ILLINOIS ECONOMIC
and
FISCAL COMMISSION

PRELIMINARY
FY 2005 REVENUE ESTIMATE

and

UPDATED FY 2004 REVENUE OUTLOOK

MARCH 2004
703 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706

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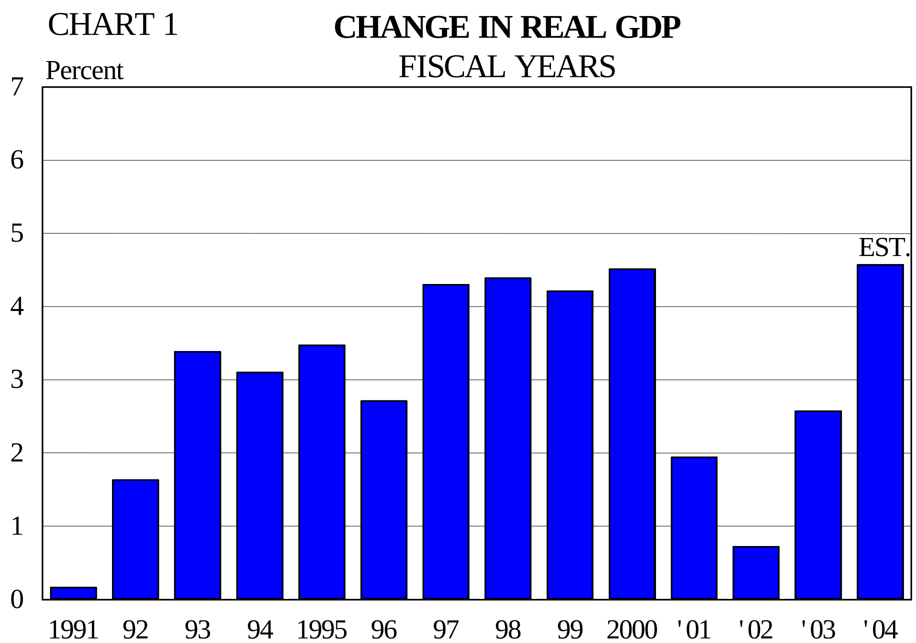
FY 2005 REVENUE ESTIMATE

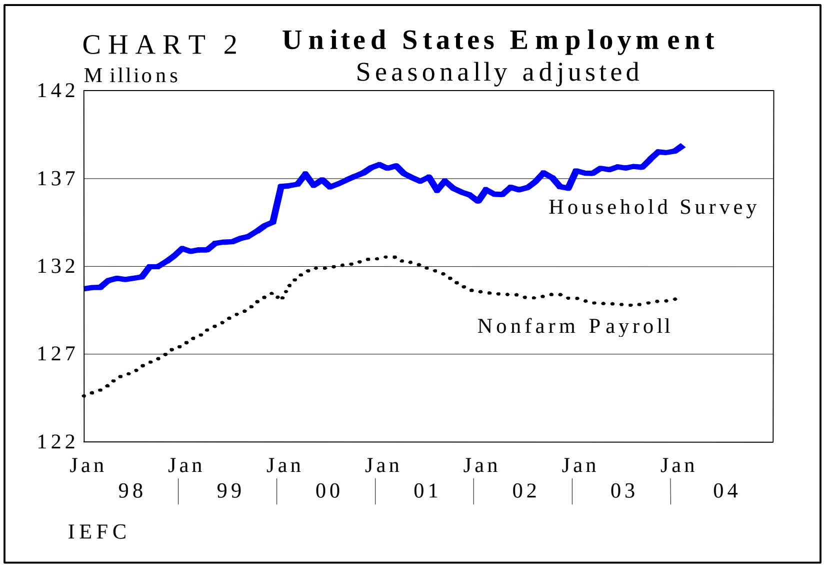
REVIEW OF FY 2004:
Recovery Accelerates But Jobs Stagnate

The pace of the economic recovery quickened in FY 2004 spurred by a combination of tax cuts and stimulative monetary policy with interest rates holding at their lowest levels in some four decades. Growth in the first half of the fiscal year exceeded 6.2% at an annual rate, making it the most rapid in twenty years. Despite the growth, inflation remained low and, while productivity soared and the unemployment rate fell, the number of new jobs created was meager at best and raised questions as to how long the growth could continue once the effects of the stimulus faded. For FY 2004 as a whole, inflation-adjusted growth is estimated at 4.6%, up sharply from the 2.6% reached in FY 2003 and about the same as the rapid growth rates seen in the late 1990s. (See Chart 1.)

CHART 1

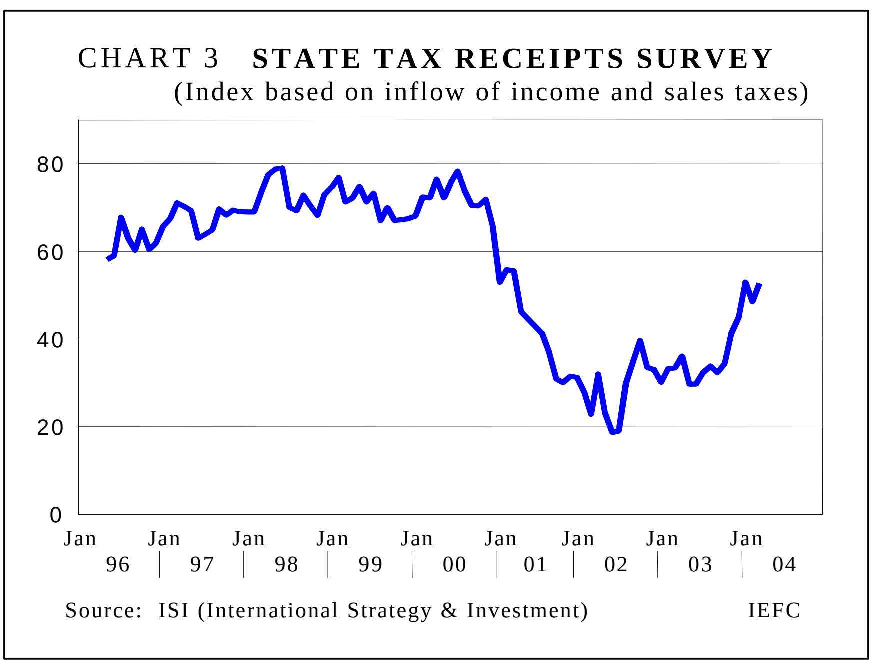


The consumer, which normally makes up about two-thirds of total spending, continued to support growth, but business spending, which had been extremely depressed last fiscal year, finally began to spring to life. What was missing, however, was an increase in new hirings. Chart 2, on the following page, shows an increase in employment in the household survey done by the Commerce Department, accounting for the drop in the unemployment rate from 6.4% last June to 5.6% in February, but the payroll survey, which actually looks at the payroll records of firms, failed to show the same strength.

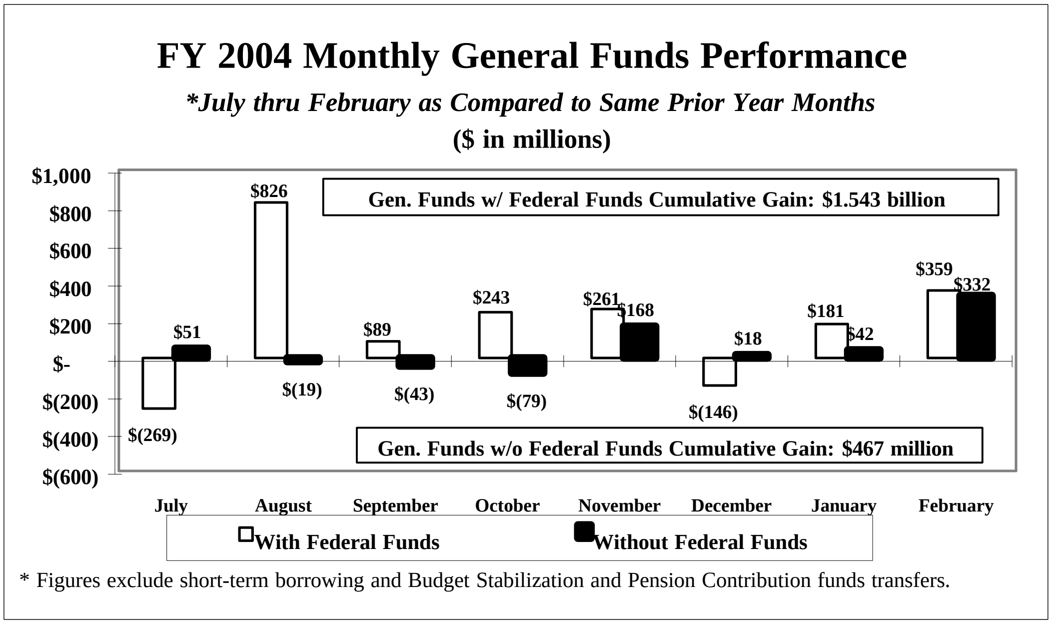


Overall state tax receipts began to improve during the fiscal year but remained well below that seen during the second half of the 1990s (See Chart 3). Sales taxes showed improvement while income tax receipts were buoyed by a sharp increase in corporate tax receipts. There have been only modest gains in personal income tax receipts, again reflecting the slow gain in employment that occurred during the fiscal year.

In reviewing FY 2004, the pace of the economy picked up steam but failed to generate much in the way of new jobs. Interest rates remained at 40-year lows and inflation, with perhaps the exception of gasoline, remained extremely tame. State tax receipts improved throughout the year, but remained at levels well below those seen a few years ago.



FY 2004 REVENUE RECAP



After another disastrous fiscal year that saw base general revenues fall $593 million, FY 2004 opened on another down note with general revenues falling $269 million. The decrease was primarily the result of a predicted falloff in federal sources stemming from the short-term borrowing that took place one year earlier that translated into significant increases in federally reimbursable spending. Federal sources aside, base general funds grew $51 million as most of the other revenue sources managed modest gains. *[Monthly revenue performance excludes short-term borrowing proceeds as well as Budget Stabilization Fund and Pension Contribution Fund transfers.]*

The drop in revenues was short lived, however, as August receipts jumped by $826 million. The increase was due to higher federal sources resulting from: an expected grant from the federal government; a temporary increase in the Medicaid matching rate; a concerted effort to pay down an accumulated backlog in Medicaid bills; and, further reimbursements stemming from prior fiscal year activity. In fact, absent federal gains, monthly revenues would have suffered a modest decline. After another month of gains attributed to federal sources in September, the first quarter ended with base revenues $646 million ahead of the previous fiscal year. However, excluding federal sources from that comparison, other revenues were actually down $11 million. Thus, while at first glance the revenue picture appeared to be improving, absent gains experienced by federal receipts, it was quite clear that base revenues continued to struggle.

The second quarter began on an up note as revenues once again were buoyed by a jump in federal sources. The October increase of $243 million was due to the second and final installment of an expected federal grant, as well as related spending on Medicaid expenditures. Federal sources aside, October revenues would actually have declined $79 million. Federal sources once again were strong during the following month of November; however, the real news was the pick-up in revenues due to the tax amnesty program. While monthly receipts were up $261 million, $93 million was attributed to continued growth in federal sources, while approximately $72 million (net of refunds) was coded and designated as tax amnesty receipts. Tax amnesty was again the story for December as another $216 million (net of refunds) was receipted under tax amnesty designation. Despite that boost, due to a significant falloff in the run-up of federal sources, overall receipts actually fell $146 million in December (up $18 million excluding federal sources). As the first half of FY 2004 ended, overall base revenues were up $1.004 billion or 9.0%. However, $909 million or approximately 90% of that increase was due to the phenomenal pace of federal sources. Federal sources aside, growth would have been only $95 million, and that would have included significant contributions due to the tax amnesty program.

The third quarter started off with yet another strong month for federal sources. In January, overall base revenues rose $181 million, of which $139 million was due to increased federal receipts. February enjoyed a continued pick-up in federal sources, but the reason behind the $359 million increase in monthly receipts was due to approximately $175 million in administrative chargebacks. These administrative chargebacks were an integral part of the enacted FY 2004 budget. According to the GOMB, the FY 2004 budget assumed $422 million in such transactions. Until this large amount in February, only approximately $10 million had been accomplished earlier in the fiscal year. Thus, with two thirds of the fiscal year completed, overall base revenues are up $1.543 billion. Of that amount, $1.076 billion is due to federal source increases, with the remaining $467 million due to other increases such as tax amnesty and chargebacks. Absent those eventful items, base growth performance has been flat.

REVISED FY 2004 GENERAL REVENUE FORECAST

As shown in Table 1 on page 17, excluding short-term borrowing and Budget Stabilization Fund and Pension Contribution Fund transfers, general revenues through February are up $1.543 billion or 10.5%. However, significant increases in federal source revenues account for $1.076 billion of that increase. In addition, approximately $290 million in net general revenue is classified as occurring under the tax amnesty program and $185 million is due to chargebacks, meaning that on closer examination, absent these items, revenues are virtually flat. In order to reach the Commission's September forecast, comparable revenues would have to increase by $1.197 billion or 14.7% over the remaining four months. In order to reach that level of growth, not only would several sources have to experience significant changes over the remainder of the year, but virtually all of the many revenue adjustments used to craft the FY 2004 budget would have to be actualized.

As shown in Tables 2 and 3 on pages 18 and 19, excluding short-term borrowing, Budget Stabilization Fund and Pension Contribution Fund transfers, the Commission is revising its FY 2004 general funds forecast down by $304 million to $25.222 billion. The revised estimate reflects an increase of $2.436 billion or 10.7% over the prior fiscal year. If all revenues are included (short-term borrowing and the afore-mentioned transfers), the overall revised estimate represents a decrease of $509 million from the earlier forecast, which is a $1.856 billion or 7.4% increase over last year.

While some of the revenue adjustments assumed earlier in FY 2004 will meet and/or even exceed earlier projections, several will fall short of expectations even while others are being removed entirely from the FY 2004 revenue picture. These changes along with recent legislative action were factors used in determining a revised forecast.

But before the various adjustments to the revenue lines are discussed, a brief overview of P.A. 93-0665 will be presented, since this recent piece of legislation has a significant effect on base revenues as well as the overall estimate.

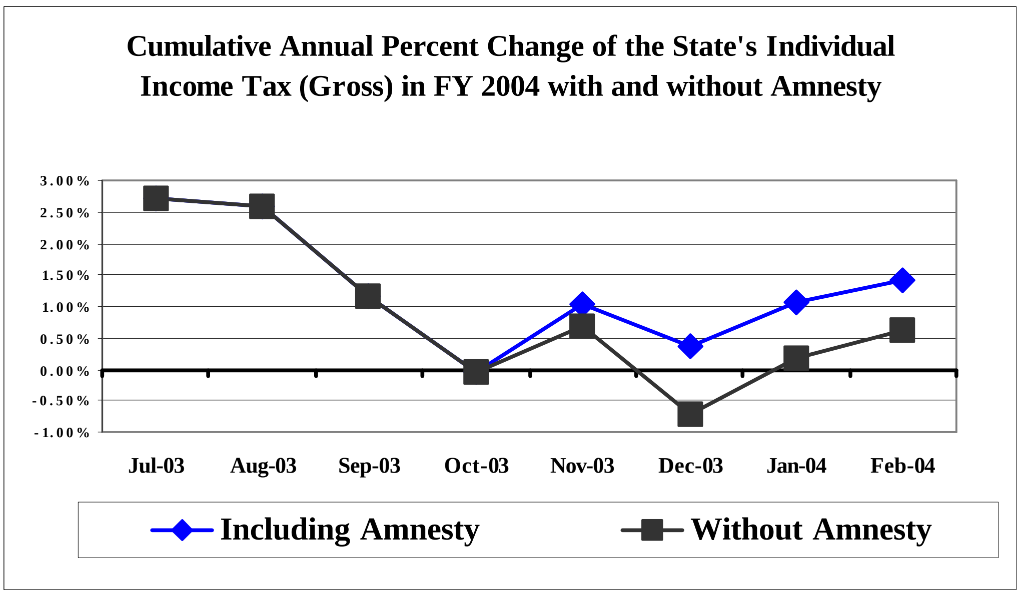
P.A. 93-0665 (HB 585)

The FY 2004 budget was based on $1.6 billion in Pension Contribution Fund transfers being moved into the general funds resulting from last spring's sale of $10 billion in pension obligation bonds. Initially, $2.16 billion was made available per the sale, with $300 million being transferred into the general funds at the end of FY 2003. While only $1.6 billion was assumed to be transferred in FY 2004, through February, it appeared that the transfers were on pace to reach the total remaining $1.86 billion.

However, P.A. 93-0665 (HB 585) signed into law on March 5, 2004, significantly changes that by ordering remaining monies in the Pension Contribution Fund to go directly into the various systems (approximately $465 million). Pension contributions made by funds other than general revenue will now be paid into the general funds instead of to the retirement systems. The impact of this legislation will be to stop the Pension Contribution Fund transfer into the general funds at approximately $1.395 billion, while starting subsequent transfers and direct receipts of monies from other funds that would have instead paid retirement contributions to the systems. At this time it is assumed that $50 million will be deposited in the “other source” category over the remainder of the fiscal year, while in mid-April approximately $48 million will be transferred from the State Pension Fund to the general funds per P.A. 93-0665. In total then, FY 2004 general funds revenues will be impacted by $1.493 billion rather than the earlier assumed $1.6 billion, a difference of $107 million.

A discussion of other changes to the estimate and the sources experiencing revisions include the following:

- Gross personal income tax receipts are up $72 million or 1.4% through the first two-thirds of the year. However, because the refund percentage is significantly higher this fiscal year, on a net of refund basis, receipts are actually down $124 million. Included in those figures are $39 million in gross receipts coded under tax amnesty designation ($35 million net of refunds). Even including the boost attributed to tax amnesty, gross personal income taxes would have to experience an unforeseen jump in performance of 5.8% over the remaining months of the fiscal year to reach the September estimate.

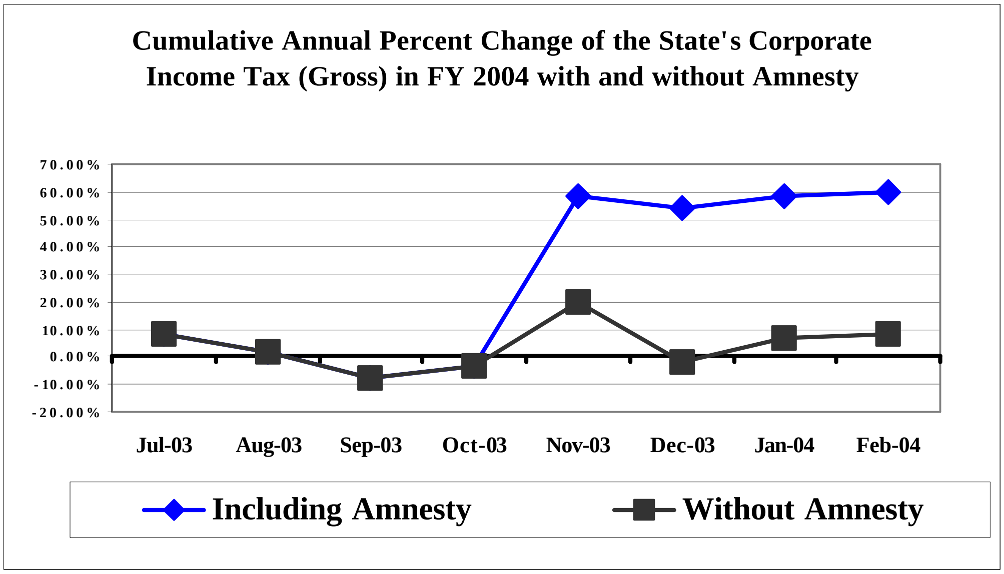


Personal income taxes are comprised of withholding taxes, estimated payments, and final payments. Through February, withholding payments, which are based on current wages and employment and comprise approximately 80% of total income taxes, are up a modest 2.5% reflecting the fact that the employment picture has not yet shown much improvement. Estimated payments, which are largely made up of non-wage income such as capital gains and other investment income and usually make up approximately 12% of total income tax receipts, are down 7.7% through February. Lastly, final payments, which comprise the remainder of income tax collections, are final settlements that are made by the taxpayer. While in normal years the vast majority of final payments are not received until after the April 15th deadline, due to this year’s tax amnesty program, those typical patterns have been significantly altered as final payments are up 23.9%.

Overall, despite a boost in receipts attributed to new and accelerated revenues resulting from the tax amnesty program, underlying personal income tax performance has been disappointing. Since there is little reason to expect a substantial near-term turn around, the estimate of gross personal income tax revenues has been revised down $110 million ($94 net of refunds). The revised forecast represents an increase in gross receipts of $131 million or 1.6% over the previous fiscal year, although due to the higher refund percentage net receipts are forecast to fall $180 million. In order to reach the revised estimate, gross personal income taxes are required to grow a more likely rate of 2.0%.

- Gross corporate income tax receipts are up $261 million or 59.7% ($154 million or 4.8% net of refunds) through February. Of those increases, $225 million in gross corporate income taxes were coded and receipted under tax amnesty designation ($152 million net of refunds). Therefore, excluding corporate revenue designated as tax amnesty results in year-to-date growth in base gross receipts of approximately 8.2%. Prior to the actual tax amnesty program going into effect, it was assumed that monies stemming from tax amnesty would be classified and receipted under "other sources". However, doing so would have circumvented the normal tax distribution of various revenue sources; i.e. 10% of net income taxes to local governments. Instead, tax amnesty revenues were deposited into the source line it was owed; i.e. corporate income to corporate income tax, sales tax to sales tax, etc.

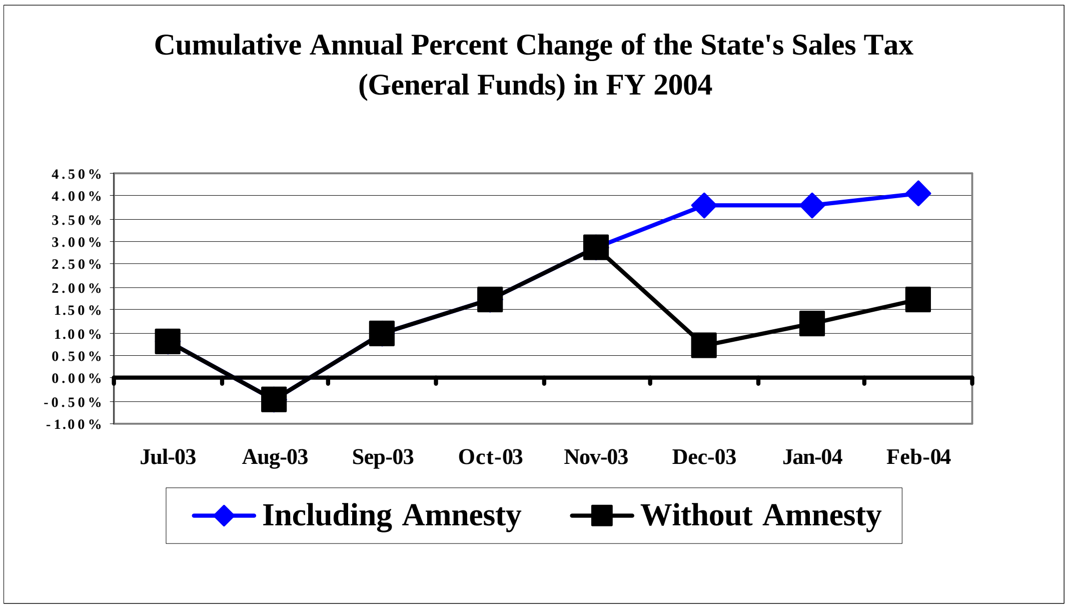
  As a result, the impact of tax amnesty needs to be incorporated in the respective lines that were affected. To reflect that impact, the estimate of gross corporate income taxes has been increased by $207 million ($146 net of refunds). The revised forecast includes the impact of tax amnesty as well as projected performance of base corporate income taxes over the remaining months.



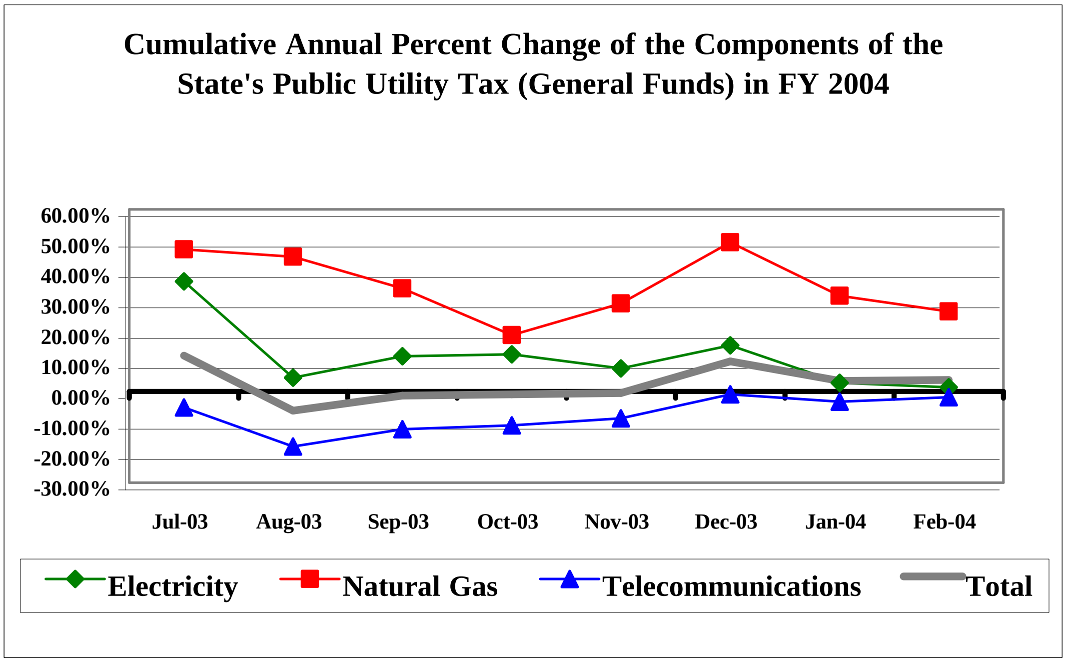
The revised estimate represents a gross increase of $291 million or 28.8% over the previous year, however, due to the increased refund percentage enacted for FY 2004, the net change falls to $147 million or 19.9%.

- Through the first two-thirds of the fiscal year, sales tax revenues are up $165 million or 4.1%. However, approximately $94 million has been receipted under tax amnesty, meaning base growth excluding amnesty would be a less impressive $71 million or approximately 1.7%. [Actually, base growth is likely somewhat higher as some of tax amnesty would have been receipted under normal conditions via the usual return processing system, however, it's difficult to precisely determine that component]. A comparatively shorter time between Thanksgiving and Christmas contributed to yet another disappointing holiday shopping season.

Despite base growth being quite mundane and below original projections, because tax amnesty monies attributed to sales tax were receipted under the sales tax designation, the estimate remains unchanged for FY 2004. In order to reach the forecast, revenues must increase approximately 2.1% over the remainder of the year. The estimate continues to represent a $206 million or 3.4% increase over last fiscal year.

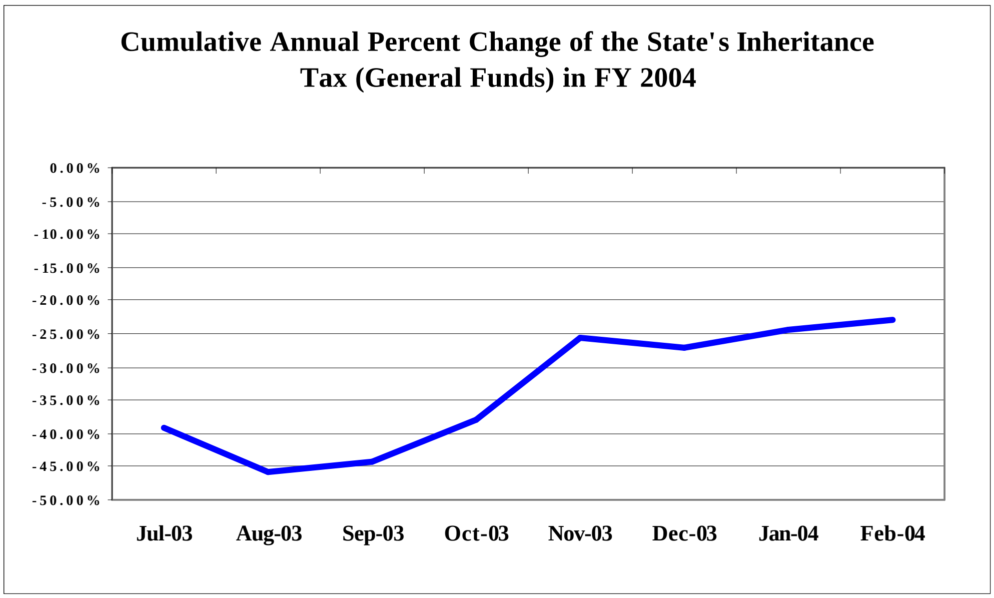


- Public utility taxes are up $25 million or 3.8% through February. Most of that gain is due to a $17 million gain in natural gas receipts. The increase is attributed to a comparatively colder winter, which has increased usage as well as the new tax on out-of-state natural gas purchases (estimated to bring in $20 million in FY 2004). Electric utility tax receipts are up a very modest $3 million, while telecommunications tax receipts are up about $5 million. [However, approximately $10 million in telecommunications tax amnesty is included in that amount, which means that base telecommunication taxes have actually experienced a slight decline].

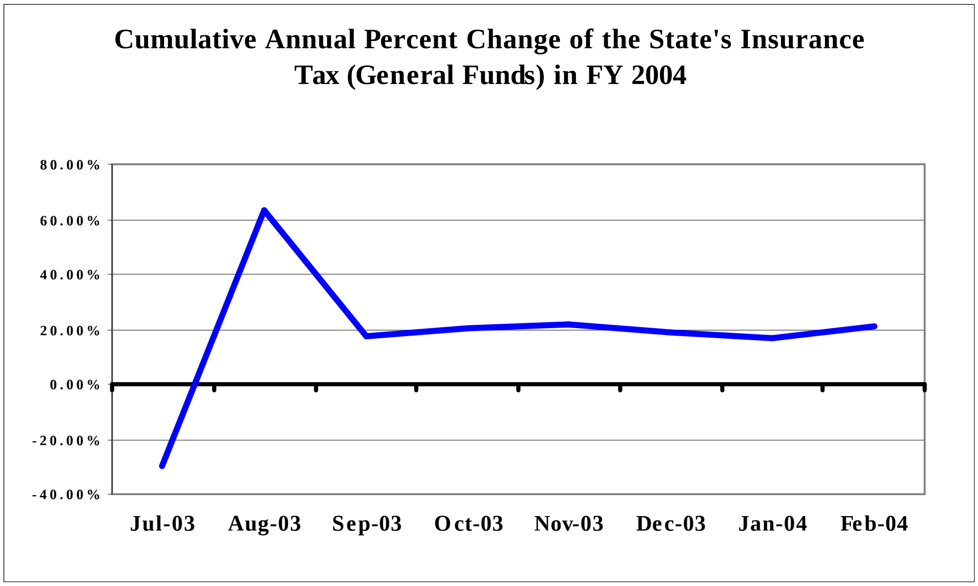


The strength in natural gas tax, coupled with the boost provided by telecommunication's tax amnesty, results in a $30 million increase in the FY 2004 estimate. The revised forecast represents a $24 million or 2.4% increase over the previous fiscal year.

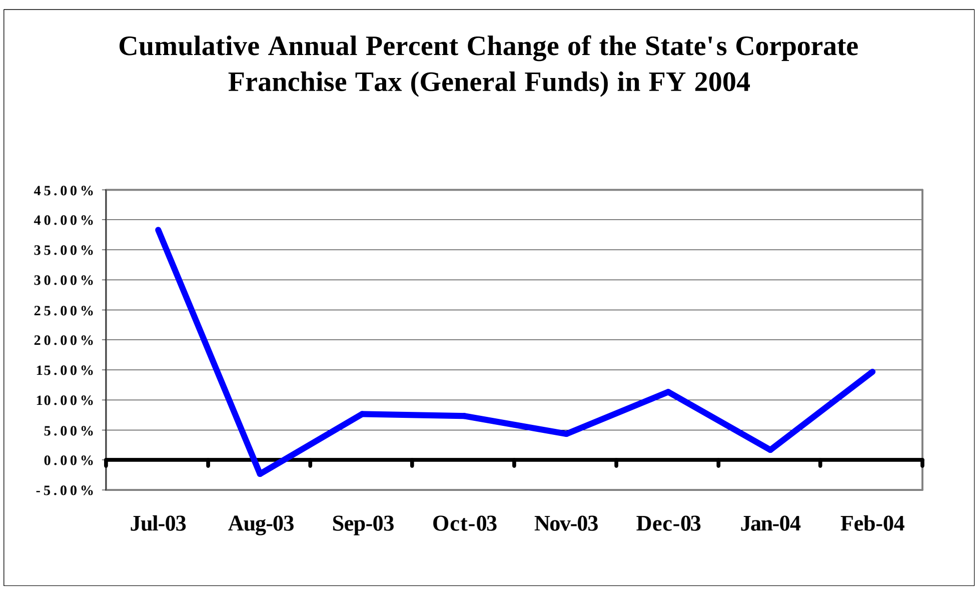
- As expected, inheritance tax receipts are down for the year, however, the degree of decline is of concern. Through February, receipts are off $40 million or 22.9%. Despite decoupling from the federal phase-out, due to the considerable lag in estate settlement and subsequent receipting, the original estimate assumed a first half decline followed by a second half pick-up. Unfortunately, that pick-up has yet to meaningfully manifest itself, thereby putting pressure on the remaining months to generate what now appears to be unrealistic gains. While a late fiscal year increase should still occur, the estimate has been dropped $10 million.



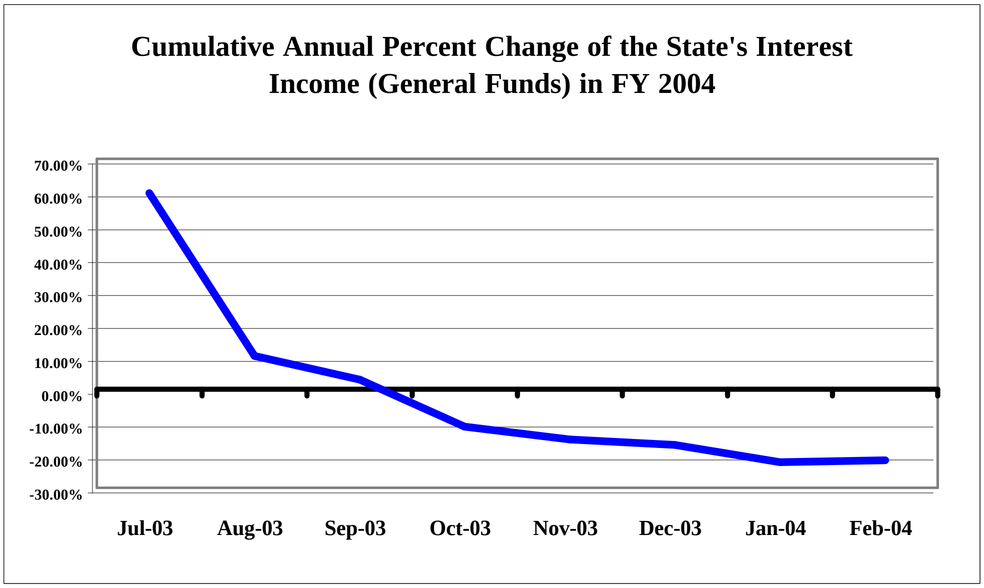
- Insurance taxes and fees continue to perform well and is one of the only revenue sources that have managed to exceed expectations. Through February, receipts are up $29 million or 20.9%. While that rate of growth should temper over the remaining months, since receipts have been consistently strong throughout most of this year, the estimate has been increased $10 million. The revised forecast represents an increase of $29 million or 9.3% over the previous fiscal year.



- Corporate franchise taxes are also doing moderately better than anticipated as receipts are up $13 million or 14.3%. As a result, the estimate has been increased by $10 million, which represents an $18 million or 12.7% increase over last year.



- Lower interest rates and investable balances continue to impact on investment income. Through February, receipts are down $10 million or 21.3%. With rates unlikely to significantly change in the near future, the estimate has been reduced by $25 million. The revised estimate represents a $16 million or 24.2% decline from last fiscal year.



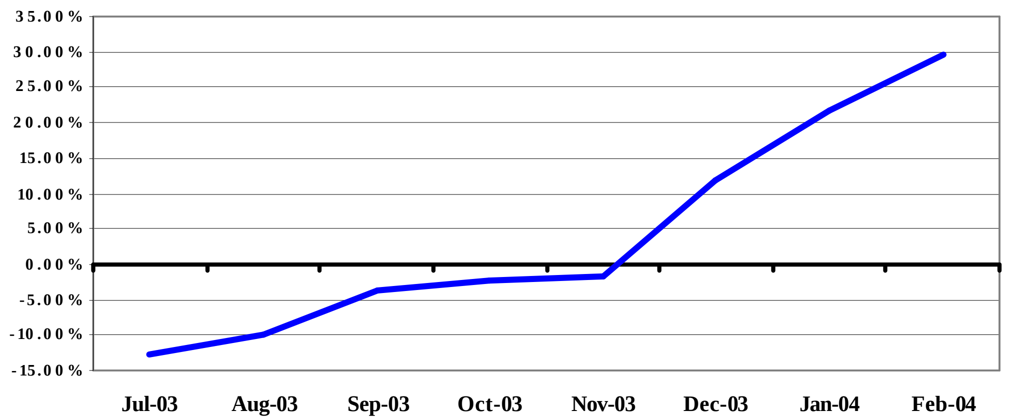
- Other sources to the general funds are down $45 million or 19.3%. The year- over-year decline is attributed to $88 million deposited in December 2002 stemming from the release of a portion of the tobacco settlement proceeds, which had been held in escrow pending agreement over a legal dispute. That issue aside, receipts would have increased approximately $43 million. At least part of that increase could be the result of increased fees related to recent legislative changes enacted for FY 2004. In addition to increased fees, “other sources” is the line where it was earlier believed a number of new revenue items would be counted:

  - $350 for sale of 10th riverboat license
  - $279 for fee increases
  - $233 for sale of State properties
  - $125 million for Environmental Trust Fund transfer
  - $102 million in commercial distribution fees
  - $40 million in tax amnesty proceeds
  - $9 million in liquor license fee and other misc.

Since the September estimate was formulated, a number of changes have taken place that will significantly lower the other source estimate. The largest change is the movement of the $350 million for the sale of the riverboat into FY 2005. In addition, fees appear to be tracking below expectations and that estimate has been reduced by $35 million. The $125 million Environmental Trust transfer is in legal limbo and has been removed from the estimate, while revenues from the commercial distribution fees has been reduced by $25 million—in part due to timing from collections to actual receipt in the State treasury. Finally, since tax amnesty proceeds were receipted in the associated revenue lines, $40 million is removed from the other source estimate to avoid double counting. Somewhat offsetting those downward revisions is an estimated increase of $50 million stemming from the previously discussed P.A. 93-0665.

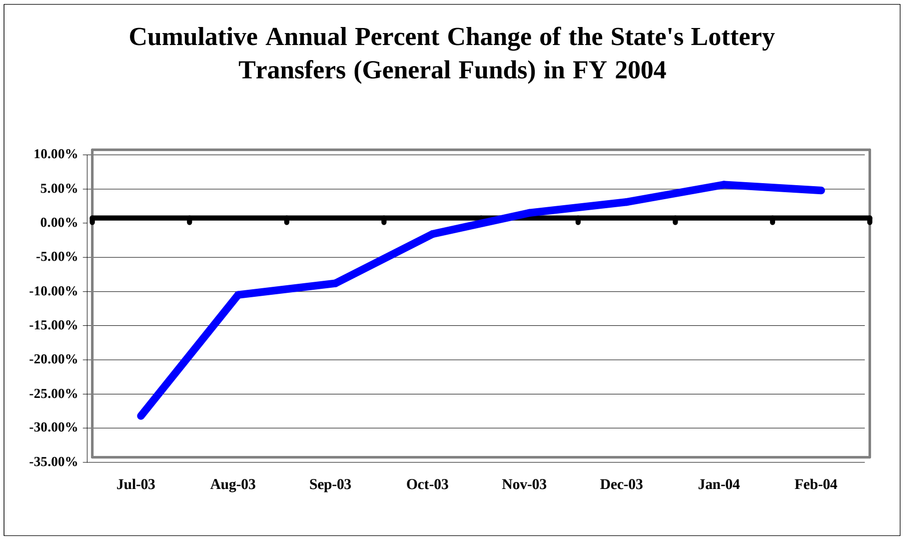
In total, the other sources estimate has been revised down $525 million to account for those changes. Still included in the estimate is $233 million in sale/leaseback of State properties as CMS is in the process of finalizing a $200 million mortgage related to the Thompson Center. The other $33 million for the sale of the Toll Highway and Elgin Mental Health properties are still included for now, but no recent update on their status has been given.

Cumulative Adjusted* Annual Percent Change of the State's Other Sources (General Funds) in FY 2004

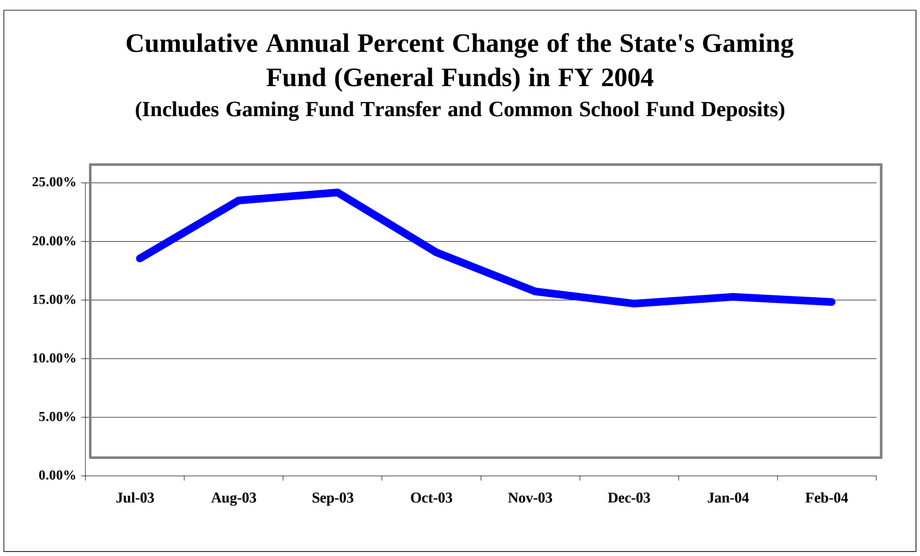


*The figures for Other Sources have been adjusted to exclude the one-time transfer of $88 million in Tobacco Settlement monies that was collected in December of 2002.

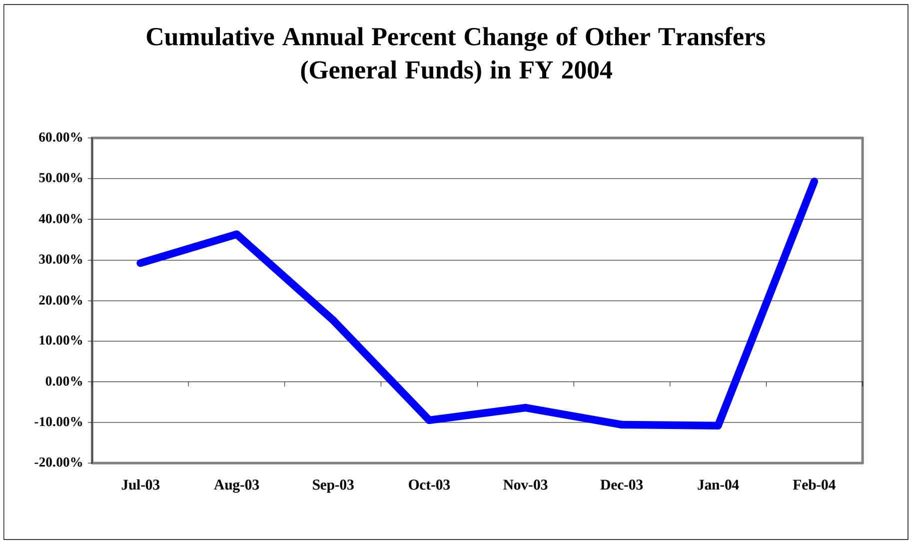
- Lottery transfers are up $14 million or 4.2% through the first two-thirds of the fiscal year. Even though lottery transfers can be somewhat volatile due to rollovers, its performance is above expectations and, as a result, the estimate has been increased modestly by $10 million.



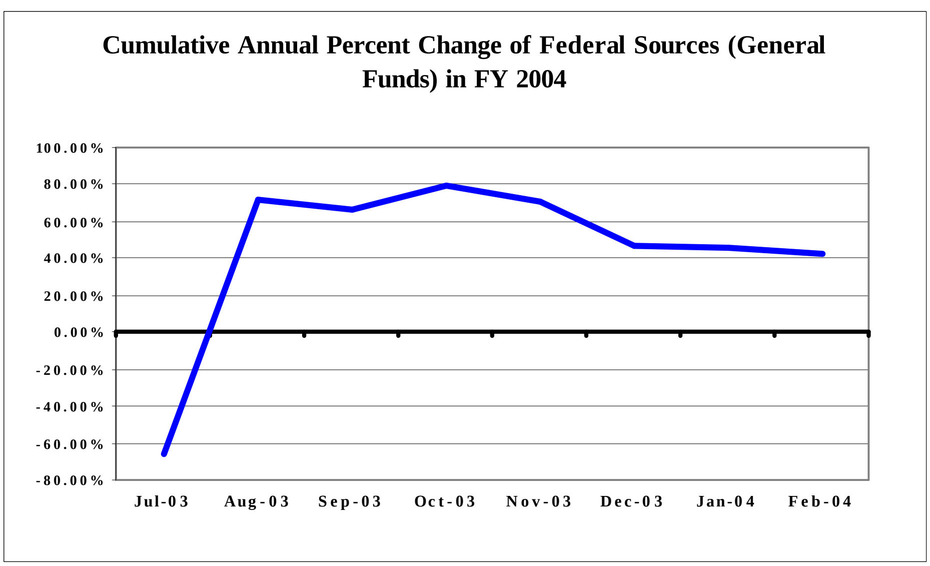
- Transfers and receipts from riverboat gaming into the general funds are up $54 million or 13.5% through February. That large rate of growth is solely the result of the new tax and admissions fee structure that was changed at the beginning of FY 2004. Despite the increase in tax revenue and related transfers, revenues are falling short of expectations as the performances of the riverboats, as measured by the taxable component of adjusted gross receipts, are down approximately 9% through February. Admissions are fairing even worse and are off 17%. Industry representatives point to competition from nearby Indiana boats as one of the main culprits, but also blame the increased tax rates as a cause for the reduction.



- Other transfers into the general funds are up $194 million or 48.7% through February. The approximate $185 million in fund chargebacks are the most significant reason for the increase. While total chargebacks are still estimated at $347 million, [the enacted FY 2004 budget assumed $422 million] due to the performance of other transfers as well as an anticipated additional transfer of $48 million per P.A. 93-0665, the overall forecast has been increased by $133 million.



- Federal sources have been up significantly for most of the fiscal year. Through February, receipts are $1.076 million higher than last year. The increase is due to $422 million in federal flexible grants, increased Medicaid match, as well as a concerted effort to pay down the payment cycle. While all of those items were assumed in the initial estimate, a fine-tuning of that forecast as well as the impact of a supplemental appropriation for the prescription drug line of the Medicaid program, combine to increase the estimate by $37 million.



- As stated earlier, the FY 2004 budget assumed $1.6 billion in Pension Contribution Fund transfers to the general funds. However, since P.A. 93-0665 essentially froze those transfers on or about March 17, 2004, only $1.395 billion will be transferred. Again, remaining monies in the Fund, approximately $465 million, were transferred to the retirement systems in hopes of them being able to achieve higher investment returns. While the difference in the transfer is $205 million, as stated earlier, the net change from the previous estimate is $107 million due to $98 million in combined other sources/transfers.

IEFC/GOMB FY 2004 COMPARISON

As shown in Table 4 on page 20, excluding short-term borrowing and Pension Contribution Fund and Budget Stabilization Fund transfers, the Commission's revised FY 2004 general funds estimate of $25.222 billion is $437 million below the Governor's Office of Management and Budget's (GOMB) latest official estimate reflected in the FY 2005 Budget Book (and adjusted for comparison purposes by IEFC). If all revenues were included, the difference would grow to $642 million, due to the recent change to the Pension Contribution Fund transfer estimate.

The two estimates reflect moderate differences in most of the larger more economically-tied sources such as income and sales taxes. The most significant differences reside in the estimates of other sources and other transfers. As discussed earlier, the Commission made dramatic revisions in the estimate of other sources that included the elimination of $125 million in the Environmental Trust Fund transfer and downward revisions in various fee revenues. While it has yet to be confirmed, it appears that the GOMB assumed that, prior to P.A. 93-0665, approximately $260 million in remaining Pension Contribution Fund money were to be deposited into the general funds under the "other source" designation. Despite repeated attempts to clarify that, no response has yet been given. In addition, it would appear the Commission remains lower in the estimate of fund chargebacks, which would be the primary reason for the large difference in other transfers.

TABLE 1: GENERAL FUNDS RECEIPTS THROUGH FEBRUARY

FY 2004 vs. FY 2003

($ million)

Revenue Sources	FY 2004	FY 2003	CHANGE FROM FY 2003	% CHANGE
State Taxes				
Personal Income Tax	$5,136	$5,064	$72	1.4%
Corporate Income Tax (regular)	698	437	$261	59.7%
Sales Taxes	4,229	4,064	$165	4.1%
Public Utility Taxes (regular)	677	652	$25	3.8%
Cigarette Tax	266	266	$0	0.0%
Liquor Gallonage Taxes	85	86	($1)	-1.2%
Vehicle Use Tax	23	22	$1	4.5%
Inheritance Tax (Gross)	135	175	($40)	-22.9%
Insurance Taxes and Fees	168	139	$29	20.9%
Corporate Franchise Tax & Fees	104	91	$13	14.3%
Interest on State Funds & Investments	37	47	($10)	-21.3%
Cook County IGT	257	219	$38	17.4%
Other Sources	188	233	($45)	-19.3%
Subtotal	$12,003	$11,495	$508	4.4%
Transfers				
Lottery	349	335	$14	4.2%
Riverboat transfers & receipts	453	399	$54	13.5%
Other	592	398	$194	48.7%
Total State Sources	$13,397	$12,627	$770	6.1%
Federal Sources	$3,607	$2,531	$1,076	42.5%
Total Federal & State Sources	$17,004	$15,158	$1,846	12.2%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($601)	($405)	($196)	48.4%
Corporate Income Tax	($225)	($118)	($107)	90.7%
Subtotal General Funds	$16,178	$14,635	$1,543	10.5%
Short-Term Borrowing	$0	$700	($700)	N/A
Budget Stabilization Fund Transfer	$226	$226	$0	0.0%
Pension Contribution Fund Transfer	$1,264	$0	$1,264	N/A
Total General Funds	$17,668	$15,561	$2,107	13.5%

SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.

IEFC 17-Mar-04

TABLE 2: ADJUSTMENTS TO IEFC FY 2004 ESTIMATE

(millions)

Revenue Sources	IEFC Sept-03 FY 2004	Adjusted IEFC March-04 FY 2004	Change From Sept-03
State Taxes			
Personal Income Tax	$8,220	$8,110	($110)
Corporate Income Tax	$1,095	$1,302	$207
Sales Taxes	$6,265	$6,265	$0
Public Utility (regular)	$1,000	$1,030	$30
Cigarette Tax	$400	$400	$0
Liquor Gallonage Taxes	$125	$122	($3)
Vehicle Use Tax	$35	$35	$0
Inheritance Tax (gross)	$225	$215	($10)
Insurance Taxes & Fees	$332	$342	$10
Corporate Franchise Tax & Fees	$150	$160	$10
Interest on State Funds & Investments	$75	$50	($25)
Cook County Intergovernmental Transfer	$400	$440	$40
Other Sources	$1,403	$878	($525)
Subtotal	**$19,725**	**$19,349**	**($376)**
Transfers			
Lottery	$540	$550	$10
Riverboat Transfers and Receipts	$717	$654	($63)
Other	$915	$1,048	$133
Total State Sources	**$21,897**	**$21,601**	**($296)**
Federal Sources	**$4,950**	**$4,987**	**$37**
Total Federal & State Sources	**$26,847**	**$26,588**	**($259)**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax	($965)	($949)	$16
Corporate Income Tax	($356)	($417)	($61)
Subtotal General Funds	**$25,526**	**$25,222**	**($304)**
Change from Prior Year	**$2,740**	**$2,436**	
Percent Change	**12.0%**	**10.7%**	
Short-Term Borrowing	$0	$0	$0
Budget Stabilization Fund Transfer	$226	$226	$0
Pension Contribution Fund Transfer	$1,600	$1,395	($205)
Total General Funds	**$27,352**	**$26,843**	**($509)**
Change from Prior Year	$2,365	$1,856	
Percent Change	9.5%	7.4%	
IEFC			**03/18/04**

TABLE 3: REVISED FY 2004 GENERAL FUNDS ESTIMATE

FY 2004 vs. FY 2003
($ million)

Revenue Sources	Revised March-04 Estimate FY 2004	Actuals FY 2003	$ CHANGE FY 2003-2004	% CHANGE
State Taxes				
Personal Income Tax	$8,110	$7,979	$131	1.6%
Corporate Income Tax (regular)	$1,302	1,011	$291	28.8%
Sales Taxes	$6,265	6,059	$206	3.4%
Public Utility Taxes (regular)	$1,030	1,006	$24	2.4%
Cigarette Tax	$400	400	$0	0.0%
Liquor Gallonage Taxes	$122	123	($1)	-0.8%
Vehicle Use Tax	$35	34	$1	2.9%
Inheritance Tax (Gross)	$215	237	($22)	-9.3%
Insurance Taxes and Fees	$342	313	$29	9.3%
Corporate Franchise Tax & Fees	$160	142	$18	12.7%
Interest on State Funds & Investments	$50	66	($16)	-24.2%
Cook County Intergovernmental Transfer	$440	355	$85	23.9%
Other Sources	$878	349	$529	151.6%
Subtotal	$19,349	$18,074	$1,275	7.1%
Transfers				
Lottery	$550	540	$10	1.9%
Riverboat Transfers & Receipts	$654	554	$100	18.1%
Other	$1,048	589	$459	77.9%
Total State Sources	$21,601	$19,757	$1,844	9.3%
Federal Sources	$4,987	$3,940	$1,047	26.6%
Total Federal & State Sources	$26,588	$23,697	$2,891	12.2%
Nongeneral Funds Distribution				
Refund Fund				
Personal Income Tax (11.7% in FY '04)	($949)	($638)	($311)	48.7%
Corporate Income Tax (32% in FY'04)	($417)	(273)	($144)	52.7%
Subtotal General Funds	$25,222	$22,786	$2,436	10.7%
Short-Term Borrowing	$0	$1,675	($1,675)	N/A
Budget Stabilization Fund Transfer	$226	$226	$0	0.0%
Pension Contribution Fund Transfer	$1,395	$300	$1,095	365.0%
Total General Funds	$26,843	$24,987	$1,856	7.4%

TABLE 4: ADJUSTED FY 2004 IEFC/GOMB COMPARISON

(millions)

Revenue Sources	Actual FY 2003	IEFC FY 2004 Adjusted Estimate March-04	*GOMB Adjusted Estimate Feb-04	Difference
State Taxes				
Personal Income Tax	$7,979	$8,110	$8,051	$59
Corporate Income Tax	$1,011	$1,302	$1,296	$6
Sales Taxes	$6,059	$6,265	$6,280	($15)
Public Utility (regular)	$1,006	$1,030	$1,062	($32)
Cigarette Tax	$400	$400	$450	($50)
Liquor Gallonage Taxes	$123	$122	$123	($1)
Vehicle Use Tax	$34	$35	$35	$0
Inheritance Tax (gross)	$237	$215	$240	($25)
Insurance Taxes & Fees	$313	$342	$333	$9
Corporate Franchise Tax & Fees	$142	$160	$175	($15)
Interest on State Funds & Investments	$66	$50	$50	$0
Cook County Intergovernmental Transfer	$355	$440	$440	$0
Other Sources	$349	$878	$1,187	($309)
Subtotal	**$18,074**	**$19,349**	**$19,722**	**($373)**
Transfers				
Lottery	$540	$550	$540	$10
Riverboat Transfers & Receipts	$554	$654	$639	$15
Other	$589	$1,048	$1,128	($80)
Total State Sources	**$19,757**	**$21,601**	**$22,029**	**($428)**
Federal Sources	**$3,940**	**$4,987**	**$4,987**	**$0**
Total Federal & State Sources	**$23,697**	**$26,588**	**$27,016**	**($428)**
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($638)	($949)	($942)	($7)
Corporate Income Tax	($273)	($417)	($415)	($2)
Subtotal General Funds	**$22,786**	**$25,222**	**$25,659**	**($437)**
Change from Prior Year Actual	**($593)**	**$2,436**	**$2,873**	**($437)**
Percent Change	**-2.5%**	**10.7%**	**12.6%**	
Short-Term Borrowing	$1,675	$0	$0	$0
Budget Stabilization Fund Transfer	$226	$226	$226	$0
Pension Contribution Fund Transfer	$300	$1,395	$1,600	($205)
Total General Funds	**$24,987**	**$26,843**	**$27,485**	**($642)**

*The GOMB estimate was taken from the FY 2005 Budget Book and was adjusted by the IEFC to enable consistent comparisons. Specifically: $144 million in other transfers was moved into FY 2004 rather than counted in FY 2003 to reflect actual timing of transfers; and, $226 million in Budget in Budget Stabilization Fund transfers was added to reflect actual activity.

NATIONWIDE STATE FINANCES: Despite some improvement—
States Remain Concerned about Budgets

The National Conference of State Legislatures (NCSL) released their February 2004 state budget update. The study indicated that while the worst budgetary problems may be over, many states remain concerned about their FY 2005 budget situations. The highlights from the study include:

- Eighteen states have experienced budget gaps so far in FY 2004 (compared with 36 midway through FY 2003).

- Ten states have seen their FY 2004 fiscal situation deteriorate in the last couple of months. Seven states that did not report gaps in November 2003 now report one.

- The current budget gap for the states is $2.5 billion, one-tenth as large as the $25.7 billion figure one year ago.

- Of the 18 states reporting FY 2004 budget shortfalls at some point during the fiscal year, only five have gaps about 5 percent, compared with 15 states at this time last year.

- State revenue performance has improved during FY 2004. Twenty-three states reported revenues above the budgeted estimate, with another 13 reporting them on target. However, revenues were performing below original projections in 14 states.

- For the remainder of the fiscal year, 25 states expect revenue performance to be stable, 13 are optimistic, 12 are concerned, and one is pessimistic. In 11 states, the FY 2004 revenue outlook has improved since November 2003.

- Spending overruns continue to impact state budgets, although to a lesser extent than last year. Twenty-three states report that spending is exceeding budgeted levels, of those, 17 report that Medicaid or other health care programs are exceeding budgeted amounts. Other programs over budget include corrections, K-12 education, and disaster programs.

- Looking ahead to FY 2005, the fiscal situation is worrisome for many states as 31 project budget gaps. The aggregate FY 2005 budget gap is $35.6 billion, about half as much as the $68.7 billion amount states had to close as they enacted their FY 2004 budgets.

- To deal with the budget gaps, at least 15 states will consider tax proposals such as cigarette taxes or other narrow taxes. At least 19 states will examine gaming proposals.

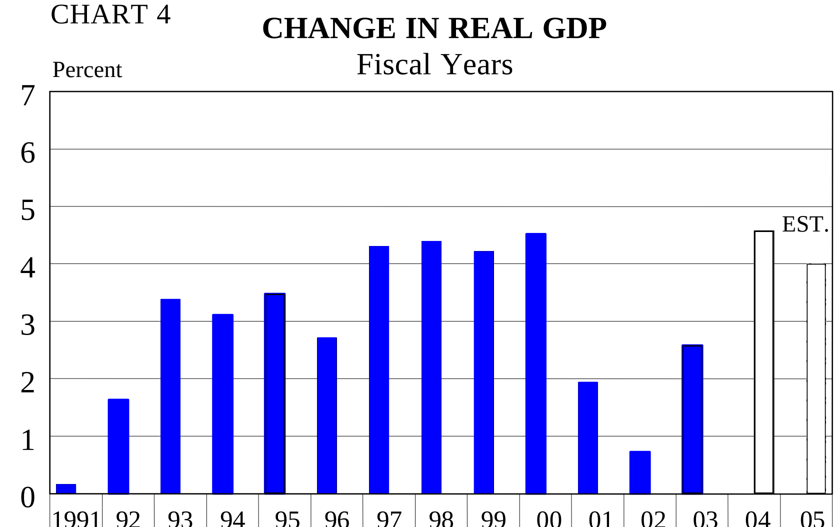
- A dozen states are considering other revenue raising measures such as tuition increases, changing tax due dates, imposing surcharges or raising fees.

U.S. ECONOMIC OUTLOOK FY 2005:
Continued Growth but Terrorism Uncertainties Remain

The economy is anticipated to continue to grow at a rate above its historic average, but the composition of growth is likely to show some changes. Still overhanging the outlook is the possibility of another terrorist attack in the U.S. such as occurred recently in Spain. One needs only to look back at the deleterious economic effects that 9-11 had on the U.S. to be concerned. While recognizing the possibility, the forecast presented does not incorporate any event of this magnitude.

As shown in Chart 4, real or inflation-adjusted gross domestic product is forecast to rise by 4% in FY 2005, lower than the 4.6% expected in FY 2004, but higher than most years in the 1990s. In support of this forecast has been the performance of the U.S. Leading Index. The index produced by the Conference Board increased again in January recording its largest gain since October. The Leading Index has now increased at a 5% annual rate since March a year-ago and the growth has been widespread. According to the Conference Board… "***the continued growth in the leading index is signaling that strong economic growth should persist in the near term.***"

CHART 4



	1991	92	93	94	95	96	97	98	99	00	01	02	03	04	05
Actual	0.17	1.64	3.39	3.11	3.48	2.72	4.31	4.4	4.22	4.52	1.95	0.73	2.58		
Est.														4.58	4

Table 5 on page 23, provides a more detailed breakdown of the U.S. economic forecast for FY 2005. As indicated, the pace of consumer spending is likely to moderate somewhat as the stimulus of the tax cuts and tax refunds fade. Even so, the 3.3% gain excluding inflation is a respectable increase and reflects some improvement in employment gains. The major difference between the two years is in the area of spending on durable goods, or those with a long life such as autos and furniture and appliances, which while rising, is unlikely to repeat the FY 2004's large gain.

TABLE 5: ECONOMIC FORECASTS – MARCH 2004
($ Change From Prior Year Levels)

REAL (2000 $)	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimated	FY 2005 Estimated
Gross Domestic Product	2.0	0.7	2.6	4.6	4.0
Personal Consumption	3.4	3.0	2.8	4.0	3.3
Durable	3.5	7.2	4.2	10.3	4.5
Nondurable	2.9	2.4	2.8	5.0	3.8
Services	3.7	2.4	2.5	2.3	2.7
Fixed Investment (Business Spending)	-0.8	-8.9	3.4	8.6	7.7
Exports	7.5	-8.4	0.5	4.1	12.8
Imports	7.1	-4.1	6.4	8.0	7.0
Government	1.8	3.0	4.1	3.0	2.1
Federal	1.6	4.4	8.3	9.0	4.2
State & Local	2.4	1.6	1.4	0.5	1.5
OTHER MEASURES					
Personal Income (Current $)	6.1	2.3	2.6	3.8	4.9
Personal Consumption (Current $)	5.8	4.5	4.7	5.6	4.7
Before Tax Profits (Current $)	-7.9	8.0	12.7	24.3	3.4
Consumer Prices	3.4	1.8	2.2	1.5	1.3
Unemployment Rate (Average)	4.1	5.5	5.9	5.8	5.4

A major contributor to growth is expected in the area of business spending. After falling in FY 2001 and FY 2002, such spending began an upward path, rising at an anticipated 8.6% rate in FY 2004. Investment in equipment and software has been stimulated as businesses accelerate purchases to take advantage of the bonus depreciation set to expire on December 31st. Global Insight, IEFC's forecasting service, expects growth in equipment spending to hold in the high single digits for the next few years.

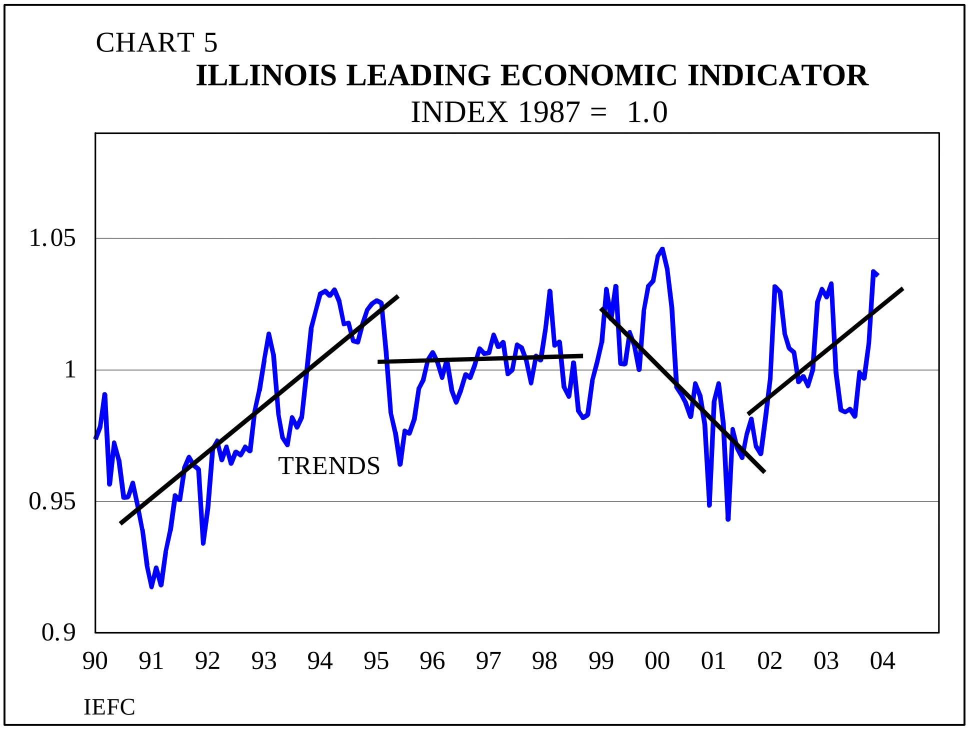
A bright spot in the next several years is likely to be trade. The weaker dollar in the foreign exchange market is restoring the competitiveness of U.S. producers. According to Global Insight... *"So far, the pickup in foreign orders has only halted the deterioration in net trade, but by year end net trade should begin an upward trend and making a positive contribution to GDP growth."* One weaker spot is likely to be in residential investment, which is expected to have peaked in the first quarter of this year, and then decline as pent up demand is satisfied, mortgage rates edge up, and price appreciation slows.

Finally, while federal government stimuli will fade, no restrictive moves are likely. Furthermore, the Federal Reserve is likely to continue a very accommodative policy, despite continued above- trend growth. Strong productivity gains, ample capacity, intense competition, and limited wage bargaining power will constrain inflation and allow the Federal Reserve to move slowly in raising interest rates over which it has some control.

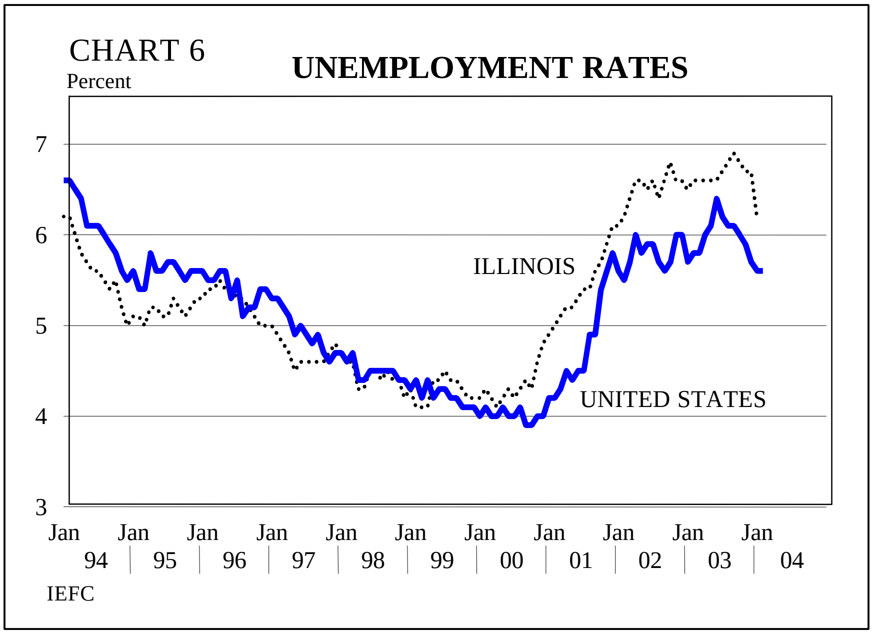
IEFC's forecast for FY 2005 is for continued good growth of 4% in real GDP as improvements in business and trade help offset lower residential spending and a modest slowing in consumer durable goods spending.

ILLINOIS ECONOMIC OUTLOOK: FY 2005

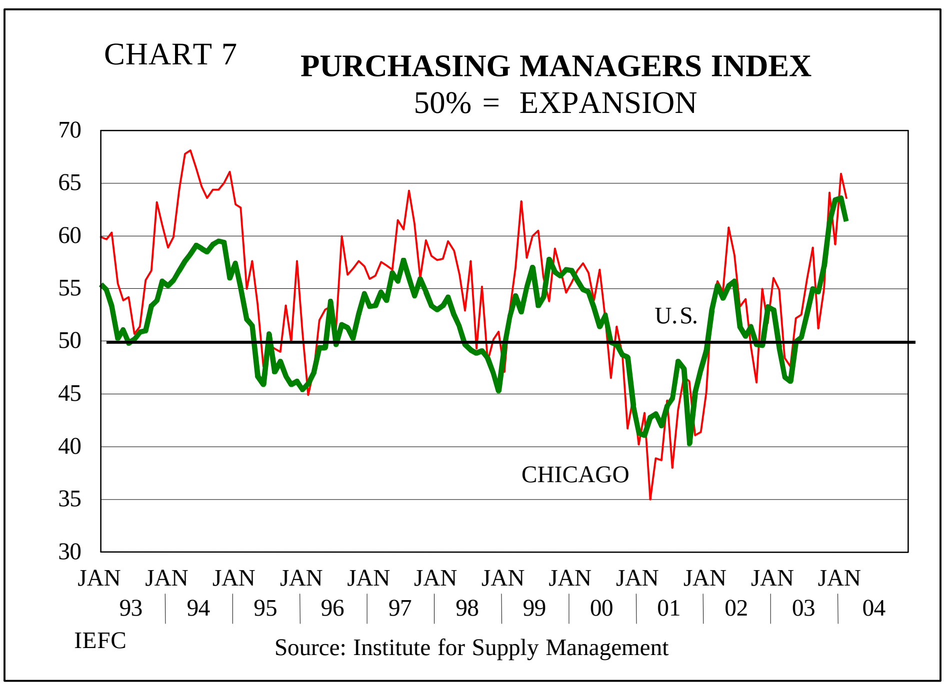
The outlook for the Illinois economy is closely tied to the outlook for the nation. According to Economy.com, a forecasting service employed by the IEFC, 95% of the variation in the Illinois economy is related to variations in the national economy. As such, it should not be surprising that the Illinois Leading Economic Indicator prepared by the IEFC is on a strong upward trend, as is the national measure. As shown in Chart 5, the indicator, which is based upon measures of employment such as hours worked in manufacturing, new single-family building permits, and surveys of manufacturers' expectations, has been on a strong upward trend for the past two years. This is in sharp contrast to the steep decline that occurred in the previous two years. While this measure does not always accurately depict the magnitude of strength or weakness in the Illinois economy, it has been a good reflection of its direction.



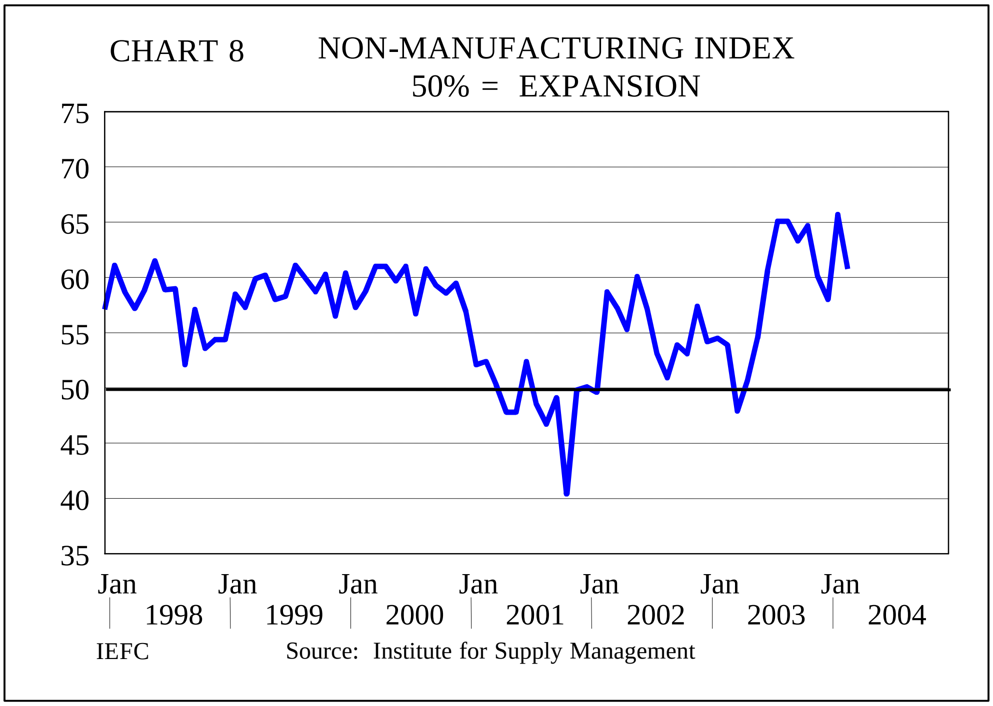
As the economy has continued to grow, unemployment rates have fallen. As Chart 6 shows, the national unemployment rate stood at 5.6% in February, down from its recent peak of 6.4% in June 2003. Illinois has lagged the nation as a whole in recent years. In large part this divergence reflects the weakness, until recently, in business spending, particularly in the manufacturing sector which represents a larger share of the Illinois economy than is true nationally. The Illinois' unemployment rate didn't peak until September of last year, and then at a much higher 6.9% rate, although it also has edged down to 6.2% in January.



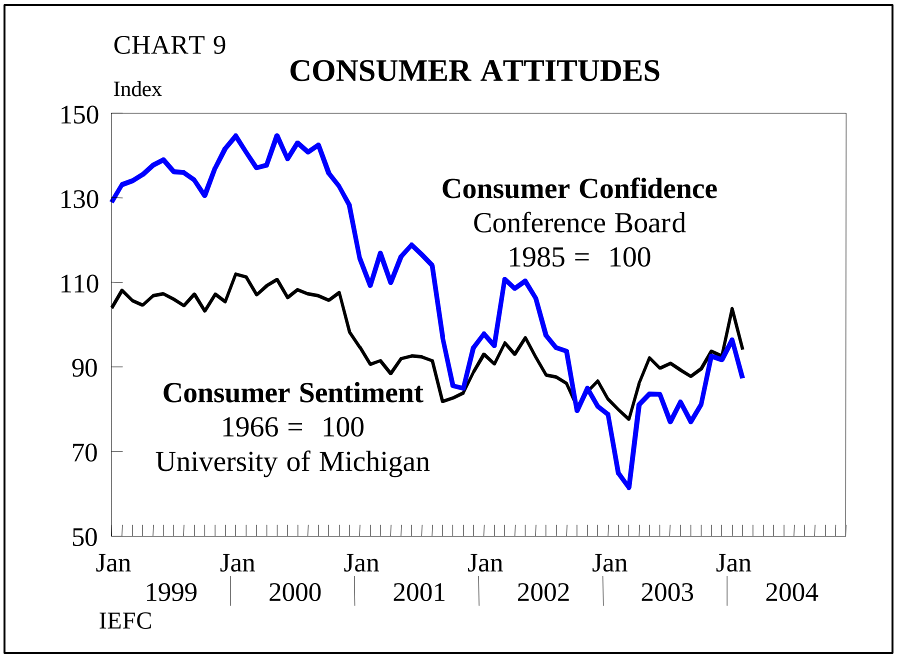
By far the weakest sector in the economy has been manufacturing. (See Chart 7.) After contracting from late 2000 until early 2002, the Purchasing Manager's Index began to expand again. Movements were erratic and without trend until mid-2003, when the indicator began a sharp upward path. While there was a modest softening in the index in February, the expansion has now been underway for nine consecutive months. The Chicago Index, while a bit more volatile, generally has followed the national pattern. Perhaps the most significant ingredient in the index concerns the employment component. The employment index recorded a reading of 56.3 in February, the fourth consecutive month indicating expanding jobs and following 37 consecutive months of contraction.



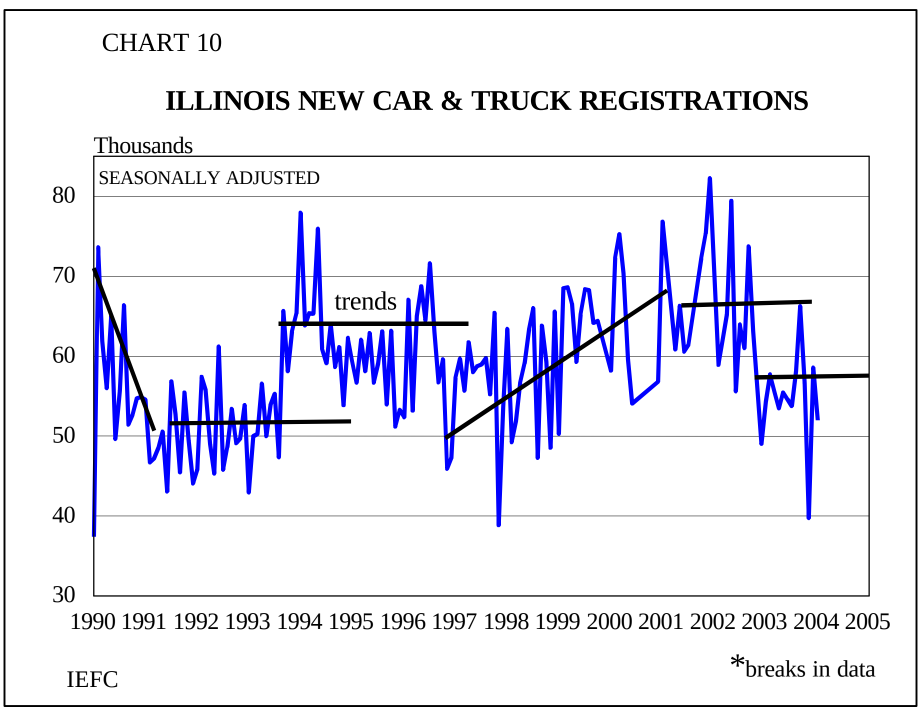
While manufacturing is important in the outlook, particularly given it's highly cyclical nature, the U.S. services sector accounts for the bulk of the overall economy. The Institute of Supply Management publishes a Non-manufacturing Index similar to its Purchasing Manager's Index to represent what is happening in that sector. Chart 8 shows that the non-manufacturing or service sector has been expanding since 9-11 except for a brief dip below 50% early in 2003, in large part due to uncertainties concerning the Iraq War at that time. While there was some softness at year-end, the service sector rebounded in January before edging down in February. Although still at a relatively good level, the recent weakening coincides with a similar softening in the consumer confidences measures.



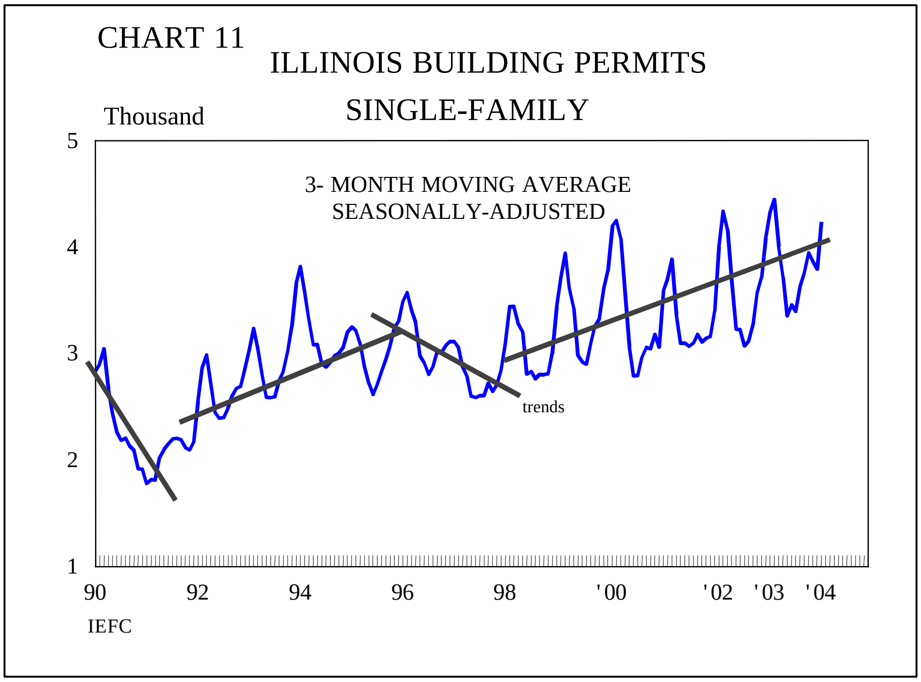
Consumer confidence has improved substantially over the past year, supporting continued gains in consumer spending (See Chart 9). Despite the recent upward movements in both the University of Michigan and Conference Board consumer surveys, there was some weakening in February, bringing levels back to those seen last fall. The softening appears to be directly related to concerns over employment prospects. Recent deleterious events in Spain may increase concerns over terrorism as well, restraining any sharp upward movement in these measures in the near term. Barring any major attacks in the U. S., however, and should some improvement in employment occur as expected in the months ahead, confidence should be sufficient to keep up consumer spending. Even so, as shown in Table 5, spending on durable goods such as autos may be less robust.



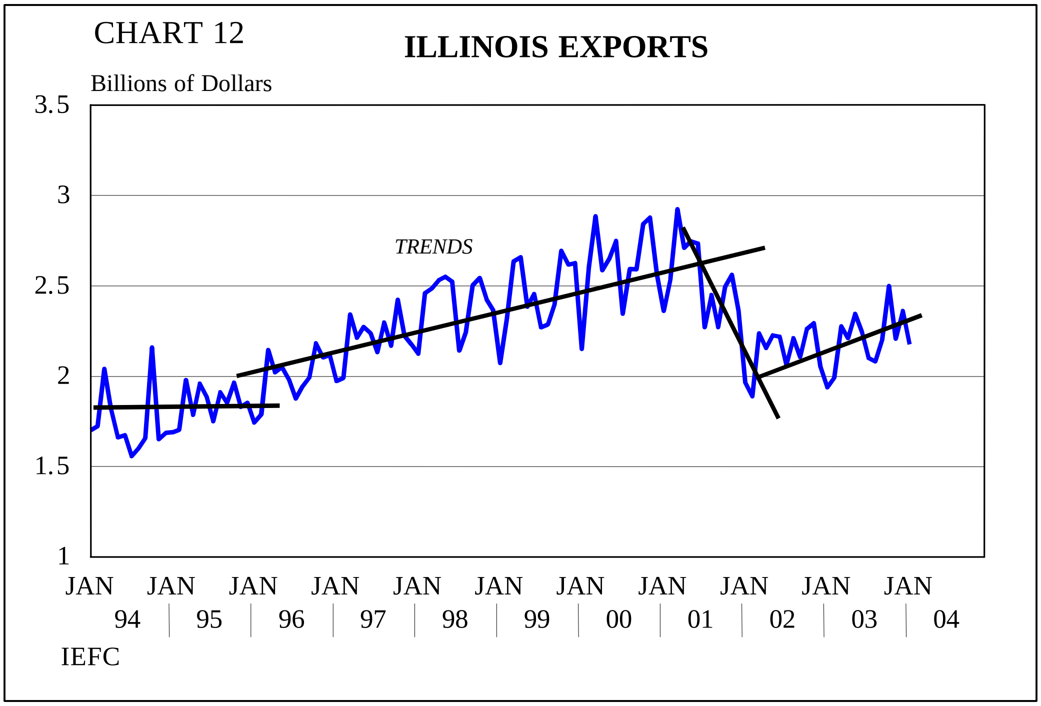
New car and truck registrations in Illinois, while volatile, already have shown some softening, reflecting weakening car sales in the State early this year as illustrated in Chart 10. While sales are still somewhat higher than levels in the early 1990s, they are below the record levels seen in late 2002 and early 2003. Low interest rates and unprecedented sales incentives have been highly stimulative and have undoubtedly helped cut into any pent-up demand. Thus, while hardly weak, auto sales are unlikely to be as strong a factor next fiscal year.



Housing activity in the State has also continued quite strong and likely to remain so, at least in the immediate future. Chart 11 shows new building permits for single-family homes in Illinois on a strong up trend. Since a permit must be issued before housing activity can begin, it is a precursor to future spending activity. Activity has been stimulated by historically- low mortgage interest rates, soaring home prices, and seen as a good investment alternative to equities and bonds. Still there is concern whether the recent strength in housing can continue at the same pace. Since the stock market has improved, providing a good alternative, there are concerns housing prices are moving into bubble territory, and continued rapid growth eventually may lead to somewhat higher mortgage interest rates.



While housing and auto spending may come off the strong levels of this year, one area that appears to be strengthening is exports. After declining in 2001 through early 2002, Illinois exports began showing signs of gradual increase (See Chart 12). The rising trend reflects some improvement within the economies of our trading partners as well as a substantial gain in the value of their currencies relative to the declining U.S. dollar. The latter has improved the competitiveness of U.S. products abroad. While improvement has been modest to date, further expected gains represent a positive force for Illinois as the State ranks fifth in the nation in total exports.



The Illinois economy is likely to expand further in FY 2005. As cited earlier, national growth is anticipated to slow to 4.0% in FY 2005 from 4.6% in FY 2004 as the fiscal stimulus derived from the tax cuts fade and interest rates begin to edge up from their 40-year lows. Even so, that represents a healthy growth rate well above the 2 1/2% to 2 3/4% long-term historical growth rate of the U.S. economy. While consumer spending on durables and housing activity slow, business spending and export growth are expected to strengthen. This should benefit Illinois and, as we begin to see an increase in jobs, help close the performance gap that has existed between the nation and Illinois. As indicated by Economy.com, an advisor to IEFC, however," over the long term Illinois will remain a below-average performing economy due primarily to its sub-par demographic trends and mixtures of industries."

THE IMPACT OF TAX AMNESTY

On June 20, 2003, P.A. 93-0026 became law and created the Tax Delinquency Amnesty Act. This legislation established a tax amnesty program for all taxpayers owing any taxes imposed by reason of or pursuant to authorization by any law of the State of Illinois and collected by the Department of Revenue. The amnesty program began on October 1, 2003 and ended November 15, 2003. During this period the Department of Revenue did not collect any interest or penalties on those taxes or pursue the taxpayer either by civil suit or criminal prosecution for those taxes if amnesty was granted to the taxpayer.

For the most part, monies collected under the amnesty program were deposited into the revenue source lines that would have originally received this money if the taxes were paid on time. However, there are two changes in P.A. 93-0026 that affected how the tax amnesty receipts were distributed. The first change was that 2.0% of the amnesty monies collected were deposited into the Tax Compliance and Administration Fund. The second change was that receipts that otherwise would have been deposited into the General Revenue Fund were deposited as follows: i) one-half into the Common School Fund; ii) one-half into the General Revenue Fund.

According to reports generated utilizing the Comptroller's data warehouse, a total of $512.9 million in tax amnesty receipts have been reported through the month of February, which includes $407.2 million in general funds receipts. On a general funds net revenue basis (less refund funds), the State has receipted $289.5 million. The Department of Revenue believes that after all receipts are accounted for, $532 million in total revenues will have been receipted as a result of the State's tax amnesty program.

At the time of signage, the Department of Revenue estimated that the FY 2004 tax amnesty period could generate between approximately $130 million and $230 million, $40 million of which would be State revenues that would not have been otherwise collected in FY 2004. Now that the amnesty period has been completed, the Department estimates that, of the $532 million generated, approximately $195 million can be used for State budget purposes; $155 million more than the $40 million original estimate.

One important factor in assessing the success of the tax amnesty program is the effect that this revenue boost will have on revenues in future years. Of the $532 million, $32 million is considered to be truly "new" revenue with the remaining $500 million considered to be accelerated from fiscal years 2004 and later. Of that amount, $169 million is monies that would have been eventually receipted in FY 2004; $161 million which would have been receipted in FY 2005; and, $170 million which would have been receipted in FY 2006 and beyond. The receipting of the FY 2005 and later revenues now means these revenues will not be available in FY 2005 and later; therefore, subsequent adjustments have to be made when estimating revenues for future fiscal years.

Much of the accelerated revenues that have come in during the tax amnesty period came from federal audits. According to the Department, "One of the surprises of the tax amnesty program was $153 million in payments from business taxpayers under federal audit who do not yet owe the State anything, but chose to pay during the amnesty period to protect themselves from possible future interest charges." Again, these are revenues that will not be available in future years when they normally would have been received and, because many of these taxpayers have purposely overpaid their tax bill to avoid any possible penalties, they may stand a greater likelihood of being rewarded a State tax refund in the future. The Department of Revenue does point out, however, that one of the benefits of the amnesty program is that auditors will now be able to audit accounts they would not otherwise have time to do, reducing losses in future years.

Aside from the federal audit issue, many of the taxpayers that took advantage of the amnesty program likely were delinquent taxpayers who paid their taxes to avoid higher penalties. However, it has been pointed out that some of the payments may have come from taxpayers who put off their early FY 2004 tax payments until the amnesty period, knowing that there would be no penalty for the delays. Therefore, part of the amnesty totals experienced could be delayed payments and not necessarily new revenues.

Determining the effect that accelerated amnesty revenues will have on future revenue collections has proven difficult. The difficulty comes in calculating the actual base growth of a revenue source, which requires removing tax amnesty revenues that the revenue source would not have received in FY 2004 if amnesty did not occur, while at the same time recognizing tax amnesty revenues that would have been collected in FY 2004 anyway. Calculating this base growth is important because it gives a better understanding of how a particular tax has performed during the fiscal year. By determining the base growth of a revenue source, a more precise revenue estimate can be calculated.

The Commission is using the following basic method for estimating revenue sources impacted by tax amnesty:

1) Determine estimated FY 2004 revenues (including amnesty revenues)
2) Remove accelerated revenues that would have been collected in FY 2005 and beyond (per IDOR data)
3) Apply an appropriate growth factor to calculate an unadjusted FY 2005 estimate
4) Remove from the FY 2005 unadjusted estimate revenues that would have been collected in FY 2005, but already have been accounted for in FY 2004 via acceleration

This method was used in calculating the FY 2005 estimates for several revenue sources, including the individual income tax, the corporate income tax, and the sales tax.

As shown in the following table, the majority of the tax amnesty receipts have come from income taxes. The Department of Revenue reports that over 64,000 individual taxpayers took advantage of the tax amnesty period. Of the amnesty monies reported to the Comptroller through February, 52.9% are from the corporate income tax, while 15.9% came from the personal property replacement tax. In addition, 7.8% of total receipts came from individual income taxes. The sales tax was the other revenue source that benefited from the amnesty program generating approximately 20.2% of the total amount collected. The remaining 3.2% of revenues was spread between thirty-four other revenue sources. The Commission will continue to evaluate the resulting tax amnesty information and will report of any significant findings.

FY 2004 TAX AMNESTY TOTALS THRU FEBRUARY

(Per Comptroller's Data Warehouse)

Revenue Source Code:	1901	1902	1903	1904	1905	1906	1907
Revenue Source:	Retailers Occup. Tax	Priv SLS Used Car Use	Auto Renting Tax	Hotel Oper Use Tax	Indiv Income Tax	Corp Income Tax	Liquor Tax
General Funds Subtotal:	$93,545,029.80	$183,588.67	$6,248.91	$83,704.22	$39,259,601.98	$264,543,940.54	$16,669.46
Net General Funds:	$93,545,029.80	$183,588.67	$6,248.91	$83,704.22	$34,572,486.24	$151,528,698.11	$16,669.46
Total All Funds:	$103,538,275.89	$187,334.58	$6,514.26	$192,318.62	$40,060,818.36	$271,607,393.20	$17,009.66
Revenue Source % of Total:	20.2%	0.0%	0.0%	0.0%	7.8%	52.9%	0.0%

Revenue Source Code:	1908	1909	1910	1912	1913	1914	1916
Revenue Source:	P.U. Tax Gas Regular	Electricity Excise Tax	Underground Storage Tax	Pull Tabs & Jar Games	Motor Fuel Tax	Cigarette Tax	P.U. Tax Telecom Tax
General Funds Subtotal:	$44,680.16	$8,923.60	$0.00	$0.00	$0.00	$26.40	$3,959,736.57
Net General Funds:	$44,680.16	$8,923.60	$0.00	$0.00	$0.00	$26.40	$3,959,736.57
Total All Funds	$45,592.00	$9,387.33	$507,345.18	$39.91	$1,497,509.92	$26.40	$5,804,730.22
Revenue Source % of Total:	0.0%	0.0%	0.1%	0.0%	0.3%	0.0%	1.1%

Revenue Source Code:	1917	1918	1919	1920	1921	1922	1923
Revenue Source:	Bingo Tax	Repl. Vehicle Tax	Dry Cleaner Tax	Auto Rent Tax MPEA	Auto Rent Tax MUNI	Auto Rent Tax County	Pers Prop Repl Tax
General Funds Subtotal:	$248.04	$2,180.54	$0.00	$0.00	$0.00	$0.00	$0.00
Net General Funds:	$248.04	$2,180.54	$0.00	$0.00	$0.00	$0.00	$0.00
Total All Funds	$506.20	$2,225.04	$0.00	$5,572.28	$1,167.52	$13.26	$81,463,526.78
Revenue Source % of Total:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.9%

Revenue Source Code:	1924	1925	1926	1927	1932	1933	1934
Revenue Source:	Pull Tabs & Jar Games	CHGO Hotel Oper Tax	Metro Pier & Expo Auth	Hotel Operators' Tax	Metro East Sales Tax	Metro East Park and Recreation	RTA Sales Tax
General Funds Subtotal:	$977.74	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net General Funds:	$977.74	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total All Funds	$1,955.49	$33,594.32	$39,005.67	$16,984.84	$11,598.80	$615.51	$800,765.73
Revenue Source % of Total:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%

Revenue Source Code:	1935	1936	1938	1939	1940	1941	1942
Revenue Source:	Cnty Option MFT	County Public Safety Tax	Metro Pier & Expo Auth	County Home Rule Sales	County Water Com SLS Tax	Non Home Rule Muni SLS	Home Rule Muni SLS Tax
General Funds Subtotal:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Net General Funds:	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total All Funds	$246,447.70	$7,012.74	$39,502.64	$314,575.65	$25,604.15	$4,083.71	$426,687.71
Revenue Source % of Total:	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%

Revenue Source Code:	1945	1946	1947		
Revenue Source:	Telecomm. Tax	Invested Capital	Hotel Oper 1% ADD'L		Grand Total
General Funds Subtotal:	$5,577,093.73	$0.00	$0.00	General Funds Subtotal:	$407,232,650.36
Net General Funds:	$5,577,093.73	$0.00	$0.00	Net General Funds:	$289,530,292.19
Total All Funds	$6,019,845.21	$8,909.03	$37,276.29	Total All Funds	$512,981,781.80
Revenue Source % of Total:	1.2%	0.0%	0.0%		

PRELIMINARY FY 2005 GENERAL FUNDS ESTIMATE

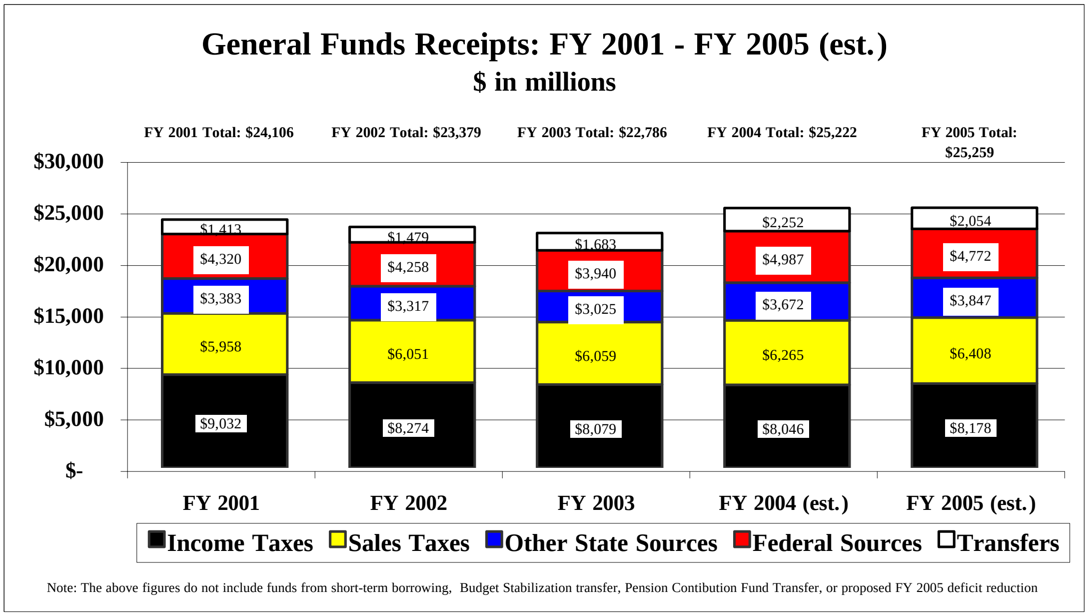
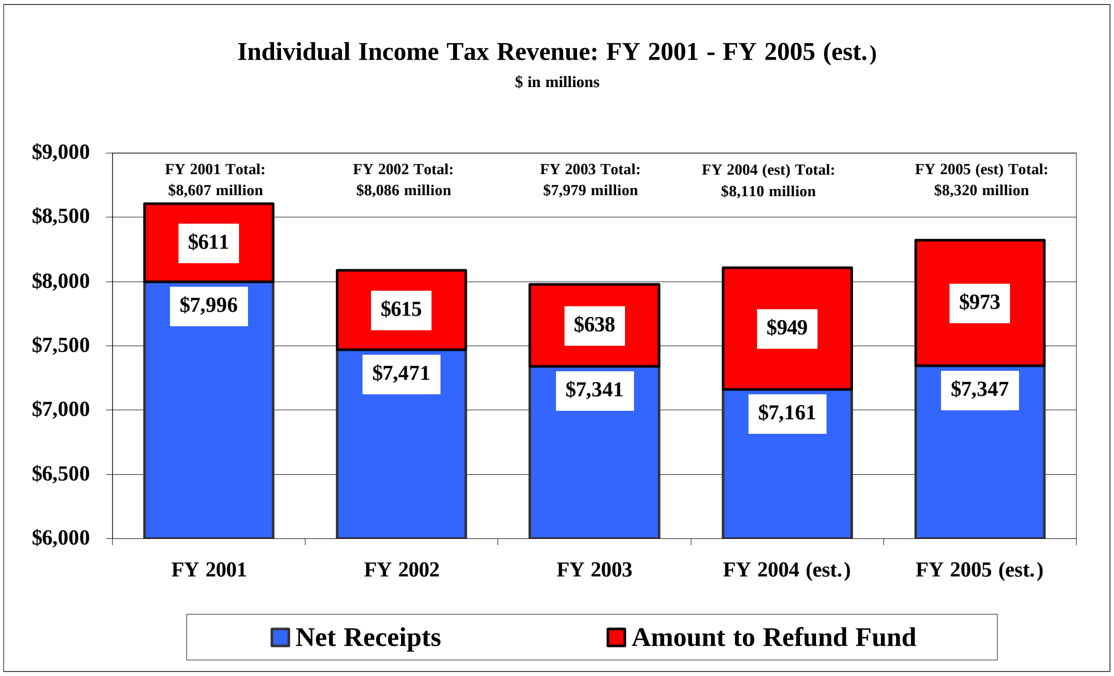


Table 6 on page 50, provides a preliminary estimate of the upcoming fiscal year. As shown, excluding $803 million in Governor proposed "deficit reduction sources" as well as Pension Contribution Fund and Budget Stabilization Fund transfers, base FY 2005 general funds are expected to increase only $37 million or 0.1% (see above graph). If all of those elements are included, since no Pension Contribution Fund transfers will occur in FY 2005, the overall forecast falls $505 million or 1.9% from the prior fiscal year's estimate.

A number of items will serve to curtail growth in FY 2005. The impact of the tax amnesty program will have consequences next year due to the accelerated revenues that will not be available in FY 2005. In addition, one-time federal windfalls will be absent in FY 2005. Both of these items will significantly affect overall growth projections. Somewhat offsetting these items is the movement of $350 million from the sale of the 10th riverboat license from FY 2004 into FY 2005. While the governor has proposed $803 million in various deficit reduction sources, since legislative approval is required, their inclusion in the forecast is for comparison purposes only.

The following section provides background information on each major source and the FY 2005 forecast.

PERSONAL INCOME TAX



The individual income tax is the largest revenue source, generating approximately one-third of all general funds revenue. Enacted in 1969 at the rate of 2.5%, the current individual income tax is imposed at a rate of 3.0% on the federal-adjusted gross income (AGI) for individuals with some adjustments.

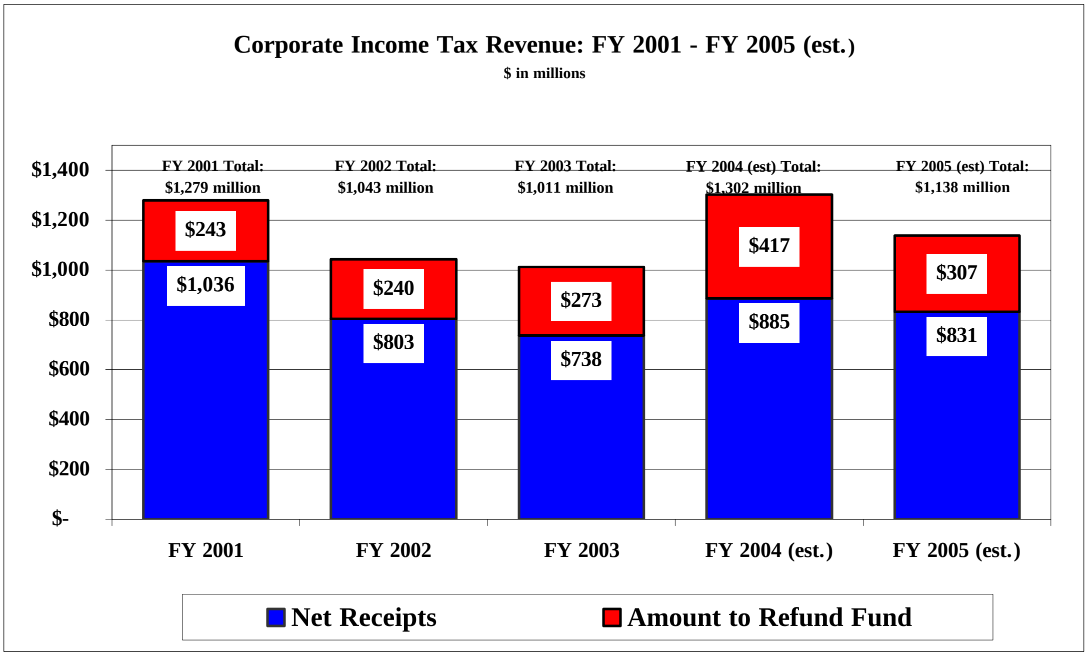
Since tax year 2000, each taxpayer is permitted a $2,000 standard exemption plus an additional $2,000 for a spouse and each dependent. An additional exemption of $1,000 is available to taxpayers and their spouses who are blind or 65 years of age or older. In addition to the personal exemptions, there are several tax credits available to assist individuals in reducing the amount of tax due. The most significant credit is based on 5% of property taxes paid on the taxpayer's principal residence.

A percentage (11.7% in FY 2004) of gross personal income tax receipts are deposited into the Income Tax Refund Fund, with 7.3% of that net amount going to the Education Assistance Fund (EAF). The remainder goes to the General Revenue Fund. The EAF is considered to be part of general funds and, accordingly, receipts going to the EAF are shown as general funds receipts.

According to statute, at the beginning of each fiscal year the Department of Revenue should determine the refund percentage for the new fiscal year based on actual refund activity and unpaid refund backlog. However, in most recent years, that refund percentage has been set in the budget implementation language. In FY 2005, the estimate is based on the same refund percentage used in FY 2004, 11.7%. Any change in that percentage also will affect net personal income tax receipts.

The FY 2005 estimate of gross personal income tax receipts is $8.320 billion, an increase of $210 million or 2.6% over projected FY 2004 receipts. Prior to making necessary adjustments related to tax amnesty, the estimate assumes base growth of 3.0%. The forecast represents a degree of improvement in the employment picture as economic activity finally translates into modest job gains.

CORPORATE INCOME TAX



Enacted in 1969 at a rate of 4%, the current rate is 4.8% and is applied to a corporation's federal taxable income with several adjustments.

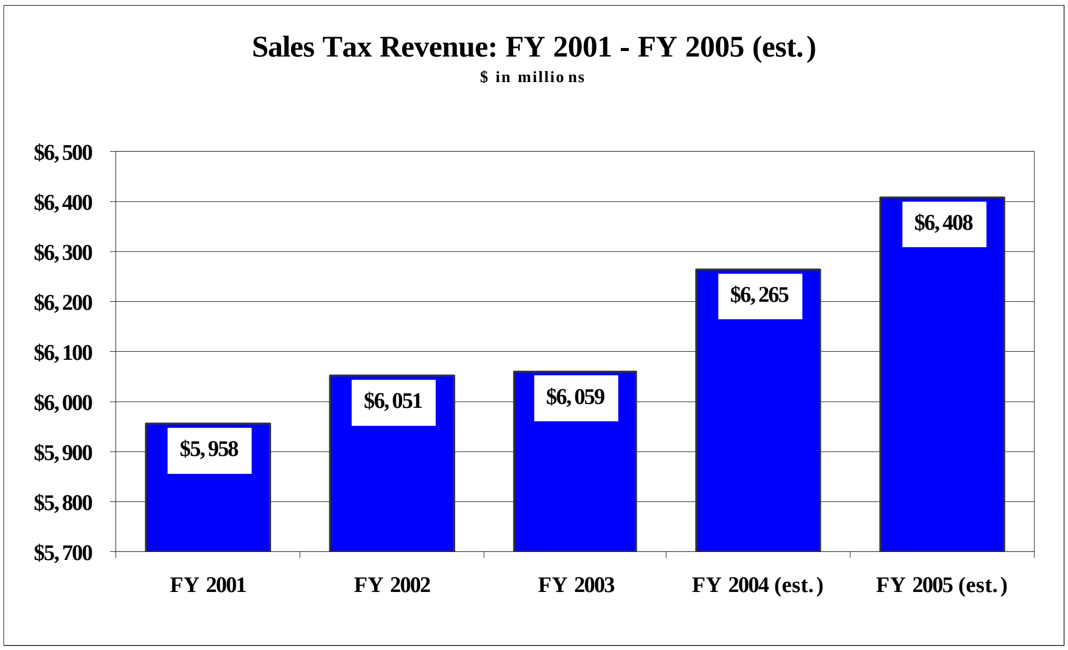
After a phased-in transition to a single-factor sales formula apportionment of business income, sales in Illinois are the only determinant of how much of a multistate firm's income is taxed.

Historically, corporate income tax has proven much more volatile than personal income tax revenue. Carry forward (and until recently carry backward) provisions as well as other recent tax changes contribute to that volatility.

Like the personal income tax, corporate income tax receipts are deposited into the Income Tax Refund Fund and the Education Assistance Fund (7.3% net of refunds), with the remainder going to the General Revenue Fund. In FY 2004, the refund percentage is 32%. In FY 2005 that percentage is expected to fall to 27%, although any change in that percentage will also affect net corporate income tax receipts.

The FY 2005 estimate of gross corporate income tax revenue is $1.138 billion. This represents a $164 million or 12.6% decline over the FY 2004 forecast and includes the necessary adjustments related to the tax amnesty program that accelerated a significant amount of future corporate income tax revenue into FY 2004. The forecast includes base growth projections of 3.0%, prior to FY 2005 amnesty adjustments. Due to the lower refund percentage anticipated for FY 2005, on a net basis, receipts are expected to fall only $54 million.

SALES TAX



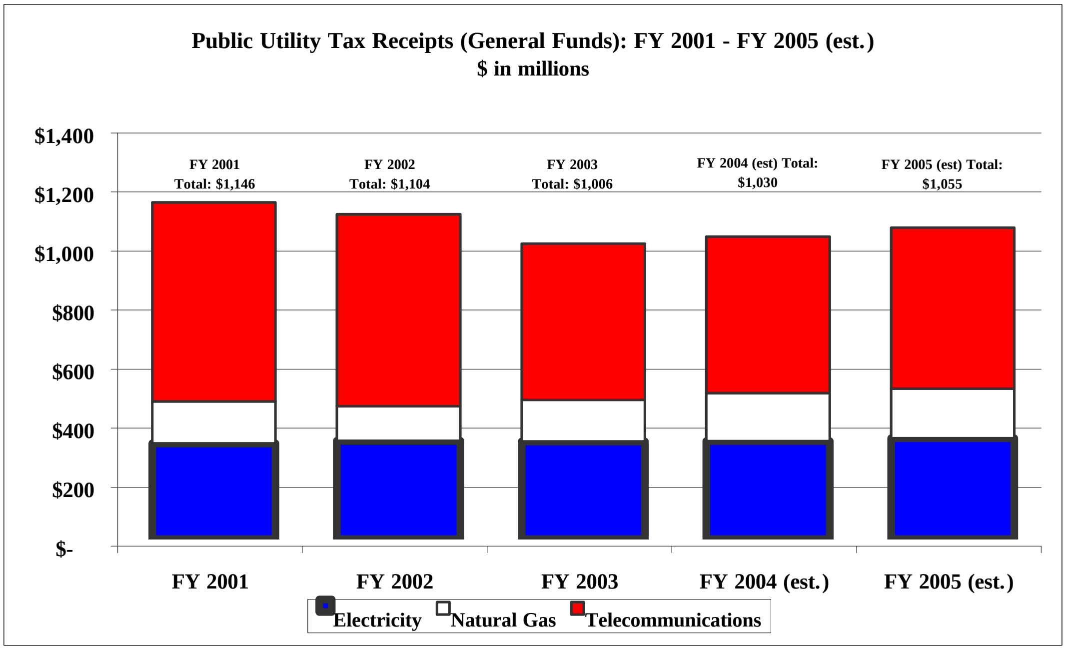
The sales tax rivals the personal income tax as one of the largest general funds sources, generating approximately 25% of total general funds revenue. The sales tax is composed of four individual taxes including the retailers' occupation tax, the use tax, the service occupation tax, and the service use tax.

These taxes are designed to capture most transactions involving tangible goods. The retailers' occupation tax is imposed on those persons engaged in the business of selling tangible personal property. The service occupation tax combined with the service use tax captures property acquired in connection with the performance of a service. Out-of-state sellers doing business in Illinois are liable for the use and occupation taxes.

Presently, the rate for all four sales taxes is 6.25% of either the purchase price or the fair market value. Rates may vary around the State depending on locally-imposed sales taxes. Of the 6.25% rate, 5.0% is collected for the State and 1.25% goes to local governments. The estimate of general funds sales tax receipts is based on a 5.0% rate.

Sales tax receipts are estimated to be $6.408 billion in FY 2005. This represents overall growth of $143 million or 2.3% and includes adjustments related to tax amnesty. Base growth assumed for FY 2005 is a slightly higher 3.5%. Consumer activity should improve somewhat as the job picture strengthens and confidence gradually returns.

PUBLIC UTILITY TAXES



Public utility taxes deposited in the general funds consist of three separate taxes that are imposed on utilities providing electric, natural gas, and telecommunications service in Illinois. Public utilities are the third largest general funds revenue source, generating approximately 4.4% of all general funds revenue.

A telecommunications (messages) excise tax is imposed on businesses sending or receiving interstate and intrastate telecommunications. The rate and base of the telecommunications excise tax is 7.0% of the gross charges of businesses transmitting interstate or intrastate messages.

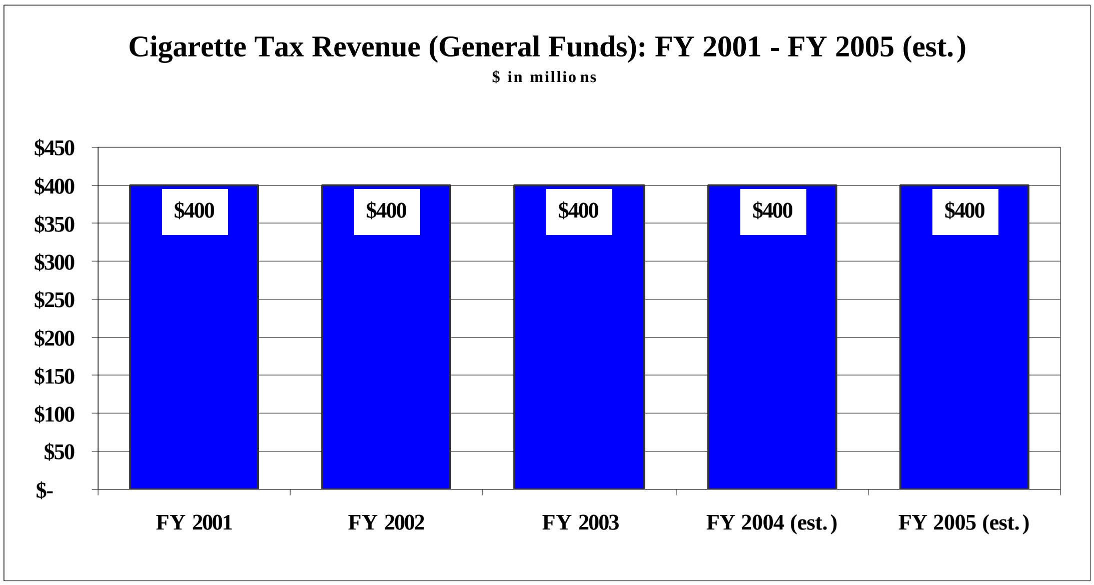
The natural gas revenue tax is imposed on utilities distributing natural gas in Illinois. The rate and base of the natural gas revenue tax is the lesser of 2.4 cents per therm of all gas sold to each customer or 5.0% of the gross receipts received from each customer. A new tax on purchases of out-of–state natural gas was enacted in FY 2004.

Since August 1, 1998, the rate and base of the public utility electricity tax is calculated on the amount of kilowatt hours used in a month by a residential customer. The rate begins at 0.33 cents per kilowatt-hour and decreases as the amount of usage increases.

The tax on self-assessing (non-residential) customers equals 5.1% of their purchase price. Customers of municipal systems or rural electrical cooperatives pay the lesser of 0.32 cents per kilowatt-hour or 5% of their purchase price.

The FY 2005 estimate of public utility tax receipts is $1.055 billion, an increase of $25 million or 2.4% over the previous fiscal year. Included in that growth total is approximately $10 million in annualizations related to the new tax on out-of-state natural gas purchases. That aside, while unpredictable factors related to weather make forecasting difficult, little growth is anticipated for the coming fiscal year.

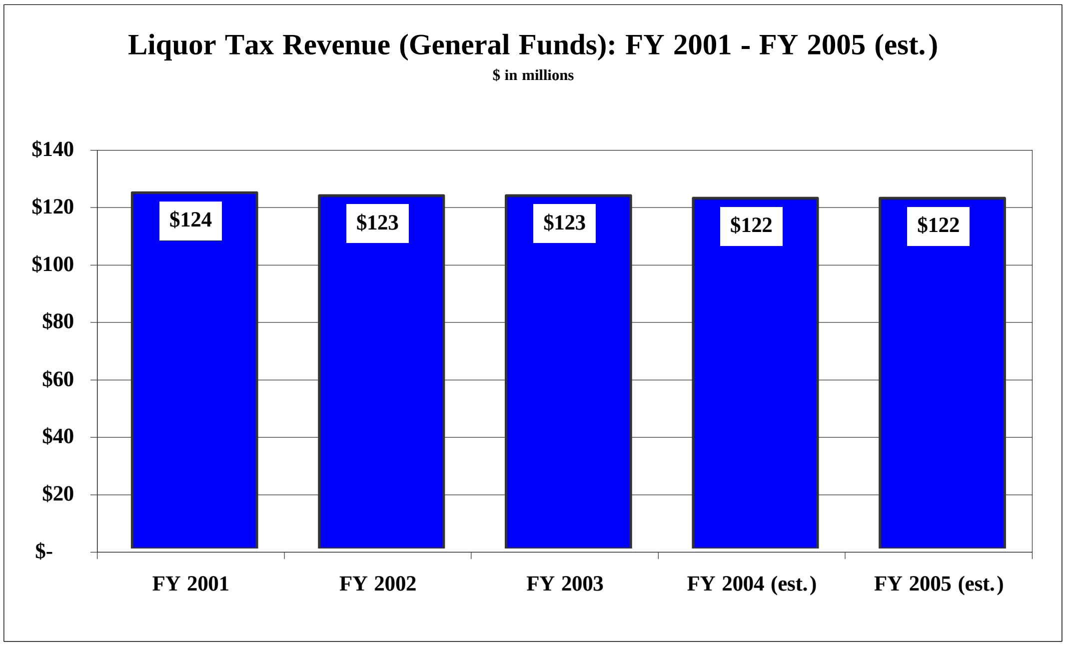
CIGARETTE TAXES



There are two taxes on cigarettes: the cigarette tax and the cigarette use tax. Wholesale distributors collect the taxes from retailers and are ultimately responsible for sending collections to the State. The taxes are mutually exclusive in that they are not levied on the same transaction, thereby avoiding double taxation. The current tax rate for both taxes is 98 cents per pack of 20 cigarettes.

The FY 2005 estimate of general funds cigarette tax receipts is $400 million. This revenue source, absent legislative change, should result in an annual amount of $400 million as $33.3 million in cigarette tax is deposited each month by statute into the general funds. [However, there is pending legislation that would impact on FY 2004 cigarette general revenue receipts related to prepayment changes. Even if passed, those changes would not impact on the FY 2005 estimate.]

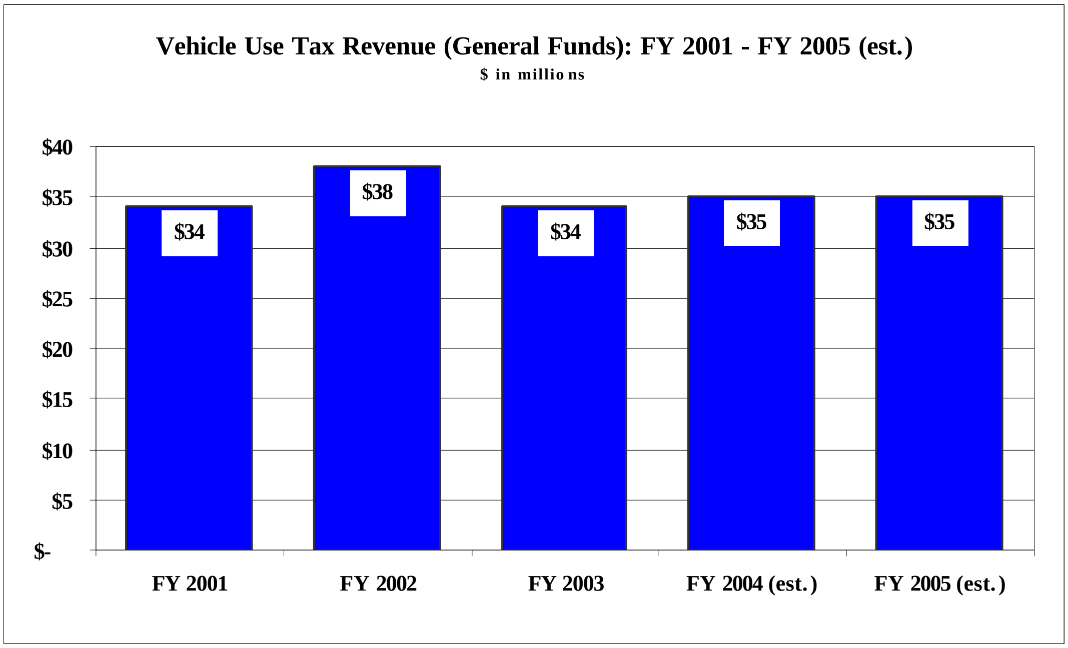
LIQUOR GALLONAGE TAXES



Illinois imposes a tax on the privilege of manufacturing or distributing alcoholic beverages in the State, measured by the number of gallons produced or distributed. The rates vary based on the type of alcohol. The tax per gallon of beer is 18.5 cents, wine and other fortified beverages with less than 20% alcohol is 73 cents, and on distilled liquor $4.50.

The FY 2005 estimate of liquor gallonage taxes is $122 million, reflecting no change over the prior fiscal year.

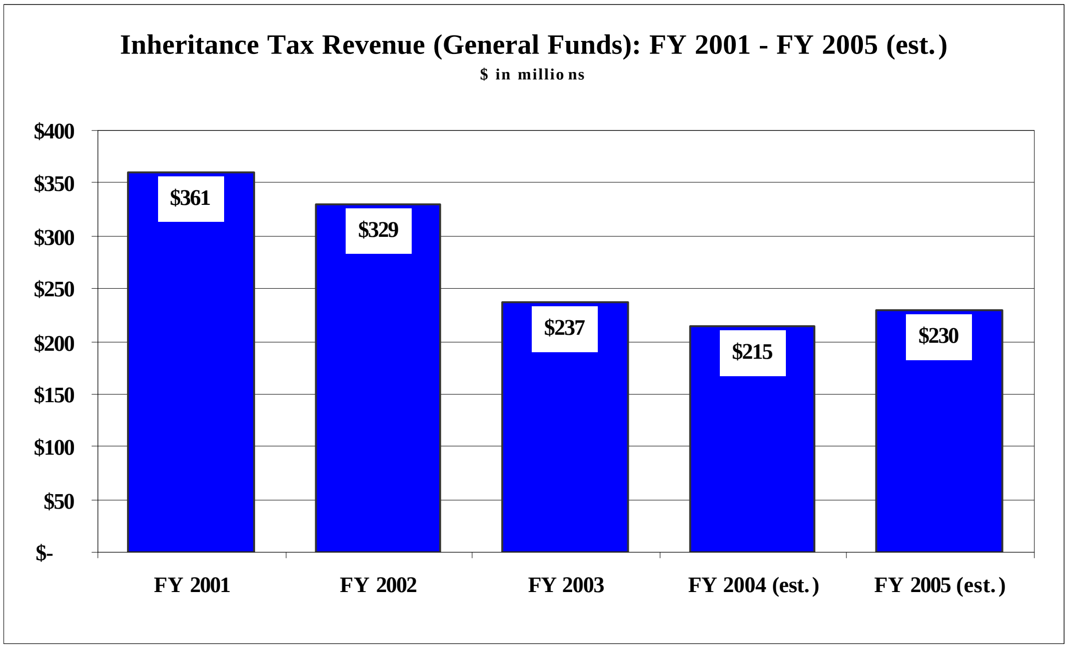
VEHICLE USE TAX



The vehicle use tax is collected on the transfer of ownership of motorized vehicles between private parties. The current rate is based on a statutory schedule that is determined by the age of the vehicle or the purchase price.

The FY 2005 general funds estimate for vehicle use tax is $35 million. Receipts from this source have been virtually unchanged for many years.

INHERITANCE TAX

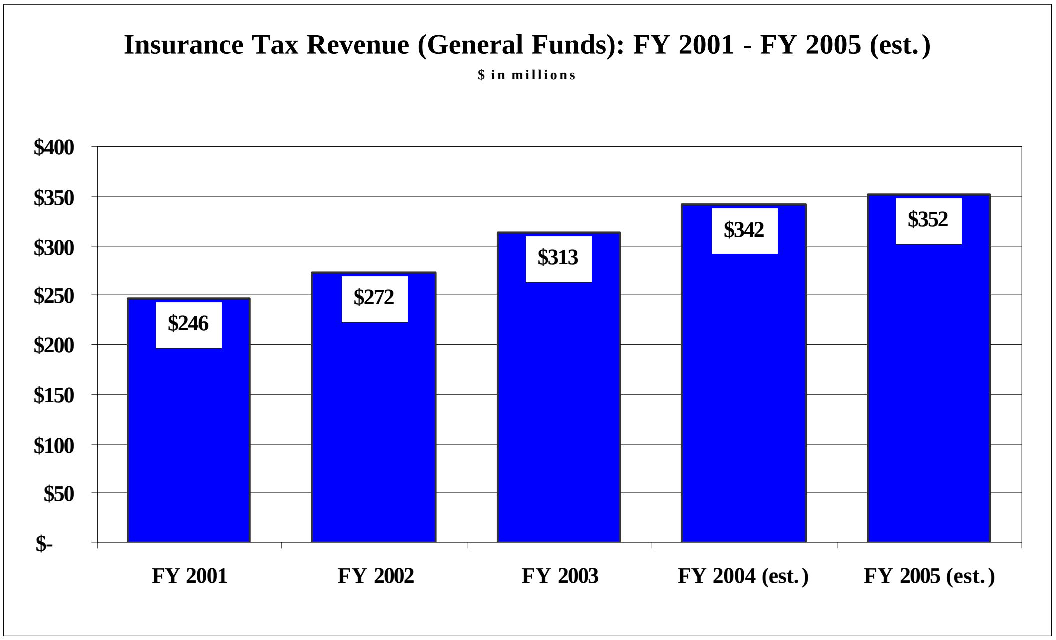


The State of Illinois currently administers an estate tax and a generation-skipping transfer tax. The Illinois estate tax is imposed on a decedent's estate prior to its distribution. The State generation-skipping transfer tax is imposed on bequests in which the transferor is two or more generations removed from the transferee. These taxes are commonly referred to as "pick-up" taxes, because the State taxes equal the maximum state credit permitted against deferral estate and generation-skipping tax liability. This type of tax provides revenue to the State without increasing the estate's total tax burden.

On June 7, 2001, Congress passed H.R. 1836 which completely overhauled the federal estate tax. It repeals federal estate and gift taxes over a ten-year period, it increases the unified credit associated with a decedent's estate, and it reduces the state death credit by 25% per calendar year until it is completely eliminated in 2005. The federal estate tax repeal ultimately would have eliminated Illinois' estate tax revenue due to the nature of the pick-up taxes. However, on June 20th, 2003, P.A. 93-0030 effectively decoupled the State from most of those federal provisions, thus allowing the State to retain its share of revenues.

The FY 2005 estimate of inheritance tax is $230 million, an increase of $15 million. The increase reflects timing associated with the decoupling enacted in FY 2004. In essence, due to a considerable time lag associated with estate settlements, a full year's effect of the decoupling measure will not be felt until next year.

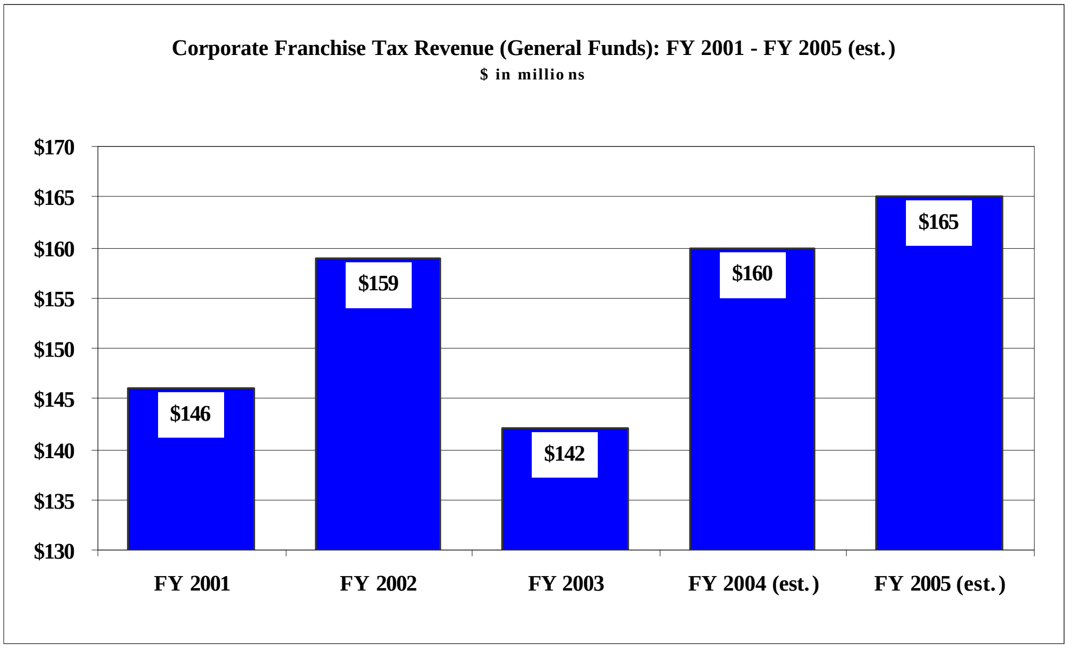
INSURANCE TAXES AND FEES



The State imposes a number of taxes and fees on insurance companies. The tax is based on the net taxable premiums written and is applied at the rate of either 0.4% for accident or health insurance, or 0.5% for other insurance policies. There are numerous other fees levied on particular types of insurance activities.

The FY 2005 general funds estimate of insurance taxes and fees is $352 million, which reflects growth of 2.9% from the prior year.

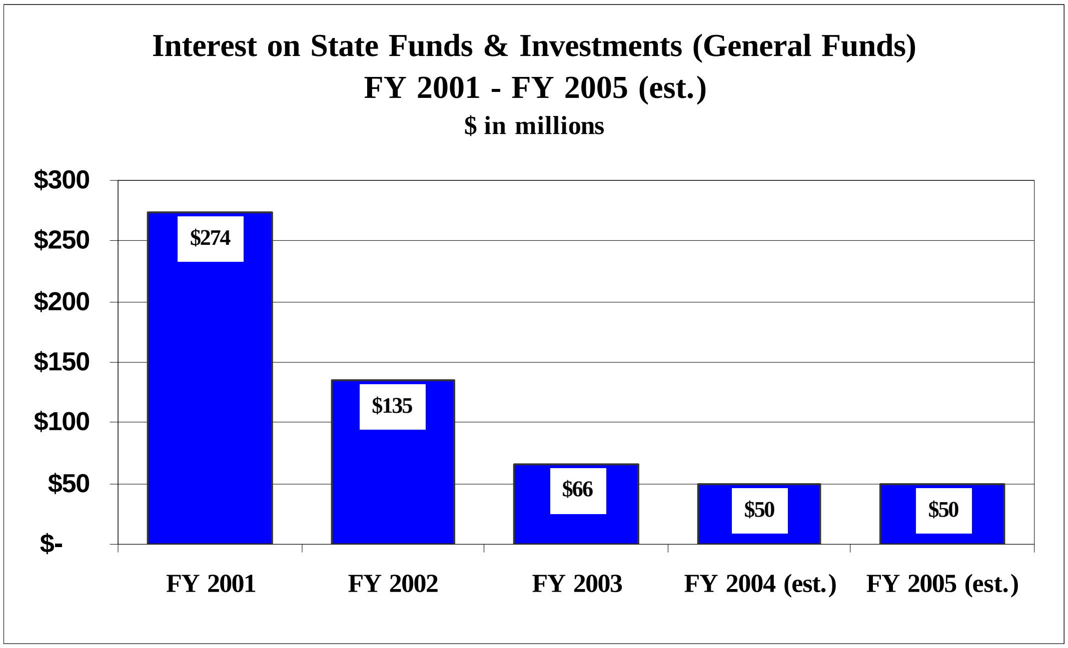
CORPORATE FRANCHISE TAXES AND FEES



All domestic corporations (headquartered in Illinois) and foreign corporations (headquartered in another state or foreign county) are required to pay an annual franchise tax at the rate of 0.1% of paid-in capital. Also, an initial franchise tax based on 0.15% of paid-in capital is levied when a corporation begins to conduct business in Illinois. An additional franchise tax of 0.15% is imposed on any increases in paid-in capital during the year (such as occurs in a capital restructuring, merger, or consolidation).

The FY 2005 estimate of corporate franchise taxes is $165 million, $5 million or 3.1% greater than in FY 2004.

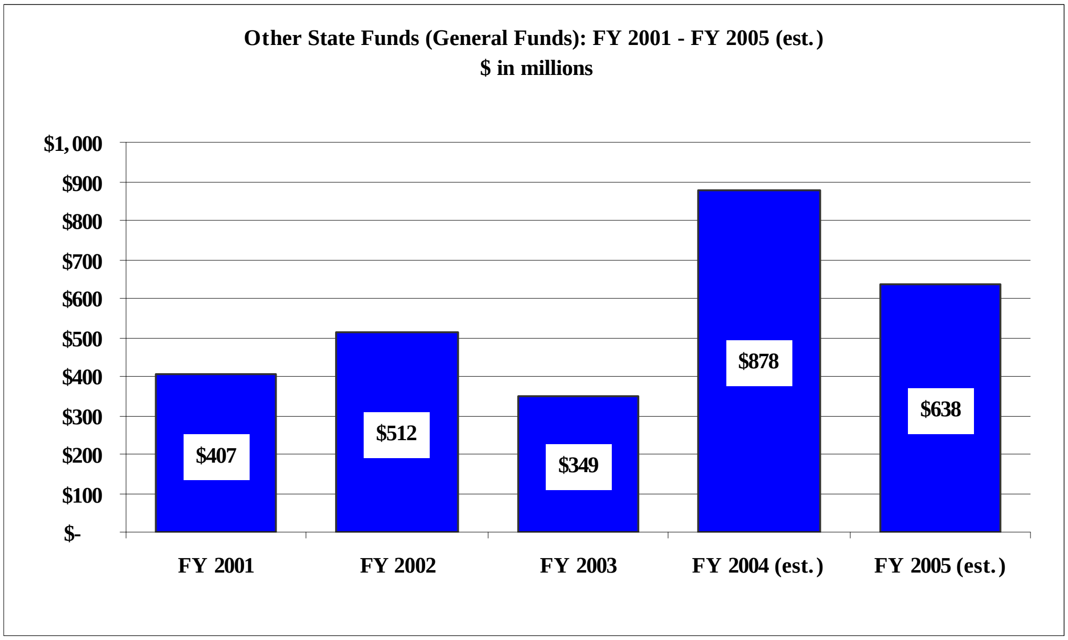
INTEREST



Interest income is earned on the investable balances of various state funds. Interest income is apportioned between the funds based upon each fund's pro ration of the total balance of all invested funds, or by specific statutory direction. The general funds receive the largest share of investment income.

While rates may begin to increase modestly at some point in FY 2005, low investable balances will continue making any gains difficult to achieve. As a result, no growth is anticipated for FY 2005.

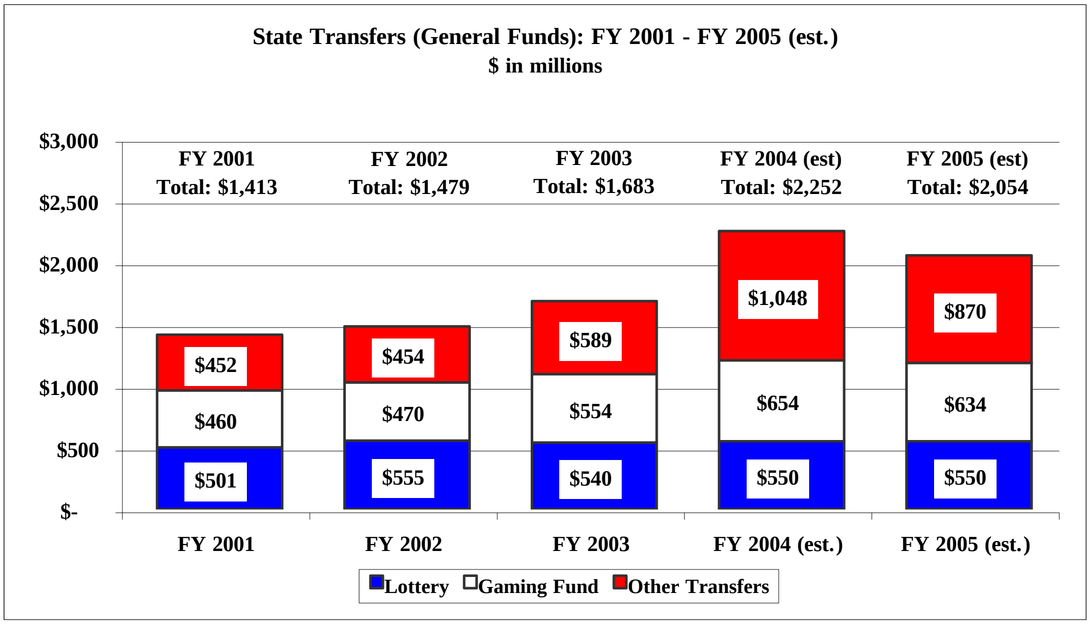
OTHER SOURCES



Other sources to the general funds include various taxes and fees such as the hotel operator's occupation tax and other license and registration fees. In addition, in some years other sources also receive monies in the form of a transfer from the Build Illinois general reserve account. This transfer takes place at the discretion of the Governor between June 15th –30th of any fiscal year.

The FY 2005 estimate of other sources to the general funds is $638 million, a reduction of $240 million from the previous fiscal year. The net decrease results from the expected $233 million in sale/lease/mortgage arrangements in FY 2004. Those same revenues will be absent next fiscal year. Also absent will be $50 million from the FY 2004 adjustment per P.A. 93-0665. Somewhat offsetting that falloff are anticipated annualizations associated with the numerous fee increases begun in FY 2004.

TRANSFERS TO THE GENERAL FUNDS



Transfers to the general funds are monies that are deposited in other State funds that are subsequently transferred into one of the four general funds. Included are transfers from the Lottery Fund to the Common School Fund as well as transfers from the State Gaming Fund to the Education Assistance Fund. [For ease of presentation, direct receipts to the general funds related to riverboat gaming are included under this source.] Due to the size of those transfers, they are itemized separately.

Lottery. ***The estimate of Lottery transfers for FY 2005 is $550 million and reflects no growth from the prior fiscal year.***

Riverboat Transfers & Receipts. Receipts from riverboat license fees and taxes are deposited into the State Gaming Fund. From the State Gaming Fund, transfers are made to the Education Assistance Fund. In addition, taxes attributed to the increased tax structure are directly receipted into the Common School Fund. ***The FY 2005 estimate of gaming transfers is $634 million, reflecting a continued decline in adjusted gross receipts. This estimate does not assume any revenue in FY 2005 from operation of a 10th license. In the event it does become operational, current tax rates will revert to pre-FY 2004 levels.***

Other transfers. ***In FY 2005, transfers to the general funds from sources other than the Lottery and the Gaming Fund are expected to be $870 million, a $178 million drop from the prior fiscal year, primarily reflecting the $158 million in one-time interfund transfers made in FY 2004, as well as the $48 million impact of P.A. 93-0665.***

UPDATE ON THE 10th RIVERBOAT LICENSE

Over the last several months, the Illinois Gaming Board has been in the process of evaluating bids for the State's 10th and unused casino license. On March 15th, it was announced that the Board selected Rosemont to be the home of the next Illinois riverboat. The Board accepted a $518 million offer from Mississippi-based Isle of Capri Casinos Inc. to build the new riverboat in Rosemont. The Isle of Capri beat out other offers that would have placed the 10th riverboat in Des Plaines or Waukegan.

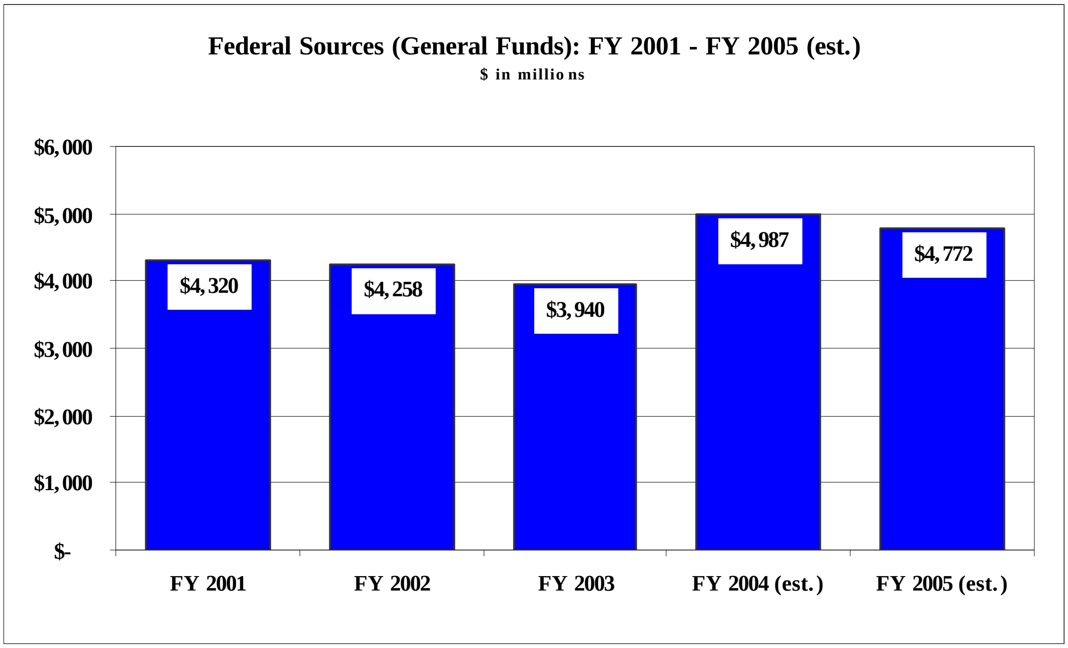
However, even though Rosemont has been selected as the 10th riverboat location, the license sale is subject to the approval of a bankruptcy judge, and Isle of Capri must undergo an extensive investigation by Gaming Board staff. In addition, other litigation could arise regarding the sale of the 10th license, which could delay the opening of the riverboat even further. For example, on December 30, 2003, the Illinois Appellate Court ruled that the Illinois Gaming Board did not have the authority nearly three years ago to deny Emerald Casino's application to relocate in suburban Rosemont. While the implication of this decision remains unclear, the court did acknowledge that the State had the right to proceed with the revocation hearing. Whether or not the Appellate Court's decision will result in a delay in the sale of the 10th license remains to be seen.

Under terms of the agreement, once final approval of the sale is granted, Isle of Capri has eight months to build and open the casino's partially developed site or pay the State $500,000 in daily fines, up to $105 million. Once revenues from the riverboat arrive, Rosemont would share $20 million annually with 71 other communities. In addition, a fund would be created which would allow Cook County local governments to apply for grants up to a total of $15.4 million over the first five years. Also, the riverboat would create a $15.4 million fund to promote tourism in the Rosemont area.

As stated previously, the sale of the 10th license will cost Isle of Capri $518 million. However, not all of this revenue will go to the State. Under a legal settlement, the State will keep proceeds from the license sale after an estimated $160 million in payouts to Emerald shareholders and creditors. This leaves approximately $358 million to the State, assuming no other legal complications or revenue agreements arise. Originally, the FY 2004 budget was predicated to include the sale of the license, which was estimated at that time to generate $350 million to the State. Because of the potential delays regarding the final approval of the license, it appears that this revenue will likely be receipted in FY 2005 and not FY 2004.

Whether or not FY 2005 will see gaming tax revenues from the Rosemont riverboat, again, depends on the date of final approval and how quickly the new riverboat can be in operation. Due to the uncertainties surrounding the riverboat's opening date, the Commission does not include any revenues from the 10th riverboat in the FY 2005 estimate. Once in operation, the Isle of Capri estimates the Rosemont boat will generate approximately $2.6 billion in casino revenues over the first five years of operation, which would translate to approximately $1.1 billion in State gaming taxes.

FEDERAL SOURCES



Federal source receipts to the general funds primarily consist of Medicaid reimbursements, the Social Services Block Grant, TANF monies, Child Care Block Grant, and other miscellaneous items.

Per the Governor's proposed budget request, the FY 2005 estimate of total federal source receipts to the general funds is $4.772 billion, which is $215 million less than the FY 2004 forecast. While FY 2005 assumes $556 million in increased Medicaid spending, due to the FY 2004 influx of approximately $678 million in one-time federal grants and increased matching rate, a year-over-year decline results. Federal source receipts are largely based on appropriation levels and subsequent spending activity. As a result, the estimate likely will change once appropriation levels have been established.

In conclusion, while the base growth projections for most of the major tax sources are anticipated to post modest gains, a number of issues such as tax amnesty, one-time FY 2004 revenues, and reduced federal sources will significantly impact on the bottom line for FY 2005. At this time, it's unclear what if any of the Governor's proposed deficit reduction sources will eventually be implemented for the FY 2005 budget.

IEFC/GOMB FY 2005 COMPARISON

As shown in Table 7 on page 51, the Commission's overall preliminary FY 2005 general funds estimates are $54 million below the GOMB's estimates reflected in the FY 2005 Budget Book (and adjusted for comparison purposes by IEFC). On a year over year base, the Commission estimates that base growth will improve $37 million compared to a $346 million loss forecast by the GOMB. On an overall basis, the Commission anticipates a $505 million decline, while the GOMB foresees a $1.093 billion fall-off.

The two estimates reflect moderate differences in most of the larger more economically-tied sources such as income and sales taxes, with the Commission being higher in the estimates of income taxes, while lower in the forecast of sales and public utility taxes. Other differences reside in the estimates of other sources, lottery transfers, and riverboat transfers and receipts, with the Commission being lower in each instance.

TABLE 6: IEFC 2005 vs. FY 2004 ESTIMATES

(millions)

Revenue Sources	Preliminary IEFC FY 2005 Estimate March-04	IEFC FY 2004 Adjusted Estimate March-04	$ Difference	% Difference
State Taxes				
Personal Income Tax	$8,320	$8,110	$210	2.6%
Corporate Income Tax	$1,138	$1,302	($164)	-12.6%
Sales Taxes	$6,408	$6,265	$143	2.3%
Public Utility (regular)	$1,055	$1,030	$25	2.4%
Cigarette Tax	$400	$400	$0	0.0%
Liquor Gallonage Taxes	$122	$122	$0	0.0%
Vehicle Use Tax	$35	$35	$0	0.0%
Inheritance Tax (gross)	$230	$215	$15	7.0%
Insurance Taxes & Fees	$352	$342	$10	2.9%
Corporate Franchise Tax & Fees	$165	$160	$5	3.1%
Interest on State Funds & Investments	$50	$50	$0	0.0%
Cook County Intergovernmental Transfer	$450	$440	$10	2.3%
Sale of 10th Riverboat License	$350	$0	$350	N/A
Other Sources	$638	$878	($240)	-27.3%
Subtotal	**$19,713**	**$19,349**	**$364**	**1.9%**
Transfers				
Lottery	$550	$550	$0	0.0%
Riverboat Transfers & Receipts	$634	$654	($20)	-3.1%
Other	$870	$1,048	($178)	-17.0%
Total State Sources	**$21,767**	**$21,601**	**$166**	**0.8%**
Federal Sources	**$4,772**	**$4,987**	**($215)**	**-4.3%**
Total Federal & State Sources	**$26,539**	**$26,588**	**($49)**	**-0.2%**
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	($973)	($949)	($24)	2.5%
Corporate Income Tax	($307)	($417)	$110	-26.4%
Subtotal General Funds	**$25,259**	**$25,222**	**$37**	**0.1%**
Proposed Deficit Reduction Sources (FY 2005)	$803	$0	$803	N/A
Budget Stabilization Fund Transfer	$276	$226	$50	22.1%
Pension Contribution Fund Transfer	$0	$1,395	($1,395)	N/A
Total General Funds	**$26,338**	**$26,843**	**($505)**	**-1.9%**

*The FY 2005 estimate assumes the refund percentages at 11.7% for PIT and 27% for CIT. In addition, it is assumed that $276 million in Budget Stabilization Fund transfers will be utilized in FY 2005 for cash flow purposes.

IEFC

TABLE 7: FY 2005 IEFC/GOMB COMPARISON
(millions)

Revenue Sources	Preliminary IEFC FY 2005 Estimate March-04	*GOMB FY 2005 Adjusted Estimate Feb-04	$ Difference
State Taxes			
Personal Income Tax	$8,320	$8,250	$70
Corporate Income Tax	$1,138	$1,082	$56
Sales Taxes	$6,408	$6,425	($17)
Public Utility (regular)	$1,055	$1,102	($47)
Cigarette Tax	$400	$400	$0
Liquor Gallonage Taxes	$122	$123	($1)
Vehicle Use Tax	$35	$37	($2)
Inheritance Tax (gross)	$230	$240	($10)
Insurance Taxes & Fees	$352	$347	$5
Corporate Franchise Tax & Fees	$165	$175	($10)
Interest on State Funds & Investments	$50	$45	$5
Cook County Intergovernmental Transfer	$450	$450	$0
Sale of 10th Riverboat License	$350	$350	$0
Other Sources	$638	$692	($54)
Subtotal	**$19,713**	**$19,718**	**($5)**
Transfers			
Lottery	$550	$563	($13)
Riverboat Transfers & Receipts	$634	$647	($13)
Other	$870	$870	$0
Total State Sources	**$21,767**	**$21,798**	**($31)**
Federal Sources	**$4,772**	**$4,772**	**$0**
Total Federal & State Sources	**$26,539**	**$26,570**	**($31)**
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax	($973)	($965)	($8)
Corporate Income Tax	($307)	($292)	($15)
Subtotal General Funds	**$25,259**	**$25,313**	**($54)**
Change from Prior Year Estimate	**$37**	**($346)**	
Percent Change	**0.1%**	**-1.3%**	
Deficit Reduction Sources	$803	$803	$0
Budget Stabilization Fund Transfer	$276	$276	$0
Pension Contribution Fund Transfer	$0	$0	$0
Total General Funds	**$26,338**	**$26,392**	**($54)**
Change from Prior Year Estimate	($505)	($1,093)	
Percent Change	-1.9%	-4.0%	

*Both estimates assume the refund percentages at 11.7% for PIT and 27% for CIT. In addition, it is assumed that $276 million in Budget Stabilization Fund transfers will be utilized in FY 2005 for cash flow purposes.

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TABLE 8: ALL APPROPRIATED FUNDS REVENUE FY 2003 to FY 2005

($ millions)

REVENUE SOURCES	ACTUAL RECEIPTS FY 2003	Mar-04 Estimate FY 2004	Preliminary Mar-04 Estimate FY 2005	$ CHG. FROM FY 2004	% CHG. FROM FY 2004
State Taxes					
Personal Income Tax	$7,979	$8,111	$8,320	$209	2.6%
Corporate Income Tax					
Regular	$1,012	$1,307	$1,138	($169)	-12.9%
Replacement	$760	$900	$822	($78)	-8.7%
Sales	$7,052	$7,310	$7,463	$153	2.1%
Public Utility					
Regular	$1,326	$1,511	$1,545	$34	2.3%
Replacement	$208	$208	$214	$6	2.9%
Motor Fuel (gross)	$1,416	$1,440	$1,460	$20	1.4%
Cigarette	$700	$745	$685	($60)	-8.1%
Liquor Gallonage Taxes	$127	$127	$127	$0	0.0%
Vehicle Use Tax	$39	$40	$40	$0	0.0%
Inheritance Tax	$237	$215	$230	$15	7.0%
Insurance Taxes and Fees	$364	$420	$433	$13	3.1%
Horse Racing Taxes & Fees	$13	$12	$12	$0	0.0%
Corporate Franchise Taxes	$147	$165	$170	$5	3.0%
Other Privilege Taxes	$212	$253	$260	$7	2.8%
Sale of 10th Riverboat License	N/A	N/A	$350	$350	N/A
Riverboat Gambling Taxes & Fees	$670	$750	$728	($22)	-2.9%
SUBTOTAL	$22,262	$23,514	$23,997	$483	2.1%
State Nontax Sources					
Motor Vehicle & License Fees	$1,107	$1,200	$1,230	$30	2.5%
Cigarette Settlement Distributions	$407	$264	$264	$0	0.0%
Other Fees	$316	$400	$425	$25	6.3%
Provider Assessment Fees	$818	$1,100	$2,220	$1,120	101.8%
Receipts From State Hospital Patients	$31	$20	$20	$0	0.0%
Interest on State Funds & Investments	$110	$83	$83	$0	0.0%
Reimbursements & Repayments	$227	$175	$175	$0	0.0%
Revolving Fund Receipts	$244	$386	$375	($11)	-2.8%
Lottery (net gross)	$819	$835	$835	$0	0.0%
All Other Nonfederal Receipts	$4,385	$5,043	$4,961	($82)	-1.6%
Income from Sale of Bonds	$12,717	$1,700	$1,850	$150	8.8%
Local Government Health Plan	$83	$70	$75	$5	7.1%
SUBTOTAL	**$43,526**	**$34,790**	**$36,510**	**$1,720**	**4.9%**
State Transfers In	$103	$40	$40	$0	0.0%
TOTAL STATE SOURCES	**$43,629**	**$34,830**	**$36,550**	**$1,720**	**4.9%**
Federal Sources	$10,525	$12,198	$13,143	$945	7.7%
SUBTOTAL ALL APPROPRIATED	**$54,154**	**$47,028**	**$49,693**	**$2,665**	**5.7%**
Short Term Borrowing	**$2,500**	**$0**	**$0**	**$0**	**N/A**
TOTAL ALL APPROPRIATED	**$56,654**	**$47,028**	**$49,693**	**$2,665**	**5.7%**

17-Mar-04

BACKGROUND

The Illinois Economic and Fiscal Commission, a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;

2) Analysis of the fiscal impact of revenue bills;

3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;

4) Periodic assessment of capital facility plans; and

5) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html