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MONTHLY BRIEFING

For the Month Ended: DECEMBER 2025

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Another Positive Month for General Funds Receipts in December Elevates 1st Half Gains for FY 2026

Eric Noggle, Revenue Manager

A strong December for both the Personal Income Tax and the Sales Tax helped offset weaker performance in other revenue sources, allowing the first half of FY 2026 to close on a positive note. For the month, revenues deposited into the State's General Funds totaled \$239 million more than last December, representing growth of 4.6%. Through the first six months of FY 2026, total General Funds revenues are now up \$1.190 billion, or 4.8%.

December's results were aided by one additional receipting day compared with the prior year. This extra day helped lift Personal Income Tax receipts by \$271 million, or 8.9%, above last December's level. On a net basis, after accounting for distributions to the Income Tax Refund Fund and the Local Government Distributive Fund, growth totaled \$231 million. This strong performance occurred despite "true-up" reallocations that were \$97 million lower than last January (see the September 2025 Monthly for additional detail).

Also contributing to the positive month for revenues was the Sales Tax. After recording the first year-over-year decline of the fiscal year in November, Sales Tax revenues rebounded sharply in December, increasing by \$142 million, or 13.0%. This bounce-back was not unexpected. As noted in last month's publication, November's decline appeared to be largely timing related, as preliminary data showed that including the first receipting day of December in November's totals would have produced growth of 7.6%, rather than the reported decline of 3.4%. December's figures therefore benefitted from this sizeable first day of receipts,

as well as the additional receipting day during the month. On a net basis, after distributions to the Road Fund and certain transportation funds, Sales Tax net receipts rose \$92 million, or 9.2%.

The strong growth in these major revenue sources overshadowed another disappointing month for Corporate Income Tax receipts. Gross Corporate Income Tax revenues declined by \$104 million compared with last December, a decrease of 11.0%. On a net basis, receipts were down \$83 million for the month, despite true-up adjustments that were a net \$17 million higher than a year ago.

Within the category of “All Other State Sources,” revenues were \$47 million higher in total. This increase was driven primarily by higher Insurance Taxes, which rose \$34 million, and Estate Tax receipts, which increased \$12 million. The only two sources within this category that posted year-over-year declines were Interest on State Funds and Investments, down \$5 million, and Corporate Franchise Taxes, down \$3 million.

Transfers In also recorded a strong month, with revenues increasing by \$100 million. The largest gain came from Lottery Transfers, which rose \$43 million, or 86.0%, in December. Part of this increase likely reflects increased Powerball sales associated with multiple rollovers in recent months, culminating in the second-highest jackpot in history, won by a single ticket in Arkansas on December 24th for a prize of \$1.917 billion. Other Transfers added \$36 million in growth, largely due to a \$110 million transfer from the Capital Projects Fund to the General Revenue Fund. The Sports Wagering Transfer continued its strong fiscal year, contributing an additional \$24 million. Gaming Transfers were flat for the month, while Cannabis Transfers declined by \$3 million.

General Funds receipts from Federal Sources totaled \$148 million less than last December. However, last year’s figure included the final \$65 million in one-time ARPA reimbursement funds for Essential Government Services. Excluding these one-time dollars, the underlying “base” decline in Federal Sources for the month is approximately \$83 million.

| <i>Summary of Receipts</i> DECEMBER <i>FY 2025 vs. FY 2026</i> <i>(\$ millions)</i> | | | | |
|---|-------------------------|-------------------------|----------------------|---------------------|
| Revenue Sources | Dec. FY 2025 | Dec. FY 2026 | \$ CHANGE | % CHANGE |
| Net Personal Income Tax | \$2,581 | \$2,812 | \$231 | 9.0% |
| Net Corporate Income Tax | \$756 | \$673 | (\$83) | -11.0% |
| Net Sales Tax | \$1,000 | \$1,092 | \$92 | 9.2% |
| All Other State Sources | \$232 | \$279 | \$47 | 20.3% |
| Transfers In | \$223 | \$323 | \$100 | 44.8% |
| Federal Sources [base] | \$364 | \$281 | (\$83) | -22.8% |
| Base General Funds | \$5,156 | \$5,460 | \$304 | 5.9% |
| <i>Non-Base Gen Funds Revenues</i> | <i>\$65</i> | <i>\$0</i> | <i>(\$65)</i> | <i>-100.0%</i> |
| Total General Funds | \$5,221 | \$5,460 | \$239 | 4.6% |
| CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding | | | | 2-Jan-26 |

DECEMBER
FY 2025 vs. FY 2026
(\$ millions)

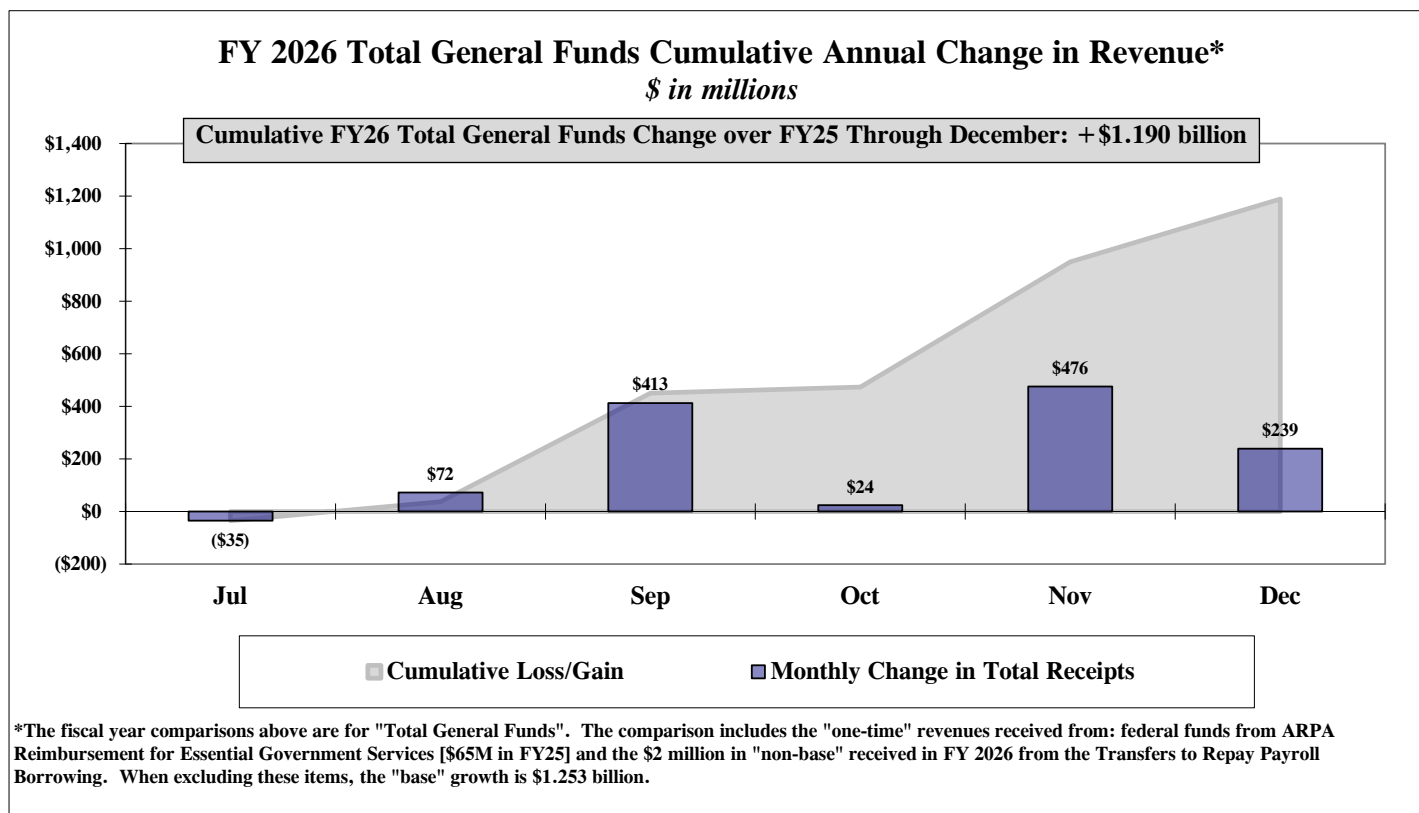
| Revenue Sources | Dec. FY 2025 | Dec. FY 2026 | \$ CHANGE | % CHANGE |
|---|-------------------------|-------------------------|----------------------|---------------------|
| <i>State Taxes</i> | | | | |
| Personal Income Tax | \$3,038 | \$3,309 | \$271 | 8.9% |
| Corporate Income Tax (regular) | 944 | 840 | (104) | -11.0% |
| Sales Taxes | 1,091 | 1,233 | 142 | 13.0% |
| Public Utility Taxes (regular) | 64 | 69 | 5 | 7.8% |
| Cigarette Tax | 17 | 19 | 2 | 11.8% |
| Liquor Gallonage Taxes | 13 | 14 | 1 | 7.7% |
| Estate Tax | 45 | 57 | 12 | 26.7% |
| Insurance Taxes and Fees | 8 | 42 | 34 | 425.0% |
| Corporate Franchise Tax & Fees | 18 | 15 | (3) | -16.7% |
| Interest on State Funds & Investments | 31 | 26 | (5) | -16.1% |
| Cook County IGT | 0 | 0 | 0 | N/A |
| Other Sources | 36 | 37 | 1 | 2.8% |
| <i>Total State Taxes</i> | \$5,305 | \$5,661 | \$356 | 6.7% |
| <i>Transfers In</i> | | | | |
| Lottery | \$50 | \$93 | \$43 | 86.0% |
| Gaming | 25 | 25 | 0 | 0.0% |
| Sports Wagering | 14 | 38 | 24 | 171.4% |
| Cannabis | 9 | 6 | (3) | -33.3% |
| Refund Fund | 0 | 0 | 0 | N/A |
| Other | 125 | 161 | 36 | 28.8% |
| <i>Total Transfers In</i> | \$223 | \$323 | \$100 | 44.8% |
| Total State Sources | \$5,528 | \$5,984 | \$456 | 8.2% |
| <i>Federal Sources [base]</i> | \$364 | \$281 | (\$83) | -22.8% |
| Total Federal & State Sources | \$5,892 | \$6,265 | \$373 | 6.3% |
| <i>Nongeneral Funds Distributions/Direct Receipts:</i> | | | | |
| <i>Refund Fund</i> | | | | |
| Personal Income Tax | (\$278) | (\$303) | (\$25) | 9.0% |
| Corporate Income Tax | (\$132) | (\$118) | 14 | -10.6% |
| <i>Local Government Distributive Fund</i> | | | | |
| Personal Income Tax | (179) | (194) | (15) | 8.4% |
| Corporate Income Tax | (56) | (49) | 7 | -12.5% |
| <i>Sales Tax Distributions</i> | | | | |
| Deposits into Road Fund | (66) | (56) | 10 | -15.2% |
| Distribution to the PTF and DPTF | (25) | (85) | (60) | 240.0% |
| General Funds Subtotal [Base] | \$5,156 | \$5,460 | \$304 | 5.9% |
| <i>ARPA Reimb. for Essential Gov't Services</i> | \$65 | \$0 | (\$65) | -100.0% |
| <i>Transfers to Repay Payroll Borrowing</i> | \$0 | \$0 | \$0 | N/A |
| Total General Funds | \$5,221 | \$5,460 | \$239 | 4.6% |

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

2-Jan-26

1st Half Analysis of Revenues

Through the first half of FY 2026, revenues deposited into the State's General Funds are up \$1.190 billion, or 4.8%. As shown in the graph below, after starting the fiscal year with a year-over-year decline in the opening month of July, revenues have improved ever since. Particularly strong receipting months in September, November, and December have provided this solid first half of revenues.



The year-to-date growth of 4.8% through December exceeds the 2.4% rate of growth that is needed to meet the revenue assumptions underlying the enacted FY 2026 budget. While this performance is encouraging, six months of the fiscal year remain, including the historically volatile final income tax payment period. As a result, there is still ample opportunity for revenue trends to shift. That said, the strength of several major revenue sources during the first half of the fiscal year has increased confidence that the \$55.3 billion revenue total assumed in the FY 2026 budget will ultimately be achieved.

Growth through the first six months continues to be led by the Personal Income Tax, which is up \$592 million on a gross basis and \$504 million on a net basis. The year-to-date growth rate of 4.2% is well above the 0.9% increase assumed under the enacted budget. However, nearly \$300 million in year-over-year declines in net true-up adjustments have yet to be processed, and the volatile final payment period remains ahead. Additional uncertainty surrounds the upcoming final tax period due to recent federal tax changes enacted under the One Big Beautiful Bill Act. While most provisions are not expected to directly affect individual income tax calculations in Illinois, indirect impacts could

emerge if taxpayer behavior changes. Given these uncertainties, a cautious outlook for Personal Income Tax receipts will be maintained for the second half of FY 2026 until final payments are received.

Sales Tax receipts have also carried forward their positive momentum from the second half of FY 2025 into FY 2026. Following December's strong performance, gross Sales Tax receipts are now up \$305 million, or 5.1%, through the first six months of the fiscal year. This growth is well above the 2.7% increase assumed in the FY 2026 revenue forecast. On a net basis, however, after accounting for distributions to the Road Fund and certain transportation funds, growth is more modest at \$63 million, or 1.1%. This divergence was anticipated, as a greater share of Sales Tax receipts is being statutorily redirected to transportation-related funds this fiscal year compared with FY 2025. Absent a sharp slowdown in the second half of the year, Sales Tax revenues appear well positioned to meet budgetary targets.

While two of the State's three largest revenue sources are performing at or above expectations, Corporate Income Tax receipts continue to lag. Through December, Corporate Income Tax revenues are down 6.8% compared with last year. As discussed in the July and September Monthly Briefings, this revenue source was initially projected to grow by 10.8% over FY 2025 actuals, largely due to several revenue-enhancing provisions enacted during the spring session under P.A. 104-0006. These provisions were estimated by the Governor's Office to generate a net increase of \$438 million in Corporate Income Tax receipts.

However, the federal One Big Beautiful Bill Act, enacted in July after the State budget was finalized, is likely offsetting much of the anticipated growth from these state-level changes. Several provisions of the federal Act are expected to reduce federal taxable income. Because Illinois conforms to many aspects of the federal tax code, these changes are likely to reduce State Corporate Income Tax revenues relative to earlier expectations. During the Fall Veto Session, under P.A. 104-0453, Illinois partially decoupled from the federal Act by excluding a new bonus depreciation deduction for certain non-residential real property used in qualified production activities. Nonetheless, several other federal changes remain in effect. As a result, a net decline in Corporate Income Tax receipts relative to the enacted budget should still be anticipated. The magnitude of this shortfall, and the extent to which it may offset gains from other revenue sources, remains uncertain. The March/April final payment period will be critical in providing greater clarity.

Despite continued weakness in Corporate Income Tax receipts, revenue performance in other areas has already exceeded original budget expectations and may help mitigate, or potentially offset, the anticipated Corporate Income Tax shortfall. One notable example is the Income Tax Refund Fund Transfer, which was conservatively forecast in May to provide \$450 million in FY 2026 revenues. Instead, due to a higher-than-expected year-end balance in FY 2025, a total of \$700 million was transferred to the General Funds in FY 2026, exceeding the budgeted assumption by \$250 million.

Overall, Transfers In are up \$663 million through December. This growth is largely attributable to the aforementioned Income Tax Refund Fund Transfer, which is \$447 million above the FY 2025

total of \$253 million. Additional strength has come from the Sports Wagering Transfer, which is up \$97 million, and the Gaming Transfer, which has increased by \$51 million. These revenue sources are expected to continue improving throughout the fiscal year as the impact of recent tax changes continues to materialize. Lottery Transfers and Other Transfers are also now ahead of last year's pace, up \$41 million and \$31 million, respectively, following a strong December. Cannabis Transfers, by contrast, are \$4 million below last year's pace at the halfway point of the fiscal year. (Note: A section on the taxes generated from cannabis is provided on Page 9.)

Receipts from All Other State Sources are also well ahead of last year, with collective growth of \$202 million, or 11.3%, through the first half of FY 2026. This performance is largely driven by a \$174 million increase in Estate Tax receipts, which are significantly exceeding initial projections. Insurance Taxes and Fees are also up sharply, increasing by \$64 million compared with the first half of FY 2025. Despite recent reductions in core interest rates, Interest on State Funds and Investments is \$13 million higher than last year through December. These gains have more than offset declines in several other sources, including Other Sources (-\$24 million), the Cigarette Tax (-\$10 million), the Corporate Franchise Tax (-\$8 million), Public Utility Taxes (-\$4 million), and Liquor Gallonage Taxes (-\$3 million). The first-half growth rate of 11.3% stands in sharp contrast to the 6.6% decline projected for this category in the enacted budget, which was primarily driven by expectations of falling interest income. While interest revenues may still moderate as the fiscal year progresses, the strength of Estate Tax receipts should provide sufficient cushion for this category to exceed its original forecast.

Federal Sources continue to exhibit significant volatility due to the timing of receipts. After two months, Federal Sources were down 14.4%. Large deposits in September shifted the first-quarter result to growth of 13.7%, roughly in line with the 13.1% increase assumed in the FY 2026 budget. Following a flat October and modest declines in November and December, base Federal Sources are now \$33 million below last year's pace through the first half of the fiscal year. While it remains possible that Federal Sources will ultimately meet budget expectations, above-average growth will be required over the remaining six months.

| <div>Summary of Receipts</div> <div>GENERAL FUNDS RECEIPTS: THROUGH DECEMBER</div> <div>FY 2025 vs. FY 2026</div> <div>(\$ millions)</div> | | | | |
|---|-----------------|-----------------|----------------|-------------|
| Revenue Sources | FY 2025 | FY 2026 | \$ CHANGE | % CHANGE |
| Net Personal Income Tax | \$11,938 | \$12,442 | \$504 | 4.2% |
| Net Corporate Income Tax | \$2,159 | \$2,013 | (\$146) | -6.8% |
| Net Sales Tax | \$5,532 | \$5,595 | \$63 | 1.1% |
| All Other State Sources | \$1,783 | \$1,985 | \$202 | 11.3% |
| Transfers In | \$1,207 | \$1,870 | \$663 | 54.9% |
| Federal Sources [base] | \$2,072 | \$2,039 | (\$33) | -1.6% |
| Base General Funds | \$24,691 | \$25,944 | \$1,253 | 5.1% |
| Non-Base Gen Funds Revenues | \$65 | \$2 | (\$63) | -96.9% |
| Total General Funds | \$24,756 | \$25,946 | \$1,190 | 4.8% |
| CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding | | | | 2-Jan-26 |

Overview

In summary, while weaker-than-expected performance from Corporate Income Tax receipts and Federal Sources during the first half of FY 2026 is a concern, **overall confidence in meeting the FY 2026 revenue target continues to improve.** Strong performance from several major revenue sources and Transfers In has helped offset these weaknesses and positions total revenues to meet, and potentially exceed, the \$55.3 billion assumed in the enacted budget. The degree to which revenues may surpass this level will largely depend on the performance of income tax receipts during the final payment period this spring.

Considerable uncertainty remains regarding the broader economic and behavioral impacts of the One Big Beautiful Bill Act and how recent federal tax changes may affect Illinois revenues, both directly and indirectly. In light of this uncertainty, **a cautious approach to revenue expectations for the second half of FY 2026 remains warranted until additional clarity emerges through actual tax collections.**

The Commission will continue to closely monitor revenue developments over the remainder of the fiscal year and will release its official FY 2026 Revenue Update and FY 2027 Revenue Estimate in late February or early March.

GENERAL FUNDS RECEIPTS: THROUGH DECEMBER

FY 2025 vs. FY 2026

(\$ millions)

| Revenue Sources | FY 2025 | FY 2026 | \$ CHANGE | % CHANGE |
|---|-----------------|-----------------|----------------------|---------------------|
| <i>State Taxes</i> | | | | |
| Personal Income Tax | \$14,050 | \$14,642 | \$592 | 4.2% |
| Corporate Income Tax (regular) | 2,695 | 2,512 | (183) | -6.8% |
| Sales Taxes | 5,957 | 6,262 | 305 | 5.1% |
| Public Utility Taxes (regular) | 331 | 327 | (4) | -1.2% |
| Cigarette Tax | 103 | 93 | (10) | -9.7% |
| Liquor Gallonage Taxes | 91 | 88 | (3) | -3.3% |
| Estate Tax | 321 | 495 | 174 | 54.2% |
| Insurance Taxes and Fees | 237 | 301 | 64 | 27.0% |
| Corporate Franchise Tax & Fees | 101 | 93 | (8) | -7.9% |
| Interest on State Funds & Investments | 389 | 402 | 13 | 3.3% |
| Cook County IGT | 0 | 0 | 0 | N/A |
| Other Sources | 210 | 186 | (24) | -11.4% |
| <i>Total State Taxes</i> | \$24,485 | \$25,401 | \$916 | 3.7% |
| <i>Transfers In</i> | | | | |
| Lottery | \$365 | \$406 | \$41 | 11.2% |
| Gaming | 91 | 142 | 51 | 56.0% |
| Sports Wagering | 51 | 148 | 97 | 190.2% |
| Cannabis | 55 | 51 | (4) | -7.3% |
| Refund Fund | 253 | 700 | 447 | 176.7% |
| Other | 392 | 423 | 31 | 7.9% |
| <i>Total Transfers In</i> | \$1,207 | \$1,870 | \$663 | 54.9% |
| Total State Sources | \$25,692 | \$27,271 | \$1,579 | 6.1% |
| <i>Federal Sources [base]</i> | \$2,072 | \$2,039 | (\$33) | -1.6% |
| Total Federal & State Sources | \$27,764 | \$29,310 | \$1,546 | 5.6% |
| <i>Nongeneral Funds Distributions/Direct Receipts:</i> | | | | |
| <i>Refund Fund</i> | | | | |
| Personal Income Tax | (\$1,286) | (\$1,339) | (\$53) | 4.1% |
| Corporate Income Tax | (377) | (351) | 26 | -6.9% |
| <i>Local Government Distributive Fund</i> | | | | |
| Personal Income Tax | (826) | (861) | (35) | 4.2% |
| Corporate Income Tax | (159) | (148) | 11 | -6.9% |
| <i>Sales Tax Distributions</i> | | | | |
| Deposits into Road Fund | (349) | (324) | 25 | -7.2% |
| Distribution to the PTF and DPTF | (76) | (343) | (267) | 351.3% |
| General Funds Subtotal [Base] | \$24,691 | \$25,944 | \$1,253 | 5.1% |
| ARPA Reimb. for Essential Gov't Services | \$65 | \$0 | (\$65) | -100.0% |
| Transfers to Repay Payroll Borrowing | \$0 | \$2 | \$2 | N/A |
| Total General Funds | \$24,756 | \$25,946 | \$1,190 | 4.8% |

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

2-Jan-26

A Closer Look: Cannabis Tax

Ally O'Malley, Revenue Analyst and Sarah Barlow, Senior Research Analyst

As part of this and future monthly briefings, the Commission will include a series of articles providing a closer look at some of Illinois' prominent tax revenue sources. Much of the information included in these synopses is detailed in the Commission's annual publication entitled, *Illinois Tax Handbook for Legislators*, which can be found on our website using this link: <https://cgfa.ilga.gov/commission/lru/TaxHandbook2025.pdf>. This series continues with a closer look at Illinois' Cannabis Tax.

The Cannabis Tax refers to a tax on cultivators of medical cannabis and adult-use cannabis. Retail buyers of adult-use cannabis are also taxed based on the strength of the product. Dispensaries, cultivation centers, craft growers, infusers, and transporting organizations must all pay licensing fees.

History and Rates of Cannabis Taxes

Medical cannabis was authorized for use and sale in 2014 by the Compassionate Use of Medical Cannabis Pilot Program Act. The Compassionate Use of Medical Cannabis Program Act made the medical cannabis program permanent in 2019. The Cannabis Regulation and Tax Act authorized adult-use cannabis in 2019.

Under the Medical Cannabis Cultivation Privilege Tax, cultivators of medical cannabis pay 7% of the sales price per ounce.

Under the Cannabis Cultivation Privilege Tax, cultivators of adult-use cannabis pay 7% of the gross receipts from the first sale of cannabis.

Under the Cannabis Purchaser Excise Tax, retail buyers of adult-use cannabis pay:

- 10% of the purchase price for cannabis with an adjusted THC (delta-9-tetrahydrocannabinol) level up to 35%.
- 25% of the purchase price for cannabis with an adjusted THC level over 35%.
- 20% of the purchase price for cannabis-infused products (defined as beverages, foods, oils, ointments, tinctures, topical formulations, or other products containing cannabis that are not intended to be smoked).

Cannabis sales are also subject to the State sales tax, at 1% for medical cannabis and 6.25% for adult-use cannabis.

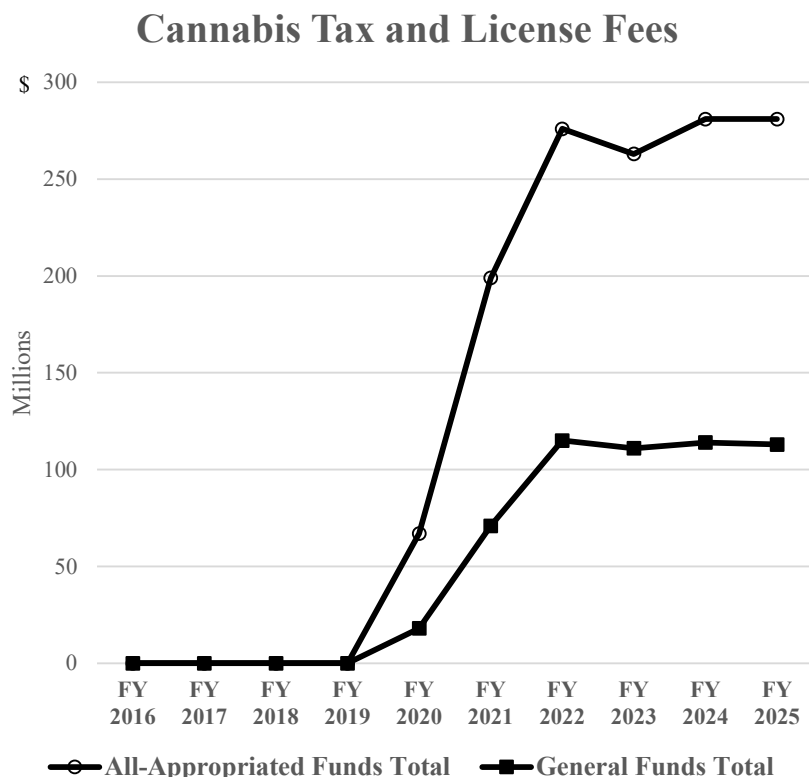
Dispensaries, cultivation centers, craft growers, infusers, and transporting organizations must all pay licensing fees and annual renewals that range from \$10,000 to \$100,000. Medical cannabis dispensaries must pay an initial registration fee of \$30,000 and an annual renewal fee of \$25,000. Cultivation centers pay an annual fee of \$100,000.

6-Year Component Revenue History

In the initial years after adult-use cannabis was legalized in Fiscal Year 2020, All-Appropriated Funds revenue totals rose quickly from \$67 million in FY 2020 to \$199 million in FY 2021, and then to \$276 million in FY 2022. However, cannabis revenue totals have seemed to plateau since FY 2022, with the FY 2025 total at \$281 million. The amount allocated to the General Funds has hovered between \$111 million and \$115 million in recent years, including \$113 million in FY 2025. These amounts are displayed in the table and graph below.

| State Revenue History of the Cannabis Tax and License Fees | | | | |
|--|---------------------|----------|------------------------------|----------|
| <i>\$ in millions</i> | | | | |
| Fiscal Year | General Funds Total | % Change | All-Appropriated Funds Total | % Change |
| FY 2020 | \$18 | N/A | \$67 | N/A |
| FY 2021 | \$71 | 294.4% | \$199 | 197.0% |
| FY 2022 | \$115 | 62.0% | \$276 | 38.7% |
| FY 2023 | \$111 | -3.5% | \$263 | -4.7% |
| FY 2024 | \$114 | 2.7% | \$281 | 6.8% |
| FY 2025 | \$113 | -0.9% | \$281 | 0.0% |

Source: Illinois Comptroller's Traditional Budgetary Financial Report.



In addition to these tax totals, the State sales tax on cannabis sales has generated an average of \$64 million per year for the State's General Funds over the last three fiscal years, including \$66 million in FY 2025. If including all taxes on cannabis (State cannabis tax, State sales tax, and local taxes), approximately \$471 million was collected in FY 2025.

Source: <https://tax.illinois.gov/research/taxstats/collectionscomptroller.html>

Distribution of Cannabis Tax Revenues

Revenues from the 7% tax on cultivators of medical cannabis are deposited into the Compassionate Use of Medical Cannabis Fund.

Revenues from the taxes on adult-use cannabis and licensing fees are distributed into the Cannabis Regulation Fund. From funds in the Cannabis Regulation Fund, state agencies that are responsible for administering the adult-use cannabis program receive funds to cover their administrative costs. All remaining revenues in the Cannabis Regulation Fund are distributed monthly as follows:

- To the Cannabis Expungement Fund, 1/12 of the fiscal year amount appropriated from that Fund for payment of costs incurred by state courts, the Attorney General, state's attorneys, civil legal aid organizations, and the State Police to facilitate petitions for expungement of minor cannabis offenses, as adjusted by any supplemental appropriation, plus cumulative deficiencies in such transfers for prior months.
- 2% to the Drug Treatment Fund to fund public education and awareness.
- 8% to the Local Government Distributive Fund and allocated according to Section 2 of the State Revenue Sharing Act, to fund crime prevention programs, training, and interdiction efforts.
- 25% to the Criminal Justice Information Projects Fund, for community reinvestment under the Restore, Reinvest, and Renew (R3) Program.
- 20% to the Department of Human Services Community Services Fund, to address substance abuse and prevention and mental health concerns.
- 10% to the Budget Stabilization Fund.
- 35%, or any remaining balance, to the General Revenue Fund.

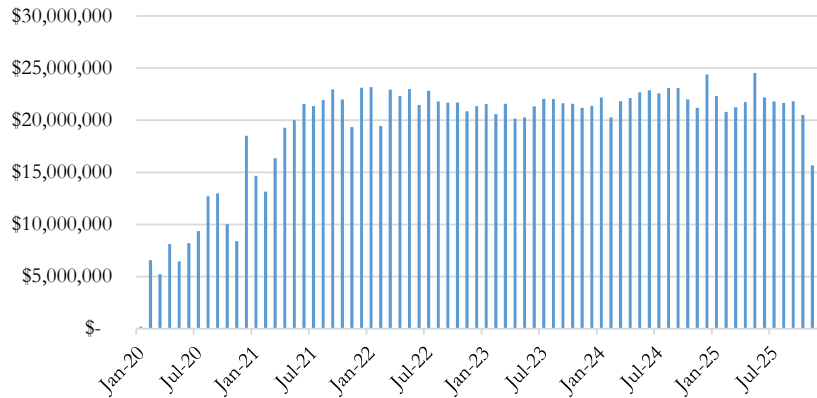
The details on the revenues allocated to the Cannabis Regulation Fund and the expenditures from that fund are included in CGFA's Monthly Briefing at the end of each quarter. The amounts for FY 2026 through the second quarter are shown on page 12.

Cannabis Taxes Imposed by Cities, Counties, and the Federal Government

Federal law prohibits the sale of cannabis. Municipalities may tax retailers of adult-use cannabis at a rate up to 3% of gross receipts, in 0.25% increments. A county may tax adult-use cannabis retailers at rates up to 3% of gross receipts from sales in a municipality within the county, and 3.75% of sales in unincorporated areas of the county.

Cannabis Quarterly – 2nd Quarter FY 2026

MONTHLY CANNABIS EXCISE TAXES



Illinois State Comptroller

CANNABIS REGULATION FUND REVENUE

(\$ millions)

| Revenue Source | FY25 Q2 | FY26 Q2 | \$ Change | % Change | FY25 YTD | FY26 YTD | \$ Change | % Change |
|--------------------------------|---------------|---------------|----------------|--------------|----------------|----------------|----------------|--------------|
| State Cannabis Excise Taxes | \$67.6 | \$63.0 | (\$4.6) | -6.8% | \$136.3 | \$128.2 | (\$8.1) | -5.9% |
| Licenses and Registration Fees | \$1.8 | \$1.6 | (\$0.2) | -13.5% | \$4.7 | \$3.8 | (\$0.9) | -19.1% |
| Other Revenue | \$0.3 | \$0.0 | (\$0.3) | -93.1% | \$0.3 | \$0.0 | (\$0.3) | -93.4% |
| Total | \$69.7 | \$64.5 | (\$5.1) | -7.3% | \$141.3 | \$132.0 | (\$9.2) | -6.5% |

Illinois State Comptroller, CGFA

CANNABIS REGULATION FUND EXPENDITURES

(\$ millions)

| Object of Expenditure | FY25 Q2 | FY26 Q2 | \$ Change | % Change | FY25 YTD | FY26 YTD | \$ Change | % Change |
|---|---------------|---------------|----------------|---------------|----------------|----------------|-----------------|--------------|
| Transfer - General Revenue Fund | \$21.1 | \$18.3 | (\$2.8) | -13.2% | \$42.9 | \$39.3 | (\$3.5) | -8.2% |
| Transfer - Professional Services | \$0.0 | \$0.0 | \$0.0 | n/a | \$0.0 | \$0.1 | \$0.1 | n/a |
| Transfer - Workers' Compensation Revolving | \$0.0 | \$0.0 | \$0.0 | n/a | \$0.1 | \$0.0 | (\$0.1) | -96.4% |
| Transfer - Criminal Justice Info Projects | \$15.1 | \$13.1 | (\$2.0) | -13.2% | \$30.6 | \$28.1 | (\$2.5) | -8.2% |
| Transfer - Drug Treatment | \$1.2 | \$1.0 | (\$0.2) | -13.2% | \$2.4 | \$2.2 | (\$0.2) | -8.2% |
| Transfer - DHS Community Services | \$12.0 | \$10.5 | (\$1.6) | -13.2% | \$24.5 | \$22.5 | (\$2.0) | -8.2% |
| Transfer - Local Government Distributive Fund | \$4.8 | \$4.2 | (\$0.6) | -13.2% | \$9.8 | \$9.0 | (\$0.8) | -8.2% |
| Transfer - Budget Stabilization | \$6.0 | \$5.2 | (\$0.8) | -13.2% | \$12.2 | \$11.2 | (\$1.0) | -8.2% |
| Transfer - Cannabis Expungement | \$0.7 | \$0.7 | (\$0.1) | -7.6% | \$1.4 | \$1.3 | (\$0.1) | -6.4% |
| Transfer Total | \$60.9 | \$52.9 | (\$8.0) | -13.2% | \$123.9 | \$113.8 | (\$10.2) | -8.2% |
| Operations - Agriculture | \$3.7 | \$2.2 | (\$1.5) | -40.4% | \$5.0 | \$3.3 | (\$1.7) | -33.6% |
| Operations - Commerce and Econ. Opportunity | \$0.2 | \$0.4 | \$0.2 | 93.4% | \$0.3 | \$0.6 | \$0.3 | 99.9% |
| Operations - Financial Professional Regulation | \$1.8 | \$2.1 | \$0.3 | 18.7% | \$2.9 | \$3.6 | \$0.7 | 24.2% |
| Operations - Public Health | \$0.0 | \$0.0 | \$0.0 | n/a | \$0.0 | \$0.0 | \$0.0 | n/a |
| Operations - Revenue | \$0.0 | \$0.0 | \$0.0 | n/a | \$1.5 | \$1.5 | \$0.0 | 1.7% |
| Operations - State Police | \$0.9 | \$1.0 | \$0.1 | 8.8% | \$1.4 | \$1.7 | \$0.3 | 19.6% |
| Operations - Criminal Justice Information Authority | \$0.0 | \$0.0 | \$0.0 | n/a | \$0.0 | \$0.0 | \$0.0 | n/a |
| Operations Total | \$6.6 | \$5.7 | (\$0.9) | -13.9% | \$11.1 | \$10.7 | (\$0.4) | -3.4% |
| Grand Total | \$67.6 | \$58.6 | (\$8.9) | -13.2% | \$135.0 | \$124.5 | (\$10.5) | -7.8% |

Illinois State Comptroller, CGFA

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

| <u>INDICATORS*</u> | <u>LATEST MONTH</u> | <u>PRIOR MONTH</u> | <u>A YEAR AGO</u> |
|---|-------------------------|------------------------------------|-----------------------------------|
| Unemployment Rate (Average) (Sep.) | 4.4% | 4.4% | 5.0% |
| Inflation in Chicago (12-month percent change) (Sep.) | 2.9% | 3.1% | 4.1% |
| <hr/> | | | |
| | <u>LATEST MONTH</u> | <u>CHANGE OVER PRIOR MONTH</u> | <u>CHANGE OVER A YEAR AGO</u> |
| Civilian Labor Force (thousands) (Sep.) | 6,568.8 | -0.2% | -1.2% |
| Employment (thousands) (Sep.) | 6,281.7 | -0.1% | -0.5% |
| Nonfarm Payroll Employmen (Sep.) | 6,162,600 | -2,200 | 24,400 |
| New Car & Truck Registration (Nov.) | 27,331 | -28.7% | -46.0% |
| Single Family Housing Permits (Aug.) | 1,043 | 0.3% | 12.0% |
| Total Exports (\$ bil) (Aug.) | 6.29 | 7.4% | -10.8% |
| Chicago Purchasing Managers Index (Oct.) | 43.5 | 19.8% | 17.9% |
| * Due to monthly fluctuations, trend best shown by % change from a year ago | | | |