



Commission on Government Forecasting and Accountability

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MONTHLY BRIEFING FOR THE MONTH ENDED: October 2022

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Tax Revenue from Motor Fuel

Benjamin L. Varner, Chief Economist

The significant rise in the price of motor fuels has been a major topic of discussion throughout 2022. Prices have climbed considerably over the last two years especially since the war in Ukraine broke out. In this article, the Commission examines movements in the price of motor fuels over the past few years. It then explores how the State taxes motor fuels and how much revenue the State has received in recent fiscal years from these taxes. The article concludes with a short-discussion on expectations for prices and demand in 2023.

It is difficult to get an accurate statewide average motor fuel price for Illinois due to the wide variance in retail prices throughout the state. Prices can vary significantly due to a number of factors, including differences in marketing costs, the varied cost of distribution to certain geographic locations, retail dealer costs, and the differences in the amount of local taxes applied to motor fuel. Because of this, the Commission simply takes the U.S. Energy Information Administration's (EIA) published Midwest average figures for gasoline and the national average retail prices for diesel fuel. Therefore, some Illinois locations, especially the higher-taxed Chicago region, would likely have motor fuel prices higher than what is displayed in the provided chart.

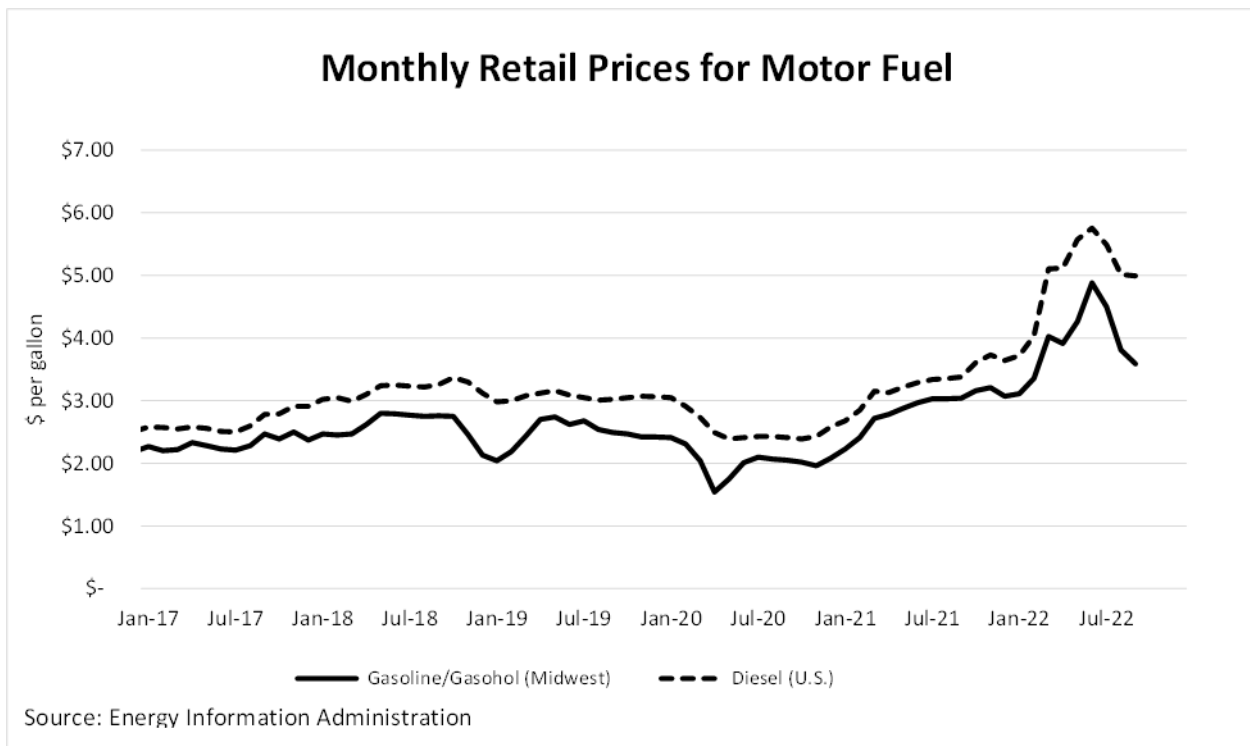
As can be seen in the first chart, retail prices for motor fuel had been on a slight decline heading into the COVID-19 pandemic in the beginning of 2020

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with the average price of gas at about \$2.30 per gallon and diesel at about \$2.90 per gallon. Motor fuel prices dipped in the first months of the pandemic. The price of gas bottomed out at \$1.54 per gallon in April of 2020, while diesel was around \$2.40 from May through October of 2020. Motor fuel prices steadily increased throughout 2021 and into 2022. With the outbreak of war in Ukraine, motor fuel prices skyrocketed as the global oil and gas market went through a supply shock. The average price of gas jumped from \$3.36 per gallon in February of 2022 to \$4.02 per gallon in March. Diesel went from \$4.03 to \$5.10. This disruption in the supply of oil and gas market, in conjunction with other supply chain issues, led to even higher prices. The average monthly price for gas peaked in the Midwest at \$4.88 in July, while diesel in the U.S rose to \$5.75. Both of these price levels were almost 60% higher than what was seen at the end of 2021. Since then prices have fallen but remain elevated compared to recent years. In September, gas prices had dropped to \$3.59 per gallon though they will likely show an uptick when October numbers are released. Diesel remained just under \$5.00 per gallon. Gasoline prices continue to be 17% higher than what they were in December of 2021, while diesel remains a robust 37% higher.

The State of Illinois receives a considerable amount of revenue from the sale and use of motor fuels. The State collects revenue from motor fuel through two main taxes, the motor fuel tax and the sales tax. The motor fuel tax is imposed on the privilege of operating motor vehicles on public highways and recreational watercraft on waterways in Illinois. It is paid by distributors and suppliers who collect the tax from their customers. The motor fuel tax is currently applied at \$0.392 per gallon of gas and \$0.467 per gallon of diesel. This tax is subject to a rate increase in July of each year by an amount equal to the percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers, for all items, published by the United States Department of Labor for the months ending in March of each year. The motor fuel tax was scheduled to rise in July of 2022. However, due to the passage of S.B. 0157 (P.A. 102-0700) in the spring of 2022, this increase was delayed six months until January 1, 2023. The new tax rates beginning in January are estimated to be approximately \$0.42 per gallon for gas and nearly \$0.51 for diesel.



Illinois Motor Fuel Tax					
(\$ billions)					
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
\$1.348	\$1.368	\$1.351	\$2.319	\$2.380	\$2.523
Illinois Office of Comptroller					

As shown in the above table, Illinois’ motor fuel tax receipts were consistently around \$1.35 billion prior to FY 2020. In FY 2020, revenue jumped to \$2.319 billion. This was due to a change in the Motor Fuel Tax Law. As part of P.A. 101-0032, the State’s motor fuel tax was increased on July 1, 2019 from \$0.19 per gallon to \$0.38 per gallon. At the same time, the tax on diesel fuel was increased from \$0.215 per gallon to \$0.455 per gallon. The additional revenues from the tax increase are directed to the Transportation Renewal Fund. In addition, P.A. 101-0032 put in place the annual inflation adjustment to the tax rate. Approximately \$2.380 billion in motor fuel tax revenue was collected from this tax in FY 2021, which then grew to \$2.523 billion in FY 2022. Because the motor fuel tax rate is based on consumption and not on price, the dramatic increase in motor fuel prices over the last several months does not equate to a corresponding increase in motor fuel tax revenues.

The State also collects sales taxes on the sale of motor fuels primarily through the Retailers’ Occupation Tax. The State receives 5% of the standard statewide 6.25% sales tax rate on the selling price of motor fuels. The Commission routinely estimates the approximate amounts of sales tax revenue from motor fuel that is collected each year. It is considered “approximate” because determining the amount of sales tax revenue collected from motor fuel requires a calculation based on an estimate. This is because when sales tax receipts are collected there is not a single line distinguishing how much sales tax revenue comes directly from motor fuel and how much comes from other sales. For example, collected sales taxes remitted from a gas station would include sales tax from motor fuel as well as ancillary items, such as chips, soda, etc. However, the Commission is able to formulate rough estimates of how much sales tax revenue is received from motor fuel in Illinois by using gallonage figures from

the Department of Revenue and average retail motor fuel prices, as published by the EIA.

As shown in the following table, the Commission estimates that the amount of sales tax revenue generated from Illinois’ 5% tax on motor fuel sales in FY 2017 (based on fiscal year average per-gallon prices of \$2.20 for gasoline and \$2.49 for diesel) was approximately \$493 million. In FY 2018, tax revenues rose sharply to approximately \$662 million due to average annual retail prices increasing from \$2.20 per gallon to \$2.49 gallon (diesel prices rose from \$2.49 per gallon to \$2.93 per gallon). As motor fuel prices continued to escalate in FY 2019, the estimated amount of sales tax revenue from motor fuel increased to around \$700 million.

This upward trend changed dramatically once the pandemic hit. Both retail prices and consumption fell in FY 2020. Retail prices, on average, fell from \$2.53 per gallon in FY 2019 to \$2.26 per gallon in FY 2020 (diesel prices fell from \$3.16 per gallon to \$2.85 per gallon). Consumption levels fell significantly in FY 2020 as more people began working from home and fewer people were traveling. According to the Illinois Department of Revenue’s motor fuel gallonage reports, the taxable gallons of gasoline/gasohol sold in Illinois fell from 4.55 billion gallons in FY 2019 to 3.92 billion gallons in FY 2020 (diesel fell from 1.55 billion gallons to 1.42 billion gallons). Therefore, as a result of reduced prices and fewer gallons of motor fuel sold, the estimated amount of State sales tax revenue collected in FY 2020 fell from \$702 million to \$507 million. This total only rose slightly to approximately \$511 million in FY 2021 as retail prices remained relatively low and consumption levels continued to be well below levels from the past. The estimate for sales tax revenue on motor fuel surged to \$840 million in FY 2022 due to a 49% increase in the average price of gas from \$2.36 per gallon to \$3.51 per gallon. Diesel increased an even

higher 53% from \$2.75 to \$4.20. A small increase in gas consumption contributed to this rise in tax receipts but the vast majority of the growth in sales tax revenues was due to price increases.

As part of P.A. 101-0032, the Department of Revenue transfers a portion of the “net revenue” realized from the taxes imposed on motor fuels into the Road Fund each month. In FY 2022, approximately \$132 million was transferred to the Road Fund. This transfer essentially reduces the amount of available monies in the State’s general funds, while boosting Road Fund coffers by the same amount. This portion will increase annually until the Road Fund will receive all of the State’s portion of sales tax on motor fuels in FY 2026.

Expectations for motor-fuel related tax revenue in

the future remain unclear. On one hand, the motor fuel tax rate is scheduled to increase at the start of the new year which will increase the amount of revenue brought in by that tax. However, this may be offset by the loss of sales tax revenue as prices are expected to fall. Short-term projections from the EIA indicate that prices for gas in the Midwest are expected to average about \$3.67 per gallon in the fourth quarter of 2022 and stay between \$3.35 and \$3.50 per gallon throughout 2023. Diesel, on the other hand, is expected to continue to steadily decline over the next year before settling around \$4.13 per gallon in the third quarter of 2023. The EIA expects U.S. gasoline consumption in 2023 to stay near levels seen in 2022, with rising fuel efficiency offsetting price- and economy-driven increases in transportation demand.

Illinois Motor Fuel Related Sales Tax Data						
<i>(revenue amounts in millions)</i>						
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Average Gasoline/Gasohol Price:	\$2.20	\$2.49	\$2.53	\$2.26	\$2.36	\$3.51
Taxable Gallons of Gasoline/Gasohol (in billions):	4.61	4.60	4.55	4.04	3.92	4.08
Average Diesel Price:	\$2.49	\$2.93	\$3.16	\$2.85	\$2.75	\$4.20
Taxable Gallons of Diesel (in billions):	1.44	1.52	1.55	1.42	1.47	1.47
Est. Sales Tax Revenue from Gasoline/Gasohol:	\$ 342.1	\$ 472.0	\$ 492.0	\$ 350.5	\$ 356.9	\$ 587.6
Est. Sales Tax Revenue from Diesel:	\$ 150.9	\$ 190.1	\$ 210.1	\$ 156.4	\$ 154.5	\$ 252.0
Est. Sales Tax Revenue from Motor Fuel*:	\$493	\$662	\$702	\$507	\$511	\$840

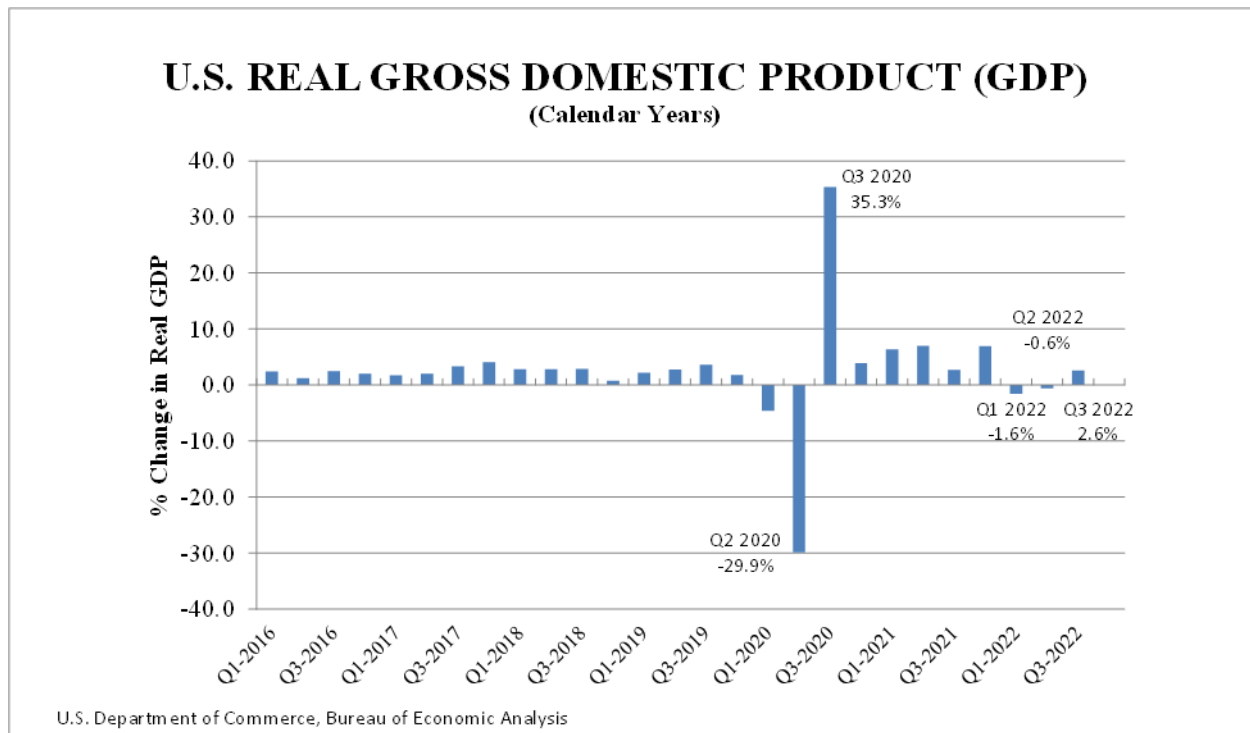
* The amounts shown above refer to the State’s 5% portion of the sales tax on motor fuel. These amounts are estimates as there is not a sales tax report that distinguishes motor fuel sales from other types of sales from a motor fuel retailer. The estimates are based on fiscal year average gasoline/gasohol and diesel prices as published by the U.S. Energy Information Administration (eia.gov). Motor fuel gallonage figures come from the Department of Revenue’s motor fuel gallonage report which can be found at: <https://www2.illinois.gov/rev/research/taxinformation/motorfuel/mft/Documents/AdjustedFilingPeriodReport.pdf>

Economy: Rebound in the Third Quarter

Benjamin L. Varner, Chief Economist

On October 27th, the U.S. Department of Commerce's Bureau of Economic Analysis released its advance estimate for real Gross Domestic Product (GDP) for the third quarter of 2022. The economy expanded in the third quarter after two consecutive quarters of contraction. After growing almost 6% in 2021, the economy contracted at a seasonally adjusted annual rate of -1.6% during the first quarter of 2022. This contraction was mostly due to a slowdown in consumer spending related to the Omicron variant of the COVID-19 virus and a substantial change in net trade as exports fell and imports increased significantly. The economy continued to contract in the second quarter (-0.6%) as investment in housing fell and businesses slowed their inventory build-up. The contracting of the economy came to a halt during the third quarter of 2022 as it rallied to grow 2.6%.

The 2.6% in growth in the economy during the third quarter was primarily driven by a significant increase in exports and a fall-off in imports. Exports were up 14.4% in the quarter led by industrial supplies and materials (particularly petroleum products) as well as nonautomotive capital goods. On the other hand, imports, which subtracts from GDP, were down -6.9% on declines in the importation of goods, especially consumer goods. This strong performance in trade is unlikely to be sustained as a slowing world economy and a strengthening dollar will serve as a headwind to exports, whereas foreign goods will likely be more competitive in the future. While net exports for goods and services was the leading contributor to growth during the third quarter, consumer spending continued to support growth in the economy, though, this growth has slowed considerably.



Personal consumption expenditures grew at an annualized rate of 1.4% which was down from the 2.0% growth in the second quarter and significantly below the 8.3% annual rate seen in 2021. Personal consumption expenditures on goods have been declining throughout 2022. Goods consumption has been slightly negative in each quarter of 2022 with the decline equaling -1.2% in the third quarter.

However, spending in the larger service sector has kept overall consumer spending positive. Expenditures on services grew 2.8% in the third quarter which was down from 4.6% in the second quarter. This continues a trend of consumer spending reverting back towards services after high levels of goods purchases during the initial phases of the pandemic.

Business spending and government expenditures each added a small amount of growth in the economy. Overall business spending was up 3.7% as declines in expenditures on structures was offset by strong growth in equipment and intellectual property. This was an improvement over the second quarter when business spending was flat. Government spending contributed a small amount of growth to the economy during the third quarter which is the first time this has happened since the first quarter of 2021. Government spending has been declining in recent quarters as it comes off of highs seen during the peak of the COVID-19 pandemic. Total government consumption and investment was up 2.4%. Federal spending was up 3.7% due to solid growth in defense spending. State and local government outlays grew by 1.7%.

These areas of growth were somewhat offset by declines in housing and investment in inventory. After two years of brisk activity, the housing market has slowed considerably, especially in the last six months, as high prices and increased mortgage rates have made home purchases substantially less

affordable. Real residential fixed investment fell at an annualized rate of -17.8% in the second quarter and was down -26.4% in the third quarter. The housing sector subtracted 1.37 percentage points from the change in real GDP in the third quarter. Changes in private inventories also weighed on the economy this quarter as inventories subtracted 0.70 percentage points from real GDP as businesses continued to adjust their inventories after the build-up seen in the second half of 2021.

The return to growth in the third quarter was a welcome sign after two quarters of contraction, however, the economy is not out of the woods. The strong showing in trade this quarter temporarily masks the slowdown in consumer demand and the falloff in housing. In addition, inflation continues to be a prodigious impediment to long-term growth. A sturdy job market, in conjunction with strong household balance sheets, have kept this economy afloat but many economic forecasters are anticipating a recession in the coming year as tight monetary policy continues to slow the economy in an effort to fight inflation.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS*</u>	<u>LATEST MONTH</u>	<u>PRIOR MONTH</u>	<u>A YEAR AGO</u>
Unemployment Rate (Average) (Sept.)	4.5%	4.5%	5.5%
Inflation in Chicago (12-month percent change) (Sept.)	8.7%	8.8%	4.5%
	<u>LATEST MONTH</u>	<u>CHANGE OVER PRIOR MONTH</u>	<u>CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (Sept.)	6,447.2	-0.2%	1.8%
Employment (thousands) (Sept.)	6,156.6	-0.2%	2.9%
Nonfarm Payroll Employment (Sept.)	6,083,100	14,500	238,800
New Car & Truck Registration (Sept.)	31,645	3.6%	0.4%
Single Family Housing Permits (Sept.)	755	-9.3%	-24.2%
Total Exports (\$ mil) (Aug.)	6,754.9	8.7%	27.9%
Chicago Purchasing Managers Index (Oct.)	45.2	-1.1%	-33.9%

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

2020 Census Report Summary

Anthony Bolton, Senior Revenue Analyst

The 2020 U.S. Census was undertaken during a very tumultuous time in the United States. Due to the effects of the COVID-19 pandemic, the Census itself was delayed in both the execution of surveys of the population and the tabulation/publishing of the results. These delays continue to persist, even in 2022. However, certain information has been published. With the available information from the 2020 Census and the American Community Survey (also published by the U.S. Census Bureau), a number of valuable points can be taken. These points are highlighted in the Commission's recently released report entitled "Illinois Demographics: 2020 Census."

It is necessary, before delving into the details, to note that in May 2022, the U.S. Census Bureau released results from its 2020 Post-Enumeration Survey (PES), wherein Illinois was noted as one of six states that likely had their population undercounted in the 2020 Census. In the case of Illinois, the population was undercounted by approximately 1.97%, which means that the initial report of a population decline of 18,000 has been modified under the PES to instead be an increase of 262,000 residents for a total 2020 Illinois population of 13.1 million (instead of 12.8 million). This information does not affect national legislative apportionment or the final Census count, but will be used in future census calculations, including those pertaining to the 2030 Census. Additionally for Illinois, this population difference between the 2020 Census and the PES is not broken down by county or municipality. Therefore, for the purposes of the 2020 Census report and the details of Illinois' population, the numbers used are from the original Census or the concurrent American Community Survey.

Illinois Statewide Perspective

On the statewide level, as a result of the 2020 Census, Illinois lost an apportioned representative in the U.S. House of Representatives. This reduced Illinois' total number of representatives from 18 to 17, continuing a long trend of reduction in representatives from the 1900s. The Census data

places Illinois as the sixth-largest populated state in the U.S. with a population density of 230.8 people per square mile, making it the 14th most densely populated state in the country. In terms of population growth, Illinois' 2020 census result of a decline of 0.1% ranks Illinois as 48th in this category (ahead of only West Virginia and Mississippi). It should be noted that even if Illinois applied the results of the PES survey and its modified approximate growth of 2.0%, Illinois would still only rank 47th, well below the national average growth of 7.4%.

In terms of metropolitan areas, the Chicago-Naperville-Elgin area was the third most populous metropolitan area in the U.S. at 9.6 million people, behind the New York City (20.1 million) and Los Angeles (13.2 million) metropolitan areas. Chicago itself was the third most populous city in the country in 2020, with 2.7 million, compared to New York City (8.8 million) and Los Angeles (3.9 million).

Of the 12.8 million Illinois residents counted in the 2020 Census, those 18 years and over make up 77.6% of the State's population, with the under-18 population accounting for the remaining 22.4%. Those 65 and older make up 16% of Illinois' population. This compares to a slightly higher 16.3% of the U.S. population. In Illinois, 65.2% of the population was in the labor force, slightly above the U.S. figure of 63.4%. 34.8% were not in the labor force, compared to the U.S. figure of 36.6%. 70% of Illinois families with children under 6 years of age had both parents in the labor force, compared to 66.7% nationwide. Overall, 83.1% of Illinois workers worked for a private business while 12.2% worked for a unit of government.

According to the U.S. Census Bureau's 2020 American Community Survey, the Median family income in Illinois was \$68,428. This represents an increase from the 2010 Median family income of \$65,417. This compares favorably to the U.S. figure of \$64,994. Illinois' per capita income level was \$37,306, compared to the National figure of \$35,384. The latest survey shows that 12.0% of

Illinois residents had income in the past 12 months below the poverty level (compared to 13.8% in 2010). Of those under 18 years, 16.2% fell below the poverty level at one time in the past 12 months (compared to 19.4% in 2010).

In terms of race, white persons account for 61.4% of Illinois' population, though this is a significant decline from 71.5% in the 2010 Census. This decline is in part due to the 2020 Census classification of multi-race individuals, as compared to prior-year census tabulations. Black persons comprise 14.1% in 2020, slightly down from 14.5% of the State's population in 2010. Asian persons account for 5.9% in 2020, up from 4.6% in 2010. Approximately 2.3 million Illinois residents or 18.2% of the population responded in the Census to be Hispanic or Latino in 2020, compared to 15.8% (or 2.0 million) in 2010. Again, a change in classification definitions likely partially contributed to the increase in the Hispanic/Latino population.

Illinois County Perspective

Cook County continues to be the largest county in Illinois in terms of population with approximately 5.3 million people. In second was DuPage County (as in 2010) with 0.9 million people. The counties of Lake, Will, and Kane rounded out the top five as before in 2010. Kendall County had the largest increase (percent change) of any Illinois county between 2020 and 2010, (as was the case between 2000 and 2010), increasing 14.9% (compared to 110.4% in 2010). The comparative growth in the period from 2010 to 2020 appears to have slowed down significantly compared to the last census, as only Monroe (6.1%), Johnson (5.8%), and Grundy County (4.9%) had an increase in population of at least 4%. Cook County grew by the most people increasing their population by over 80,866 in the last decade.

On average, according to the 2020 American Community Survey, the county with the highest

component of < 18 year-olds was Kendall County at 28.5% of the county's population. The county with the lowest component of < 18 year-olds was Hardin County at 14.2%. The county with the highest component of 65+ year-olds was Pope County at 31.2% of the county's population. The county with the lowest component of 65+ year-olds was Kendall County at 10.3%.

According to the 2020 Census, statewide, 60.2% of households lived in owner-occupied housing (37.8% of households lived in a house "owned with a mortgage or loan" and 22.4% of households were "owned without a mortgage"), while 30.6% lived in renter-occupied housing. In owner-occupied housing, the county with the highest composition of "renter occupied" households was Jackson County at 49.6%. The county with the highest composition of houses owned with a mortgage was Kendall at 65.8%. The county with the highest composition of owner-occupied households "owned without a mortgage" was Pope County at 52.6%.

In terms of a county's race composition, the county with the highest composition of White individuals was Jasper County at 96.9%. The county with the highest composition of Black individuals was Alexander County at 29.8%. The county with the highest composition of Asian persons was Champaign County at 13.2%. The county with the highest composition of people responding in the Census to be Hispanic or Latino persons background was Kane County at 32.8%.

Illinois Municipality Perspective

The following table displays the top twenty municipalities in Illinois by 2020 population, percent change in population over the past decade, and by actual change in population. A listing of all of the municipalities in Illinois and their 2010 and 2020 official census populations are provided in the Commission's report, found at <https://cgfa.ilga.gov>.

Top Twenty Illinois Municipalities by 2020 Population

Ranking	Municipality	2020 Population	Ranking	Municipality	2020 Population
1	Chicago city	2,699,347	11	Cicero town	81,471
2	Aurora city	199,326	12	Bloomington city	77,725
3	Naperville city	147,734	13	Arlington Heights village	75,071
4	Rockford city	147,441	14	Bolingbrook village	74,319
5	Joliet city	147,323	15	Evanston city	73,979
6	Springfield city	115,075	16	Schaumburg village	73,392
7	Peoria city	112,644	17	Decatur city	71,857
8	Elgin city	112,062	18	Palatine village	67,875
9	Champaign city	88,288	19	Skokie village	63,300
10	Waukegan city	87,157	20	Orland Park village	58,380

Top Twenty Illinois Municipalities by Percent Change in Population from 2010 to 2020

Ranking	Municipality	Percent Change	Ranking	Municipality	Percent Change
1	Thomson village	172.9%	11	Enfield village	33.2%
2	Pingree Grove village	128.7%	12	Manhattan village	33.1%
3	Volo village	109.0%	13	Rentchler CDP	32.4%
4	Arnapolis CDP	92.7%	14	Oak Run CDP	31.8%
5	Kaskaskia village	50.0%	15	Mahomet village	30.0%
6	Symerton village	47.1%	16	Oakbrook Terrace city	28.9%
7	Dieterich village	44.2%	17	Yorkville city	27.3%
8	The Galena Territory CDP	41.8%	18	Greenwood village	27.1%
9	Hampshire village	37.8%	19	Chatham village	25.0%
10	Exeter village	33.8%	20	St. Jacob village	23.7%

Top Twenty Illinois Municipalities by Change in Population from 2010 to 2020

Ranking	Municipality	# Change in Population	Ranking	Municipality	# Change in Population
1	Chicago city	50,790	11	O'Fallon city	4,008
2	Naperville city	7,687	12	Evanston city	3,624
3	Champaign city	7,247	13	Huntley village	3,449
4	Elgin city	6,609	14	Volo village	3,193
5	Pingree Grove village	5,833	15	Skokie village	3,040
6	Plainfield village	5,181	16	Joliet city	2,929
7	Yorkville city	4,612	17	Chatham village	2,877
8	Schaumburg village	4,496	18	New Lenox village	2,820
9	Oswego village	4,230	19	Oak Park village	2,705
10	Glenview village	4,013	20	Mount Prospect village	2,685

*CDP refers to Census Designated Place

MONTHLY GAINS CONTINUE AS GROWTH FROM INCOME TAXES, FEDERAL SOURCES, AND TRANSFERS BOLSTER OCTOBER RECEIPTS

Eric Noggle, Revenue Manager

It was another strong month for revenues in Illinois as General Funds base receipts rose another \$787 million in October. When accounting for \$144 million in one-time ARPA reimbursement money received during this month a year ago, the overall growth is reduced to a still-remarkable \$643 million. October had the same number of receipting days as last year.

Leading October's gains were personal income tax receipts which grew an impressive \$376 million for the month, or \$319 million on a net basis. Corporate income tax receipts also performed well, growing \$50 million, or \$41 million net. Federal Sources (base receipts) helped offset comparatively lower totals from the first quarter of the year by rising \$171 million in October.

State Transfers-In assisted with the strong month of receipts growing \$232 million. This level of increase was in large part due to a second month of receipts from the Income Tax Refund Fund Transfer, which followed up last month's total of \$296 million with an additional transfer of \$197 million in October. Other increases in this category came from miscellaneous transfers [up \$19 million]; lottery transfers [up \$15 million]; and gaming transfers [up \$3 million]. Cannabis transfers were down \$2 million compared to last year.

Sales tax receipts are again showing signs of slowing from its recent period of elevated growth, but still managed to rise \$60 million, or \$11 million net when removing distributions to the Road Fund and transportation funds. The remaining State sources increased a combined \$13 million. This figure stems from gains from interest income [up \$13 million], corporate franchise taxes [up \$6 million], and other sources [up \$3 million] slightly offsetting falloffs in inheritance taxes [down \$8 million] and liquor taxes [down \$1 million].

Year to Date

Through the first third of the fiscal year, base receipts are up a very impressive \$1.047 billion. This comparative level of growth rises to \$1.667 billion when accounting for the funds received from the ARPA Reimbursement for Essential Government Services over the past two fiscal years. As highlighted below, these revenue gains have come from all across the board.

Personal income tax receipts have continued its strong FY 2022 performance by growing \$790 million so far in FY 2023, or \$666 million on a net basis. Despite volatile market conditions and economic uncertainty, corporate income tax receipts have continued to perform remarkably well this fiscal year, growing \$242 million on a net basis thru October. As mentioned above, the growth in sales tax net receipts have slowed in recent months, but have still managed to increase \$145 million [net] over the first four months of the fiscal year. All other State sources have combined to grow \$87 million.

State Transfers-In have risen \$252 million thru October. Again, much of this growth comes from a \$251 million increase in the amounts received from the Income Tax Refund Fund Transfer. This increase, along with gains from miscellaneous transfers [up \$35 million], gaming transfers [up \$9 million], and cannabis transfers [up \$2 million], have more than offset the \$45 million in declines from the lottery transfer.

The growth in base Federal Sources in October helped put a dent in the deficit for this category of revenues over the course of the fiscal year, yet these revenues remain \$345 million below last year's levels. However, if the ARPA reimbursement federal funds are included, the federal source deficit turns into to a year-to-date gain of \$275 million.

OCTOBER
FY 2023 vs. FY 2022
(\$ millions)

Revenue Sources	Oct. FY 2023	Oct. FY 2022	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$2,027	\$1,651	\$376	22.8%
Corporate Income Tax (regular)	300	250	50	20.0%
Sales Taxes	962	902	60	6.7%
Public Utility Taxes (regular)	51	51	0	0.0%
Cigarette Tax	20	20	0	0.0%
Liquor Gallonage Taxes	15	16	(1)	-6.3%
Inheritance Tax	43	51	(8)	-15.7%
Insurance Taxes and Fees	1	1	0	0.0%
Corporate Franchise Tax & Fees	20	14	6	42.9%
Interest on State Funds & Investments	15	2	13	650.0%
Cook County IGT	0	0	0	N/A
Other Sources	26	23	3	13.0%
Total State Taxes	\$3,480	\$2,981	\$499	16.7%
Transfers In				
Lottery	\$50	\$35	\$15	42.9%
Gaming	23	20	3	15.0%
Cannabis	9	11	(2)	-18.2%
Refund Fund	197	0	197	N/A
Other	84	65	19	29.2%
Total Transfers In	\$363	\$131	\$232	177.1%
Total State Sources	\$3,843	\$3,112	\$731	23.5%
Federal Sources [base]	\$487	\$316	\$171	54.1%
Total Federal & State Sources	\$4,330	\$3,428	\$902	26.3%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$188)	(\$153)	(\$35)	22.9%
Corporate Income Tax	(43)	(37)	(6)	16.2%
Local Government Distributive Fund				
Personal Income Tax	(113)	(91)	(22)	24.2%
Corporate Income Tax	(18)	(15)	(3)	20.0%
Sales Tax Distributions				
Deposits into Road Fund	(48)	(10)	(38)	380.0%
Distribution to the PTF and DPTF	(47)	(36)	(11)	30.6%
General Funds Subtotal [Base]	\$3,873	\$3,086	\$787	25.5%
ARPA Reimb. for Essential Gov't Services	\$0	\$144	(\$144)	N/A
Total General Funds	\$3,873	\$3,230	\$643	19.9%

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

1-Nov-22

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2023 vs. FY 2022

(\$ millions)

<u>Revenue Sources</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>\$</u> <u>CHANGE</u>	<u>%</u> <u>CHANGE</u>
State Taxes				
Personal Income Tax	\$7,928	\$7,138	\$790	11.1%
Corporate Income Tax (regular)	1,899	1,605	294	18.3%
Sales Taxes	3,897	3,623	274	7.6%
Public Utility Taxes (regular)	230	227	3	1.3%
Cigarette Tax	83	92	(9)	-9.8%
Liquor Gallonage Taxes	65	68	(3)	-4.4%
Inheritance Tax	161	208	(47)	-22.6%
Insurance Taxes and Fees	133	112	21	18.8%
Corporate Franchise Tax & Fees	77	78	(1)	-1.3%
Interest on State Funds & Investments	72	4	68	1700.0%
Cook County IGT	0	0	0	N/A
Other Sources	149	94	55	58.5%
Total State Taxes	\$14,694	\$13,249	\$1,445	10.9%
Transfers In				
Lottery	\$200	\$245	(\$45)	-18.4%
Gaming	63	54	9	16.7%
Cannabis	38	36	2	5.6%
Refund Fund	493	242	251	103.7%
Other	367	332	35	10.5%
Total Transfers In	\$1,161	\$909	\$252	27.7%
Total State Sources	\$15,855	\$14,158	\$1,697	12.0%
Federal Sources [base]	\$1,366	\$1,711	(\$345)	-20.2%
Total Federal & State Sources	\$17,221	\$15,869	\$1,352	8.5%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$734)	(\$660)	(\$74)	11.2%
Corporate Income Tax	(276)	(241)	(35)	14.5%
Local Government Distributive Fund				
Personal Income Tax	(443)	(393)	(50)	12.7%
Corporate Income Tax	(111)	(93)	(18)	19.4%
Sales Tax Distributions				
Deposits into Road Fund	(146)	(33)	(113)	342.4%
Distribution to the PTF and DPTF	(124)	(108)	(16)	14.8%
General Funds Subtotal [Base]	\$15,388	\$14,341	\$1,047	7.3%
ARPA Reimb. for Essential Gov't Services	\$764	\$144	\$620	N/A
Total General Funds	\$16,152	\$14,485	\$1,667	11.5%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding				1-Nov-22