	**$0.5**	**12.1%**	**$4.5**	**$5.0**	**$0.5**	**12.1%**
Grand Total	**$67.5**	**$65.9**	**($1.6)**	**-2.4%**	**$67.5**	**$65.9**	**($1.6)**	**-2.4%**

Illinois State Comptroller, CGFA

Overview of Gaming Related Revenues in FY 2025

Ally O'Malley, Revenue Analyst

Gaming in Illinois continues to develop and expand as many of the components of the gaming expansion package that was enacted in 2019 (P.A. 101-0031) are continuing to take full effect. This includes the maturation of the sports wagering industry, the continued growth of the video gaming industry, and the development of several new casinos across the State. While several significant components of this expansion are still yet to materialize, such as the opening of the 4,000 position Chicago Casino, the activity that has taken place during FY 2025 was the driving factor behind notable revenue increases.

Statewide adjusted gross receipts (AGR) for Illinois casinos increased 12.2% in FY 2025. The AGR increase from $1.618 billion to $1.816 billion was largely a result of new casinos beginning operations throughout the state, including a new south suburban casino in East Hazel Crest. With this growth, the FY 2025 AGR total continued to grow beyond recent pre-pandemic levels and indicates a reversal of the generally downward trend of casino revenues over the past decade. For video gaming, the number of terminals in operation across Illinois steadily increased to over 49,000 by the end of FY 2025. Video gaming machines generated over $3.086 billion in net terminal income in FY 2025, a 5% increase over the FY 2024 total of $2.932 billion. Sports Wagering, now in its sixth fiscal year of operations, grew 16.8% in FY 2025, increasing its AGR totals from $1.132 billion to $1.322 billion.

The details behind the recent growth of these industries are laid out in the Commission's 2025 update to its annual Wagering Report, which was released at the beginning of October and can be found at the Commission's website at https://cgfa.ilga.gov/. This report not only provides pertinent information related to Illinois' Casino, Video Gaming, and Sports Wagering industries, but also contains a summary of other forms of wagering in Illinois, including the Lottery, Horse Racing, and other miscellaneous forms of gaming. The following section provides some highlights of the 2025 Wagering Report, focusing on the revenue sources that have benefitted the most from the recent gaming expansion.

Casinos

The adjusted gross receipts of Illinois casinos grew from $1.618 billion in FY 2024 to $1.816 billion in FY 2025 – an increase of 12.2%. This is the highest AGR figure since FY 2012, and reflects the overall growth in the number of casinos across the State. While the overall AGR of Illinois casinos increased by 12.2% in FY 2025, most casinos, however, recorded flat or slightly decreased AGR totals relative to FY 2024. This includes the highest generator of adjusted gross receipts in Illinois, Des Plaines' Rivers Casino, which saw its AGR total slide from $526.7 million in FY 2024 to $504.7 million in FY 2025.

The primary cause for the decline in AGR at many of the established casinos is the added competition from new casinos across Illinois. During FY 2025, a new casino opened in East Hazel Crest and a new "racino" opened in Collinsville. These casinos joined recently new establishments in Chicago and Carterville.

ADJUSTED GROSS RECEIPTS OF ILLINOIS CASINOS

CASINO	Adjusted Gross Receipts ($ in millions) FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	% Change 1-Yr.	June '25 Positions	AGR / Pos. per Day
American Place Casino	$0.0	$0.0	$30.1	$99.4	$114.3	15.0%	1,031	$304
Argosy Casino Alton	$23.9	$32.6	$33.0	$34.3	$34.8	1.5%	505	$189
Bally's Chicago	$0.0	$0.0	$0.0	$93.2	$125.2	34.4%	945	$363
Bally's Quad Cities	$31.5	$49.2	$58.4	$61.2	$63.0	3.0%	788	$219
DraftKings at Casino Queen	$54.9	$78.7	$80.3	$81.7	$85.9	5.1%	957	$246
Fairmount Park Casino & Racing	$0.0	$0.0	$0.0	$0.0	$2.9	N/A	244	$155
Golden Nugget Danville	$0.0	$0.0	$2.4	$38.5	$38.0	-1.3%	497	$209
Grand Victoria Casino	$107.1	$155.1	$153.4	$146.3	$136.8	-6.4%	931	$403
Hard Rock Casino Rockford	$0.0	$34.0	$62.8	$72.9	$133.2	82.9%	1,441	$265
Harrah's Joliet	$107.2	$141.7	$133.7	$128.5	$119.5	-7.0%	796	$411
Harrah's Metropolis	$48.5	$60.9	$65.1	$61.1	$55.7	-8.8%	643	$237
Hollywood Casino Aurora	$71.5	$102.7	$99.1	$96.0	$101.9	6.1%	974	$287
Hollywood Casino Joliet	$64.3	$88.0	$90.4	$90.5	$88.1	-2.6%	908	$266
Par-A-Dice Hotel Casino	$48.3	$61.5	$63.1	$61.9	$60.4	-2.3%	606	$273
Rivers Casino Des Plaines	$340.2	$503.1	$557.6	$526.7	$504.7	-4.2%	1,996	$693
Walker's Bluff Casino Resort	$0.0	$0.0	$0.0	$26.1	$33.8	29.5%	667	$139
Wind Creek Chicago Southland	$0.0	$0.0	$0.0	$0.0	$117.6	N/A	1,621	$310
TOTALS	**$897.3**	**$1,307.5**	**$1,429.5**	**$1,618.2**	**$1,815.9**	**12.2%**	**15,551**	**$344.1**
CHICAGO REGION TOTALS	$690.3	$990.6	$1,064.3	$1,180.6	$1,308.2	10.8%	9,201	$459
ST. LOUIS REGION TOTALS	$78.8	$111.4	$113.3	$115.9	$123.5	6.6%	1,706	$270
DOWNSTATE TOTALS	$128.2	$205.6	$251.9	$321.7	$384.2	19.4%	4,643	$228
CASINO TOTALS	$897.3	$1,307.5	$1,429.5	$1,618.2	$1,813.1	12.0%	15,307	$336
RACINO TOTALS	$0.0	$0.0	$0.0	$0.0	$2.9	N/A	244	$310

Source: Illinois Gaming Board

For FY 2026 and beyond, more changes are in the process of being developed. For example, Hollywood Casino in Joliet opened a new permanent land-based casino at the beginning of FY 2026. Additionally, casinos in Waukegan and the City of Chicago have initiated plans to open permanent facilities in the future, which should increase the State's casino AGR total. The timetable of when these casinos will ultimately open and begin generating revenues varies and remains fluid.

Video Gaming

Despite increased gaming options from casinos and sports wagering, the expansion of Video Gaming continued in FY 2025. Net terminal income (NTI) reached a new record of $3.086 billion and tax revenue climbed to $1.080 billion, of which $921 million went to the Capital Projects Fund and $159 million went to local governments. This marks a 5.3% increase over the FY 2024 net terminal income total of $2.932 billion.

Beginning on July 1, 2024, an additional tax of 1% was imposed on net terminal income, bringing the total tax to 35%. This was a result of P.A. 103-0592. From this 35% tax, a 30% portion is allocated to the Capital Projects Fund with the remaining 5% going to local governments.

This latest moderate increase may indicate an enduring growth pattern for video gaming revenues, as net terminal income has continued to climb above "pandemic" highs, when other gaming options were not readily available. Whether this trend will stall as a result of the last phases of gaming expansion remains to be seen.

Illinois Video Gaming Statistics by Fiscal Year

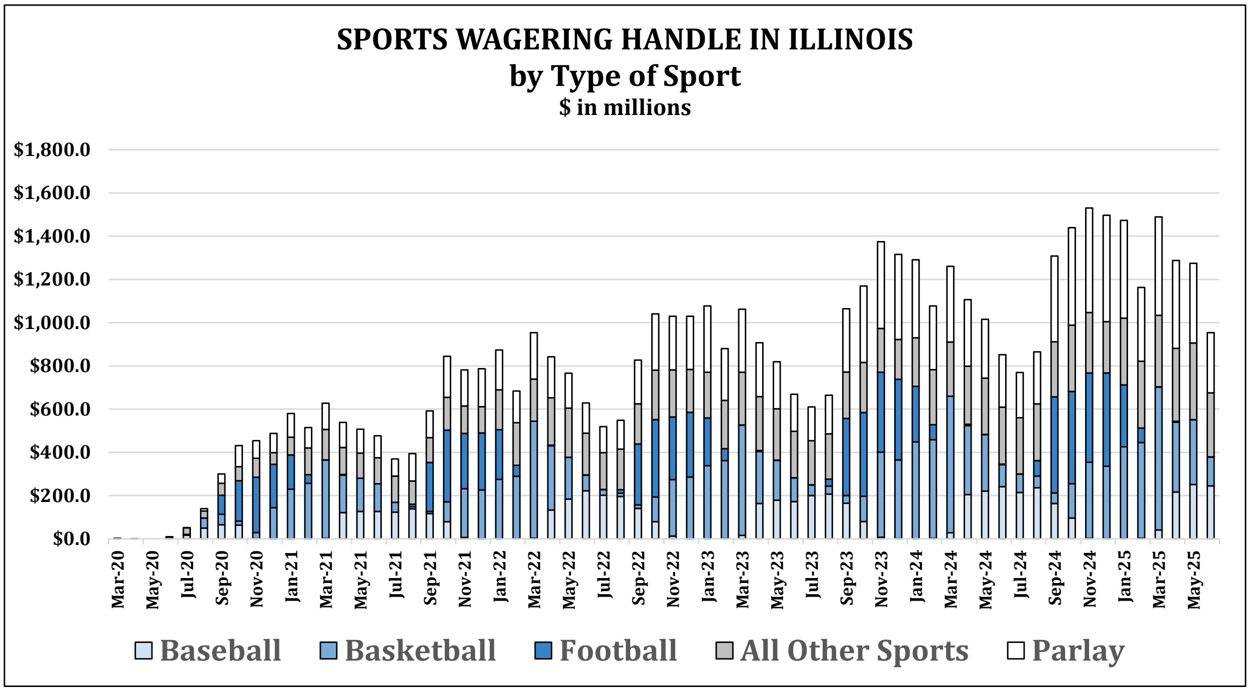
Fiscal Year	Terminals in Operation at end of FY	Net Terminal Income ($ in mil)	NTI per Terminal per Day	Tax Revenue* ($ in mil)	State Share of Total* ($ in mil)	Local Share of Total* ($ in mil)
FY 2015	20,730	$804.8	$106.36	$241.4	$201.2	$40.2
FY 2016	23,891	$1,020.8	$117.06	$306.2	$255.2	$51.0
FY 2017	26,873	$1,202.0	$122.55	$360.6	$300.5	$60.1
FY 2018	29,283	$1,406.5	$131.59	$421.9	$351.6	$70.3
FY 2019	32,033	$1,592.5	$136.21	$477.8	$398.1	$79.6
FY 2020**	36,145	$1,222.6	$130.60	$403.5	$342.3	$61.1
FY 2021**	40,157	$1,934.0	$156.88	$657.6	$560.9	$96.7
FY 2022	43,128	$2,632.4	$167.23	$895.0	$763.4	$131.6
FY 2023	45,987	$2,821.1	$168.07	$959.2	$818.1	$141.1
FY 2024	48,176	$2,932.5	$166.77	$997.0	$850.5	$146.6
FY 2025	49,282	$3,086.3	$171.58	$1,080.2	$921.4	$158.8

* Prior to July 1, 2019, tax imposed on video gaming net terminal income was at 30% of which 5/6 of the tax revenues went to the Capital Projects Fund and the remaining 1/6 went to local governments. As of July 1, 2019, an additional tax of 3% began, bringing the tax to 33%. On July 1, 2020, the tax increased to 34%. Revenues from the additional tax are to be deposited into the Capital Projects Fund.

**Due to COVID-19, play was suspended between March 16, 2020, and June 30, 2020, and then again from November 19, 2020, thru January 15, 2021. After January 15, 2021, play was allowed to resume in a region once its region met certain COVID-19 guidelines.

Sports Wagering

The following table provides an overview of Illinois' sports wagering statistics in its first six years of operation. As shown, over one billion wagers have been made during this time. Nearly $51.9 billion in bets have been handled with over $47.5 billion in payouts. The growth in handle as well as the seasonal variation and types of sports bet upon is evidenced by the chart below.



This above activity has resulted in nearly $4.4 billion in adjusted gross receipts from sports wagering, thereby generating approximately $890 million in tax revenues since its inception. The 152.6% tax revenue increase between FY 2024 and FY 2025, is largely the result of the recently enacted graduated tax structure implemented by P.A. 103-0592. A more detailed look at this change is provided in the Commission's *Wagering in Illinois 2025 Update*. In FY 2025 alone, $1.322 billion in AGR was generated, resulting in tax revenue of $429 million.

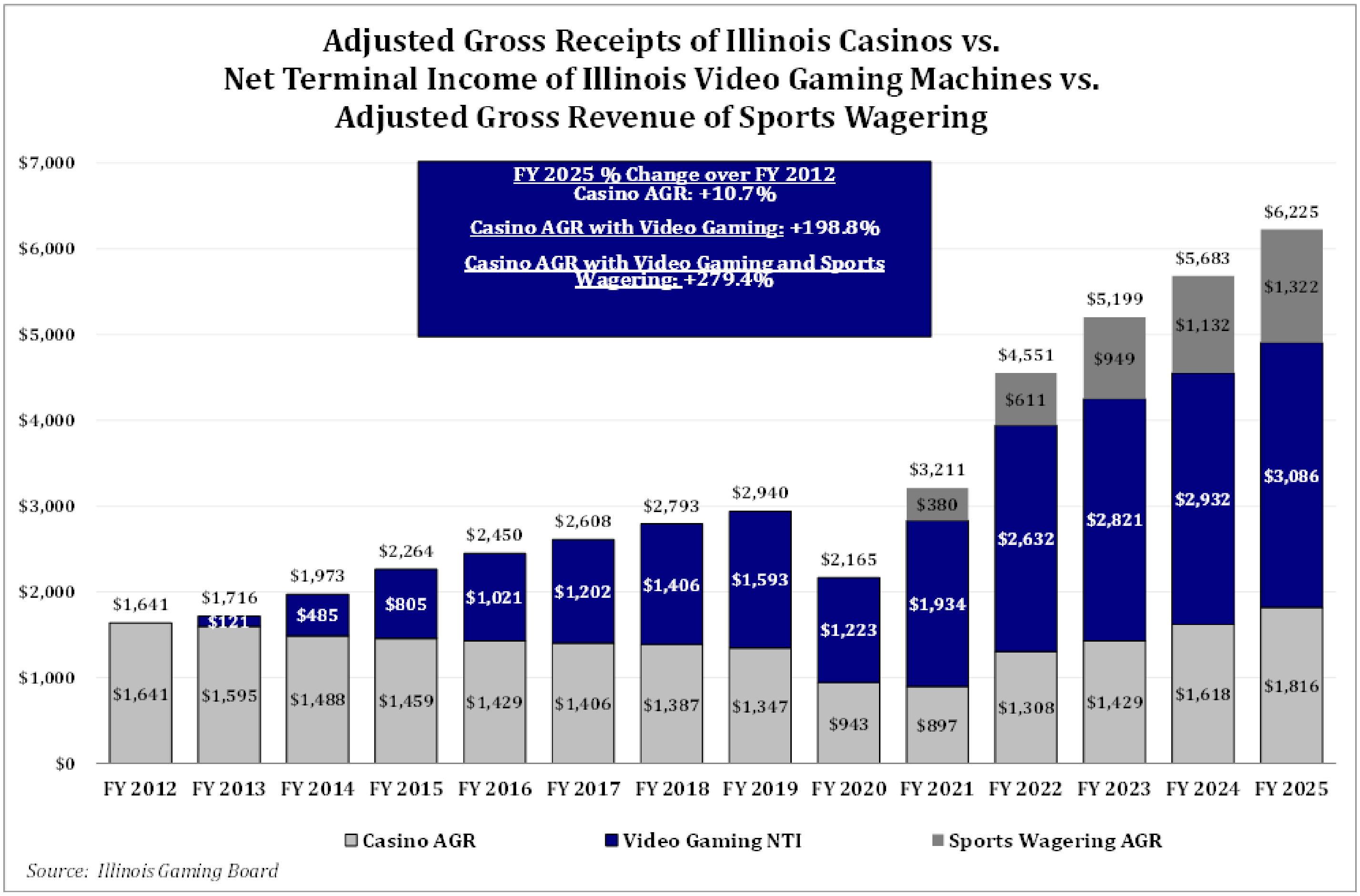
ILLINOIS SPORTS WAGERING STATISTICS BY FISCAL YEAR
$ in millions

Fiscal Year	Wagers	Handle	Payout	AGR	Tax Revenue
FY 2020	192,007	$9	$8	$0	$0
FY 2021	146,883,248	$5,106	$4,727	$380	$57
FY 2022	221,742,054	$8,515	$7,904	$611	$92
FY 2023	304,730,417	$10,407	$9,459	$949	$142
FY 2024	335,955,558	$12,802	$11,699	$1,132	$170
FY 2025	389,094,053	$15,058	$13,740	$1,322	$429
Total	1,398,597,337	$51,897	$47,536	$4,395	$890

Source: Illinois Gaming Board

Overview

In FY 2012, the fiscal year before video gaming was implemented, adjusted gross receipts from Illinois casinos totaled $1.641 billion. In subsequent years, after video gaming's proliferation and added competition, the AGR of Illinois casinos struggled, dropping to $1.308 billion in FY 2022. It has since rebounded with the help of new casinos beginning operations as its FY 2025 total of $1.816 billion surpassed the FY 2012 tally. Additionally, when including video gaming revenues, overall gaming revenues have grown from $1.641 billion to $4.902 billion, an increase of 198.8%. This total rises even higher to $6.225 billion (+279.4%) when including the AGR from sports wagering.



The AGR and NTI figures shown above are the taxable base, from which each gaming source collects revenues. In FY 2012, casinos on their own generated $548 million in tax revenues. This tax total has fallen to $481 million in FY 2025 as a result of a reduced graduated tax structure and the effects of added competition from other gaming components. However, when including the tax revenues generated from Video Gaming, gaming related taxes have seen significant growth overall – rising from $548 million in FY 2012 to $1.561 billion in FY 2025. Furthermore, when including sports wagering tax revenues in this equation, the latest tally is $1.990 billion, which represents a 263.1% increase since FY 2012.

Due to differences in tax rate structure between the various forms of wagering, each wagering category contributes a different level of tax contribution to the State. Historically, the tax rates have varied considerably in many wagering categories. Casinos follow a graduated tax structure system where they are assigned tax rates for table games and electronic gaming devices depending on the total AGR received. The Chicago casino follows a slightly different privilege tax structure. In FY 2020, a new graduated tax structure was implemented for casinos. This new structure reduced the effective average tax rate for subsequent fiscal years. Video Gaming has also had recent tax rate changes. The video gaming flat tax rate has risen from 33% in FY 2019 to 34% in FY 2020, and now to 35% in FY 2025. As mentioned earlier, sports wagering has implemented a new graduated tax structure in FY 2025. This replaced the previous flat rate tax of 15%. An additional online per-wager tax began on July 1, 2025. The impact of this new tax will be seen in upcoming FY 2026 totals.

Tax Revenues from Gaming Sources
$ in millions

	Tax Revenues from Casinos	Tax Revenues from Video Gaming	Tax Revenues from Sports Wagering	Total
FY 2012	$548	$0		$548
FY 2013	$558	$36		$594
FY 2014	$516	$146		$662
FY 2015	$498	$241		$740
FY 2016	$485	$306		$791
FY 2017	$475	$361		$836
FY 2018	$469	$422		$891
FY 2019	$454	$478		$932
FY 2020	$329	$403		$733
FY 2021	$202	$658	$57	$917
FY 2022	$346	$895	$92	$1,333
FY 2023	$388	$959	$142	$1,489
FY 2024	$428	$997	$170	$1,595
FY 2025	$481	$1,080	$429	$1,990

Source: Illinois Gaming Board