

# FY 2018 Economic Forecast and Revenue Estimate and FY 2017 Revenue Update



Presented by:

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Commission on Government Forecasting and Accountability

703 Stratton Office Building; Springfield, Illinois 62706

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## CGFA Background & Responsibilities

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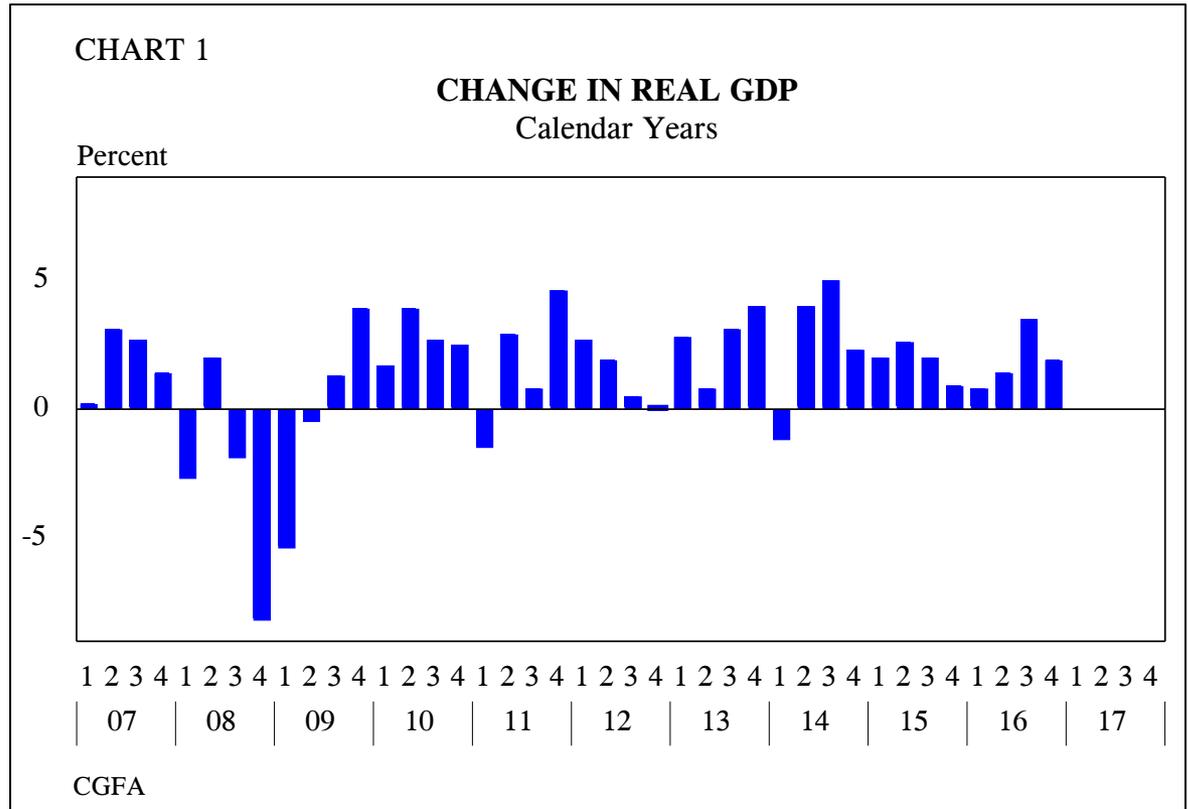
- Bi-Partisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State.
- Preparation of annual revenue estimates with periodic updates;
- Analysis of the fiscal impact of revenue bills;
- Preparation of State Debt Impact Notes;
- Periodic assessment of capital facility plans;
- 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;
- Implement the provisions of the State Facility Closure Act;
- Annual estimates of public pension funding requirements and preparation of pension impact notes.

# THE ECONOMY



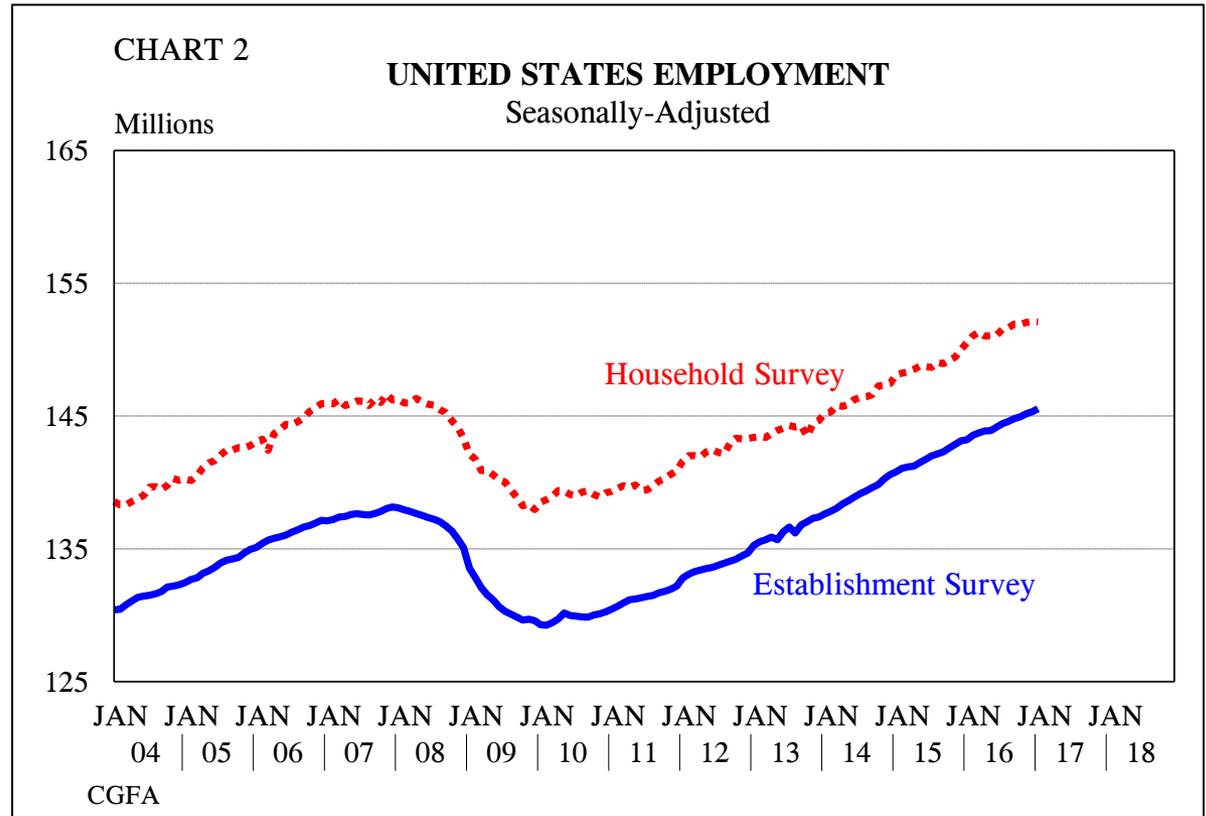
## CHANGE IN REAL GDP

- Chart 1 shows quarterly GDP growth for the years 2007 through 2016.
- As can be seen, after the severe recession, the recovery that began in the June 2009 has been erratic on a quarterly basis. Overall, however, it has been the weakest recovery in the post WWII period.
- In 2016 the economy grew 1.6%, a slowdown from 2.5% in 2015, 2.4% in 2014, and on a par with the 1.6% rate back in 2011.
- On a fiscal year basis, in the first half of FY 2017 the rate was 2.7% continuing on an erratic basis with the first quarter at 3.5% followed by 1.9% in the second.



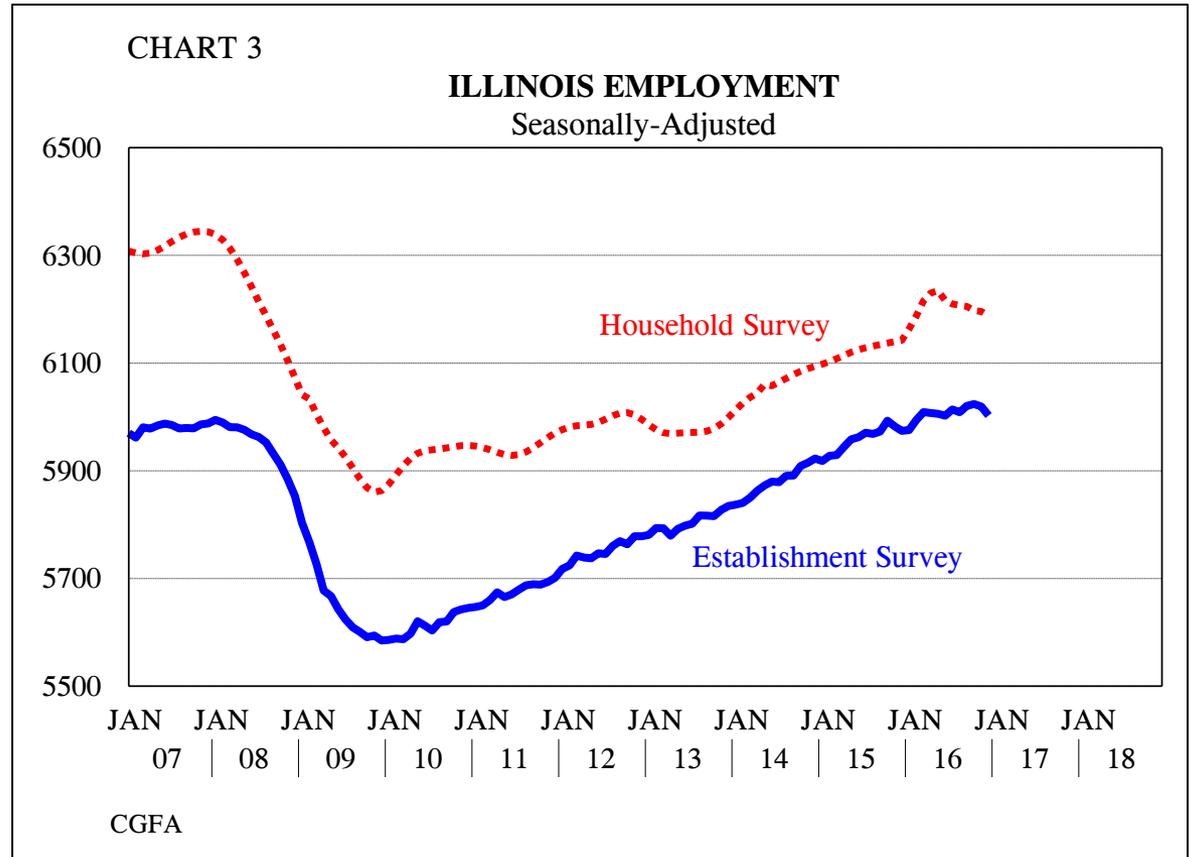
## UNITED STATES EMPLOYMENT

- Chart 2, shows United States employment has been increasing since a low reached at the end of 2009.
- All the jobs lost during the last recession were recovered after 5 years of the expansion and have been added to since.
- As this occurred, the business cycle ended its recovery phase and finally began its expansion phase.
- Even while employment growth continued, however, the labor participation rate remains near its lowest level since the late 1970s, although it has shown some modest improvement lately as discouraged workers begin to return to the labor market.



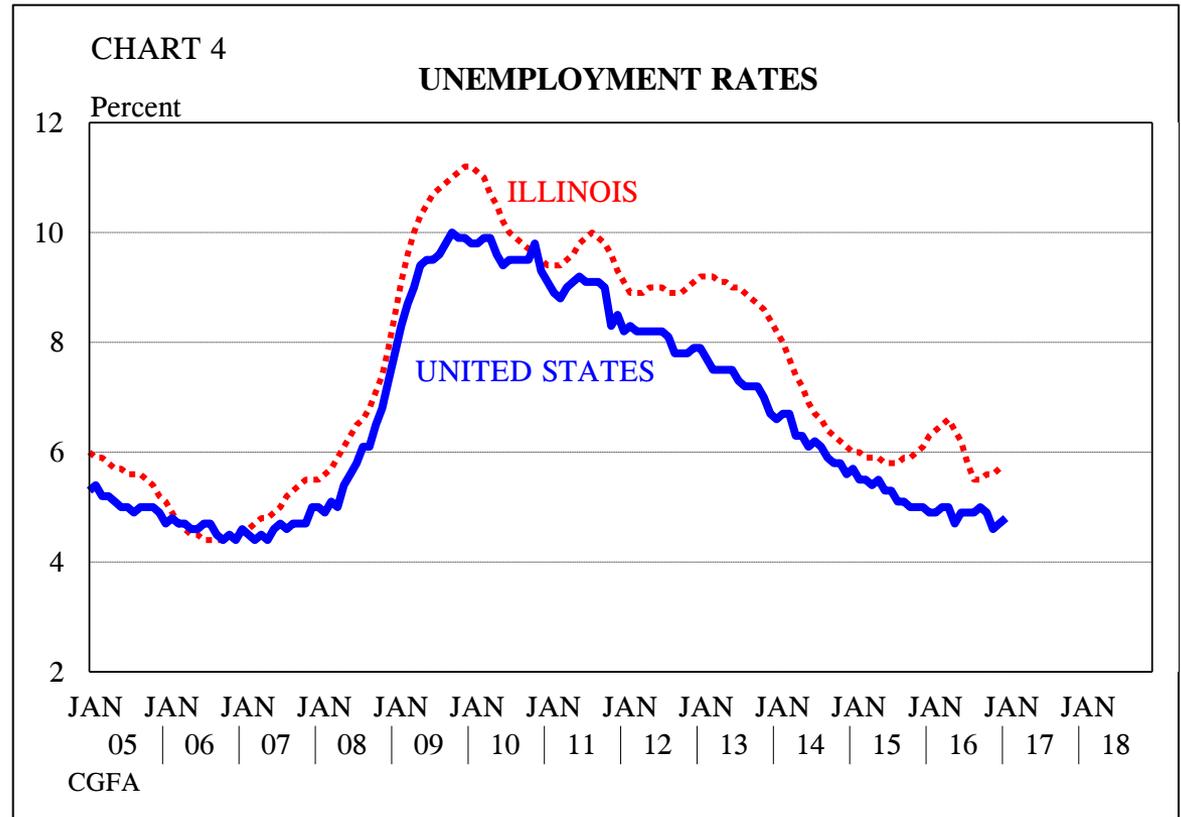
## ILLINOIS EMPLOYMENT

- Like the U.S., Illinois employment also has shown gains but they have been at a much slower pace as illustrated in Chart 3.
- As mentioned, it took 5 years for U.S. employment to finally recoup all the jobs lost during the 2007 recession. It was not until around mid-last year, however, that the Establishment survey showed Illinois recouped all its payroll jobs lost during the last recession.
- As shown, the broader Household employment measure has yet to do the same. Moreover, Illinois never did recoup the jobs loss during the previous recession before the last recession set in at the end of 2007.
- Both the Household and Establishment measures show jobs softening in recent months.



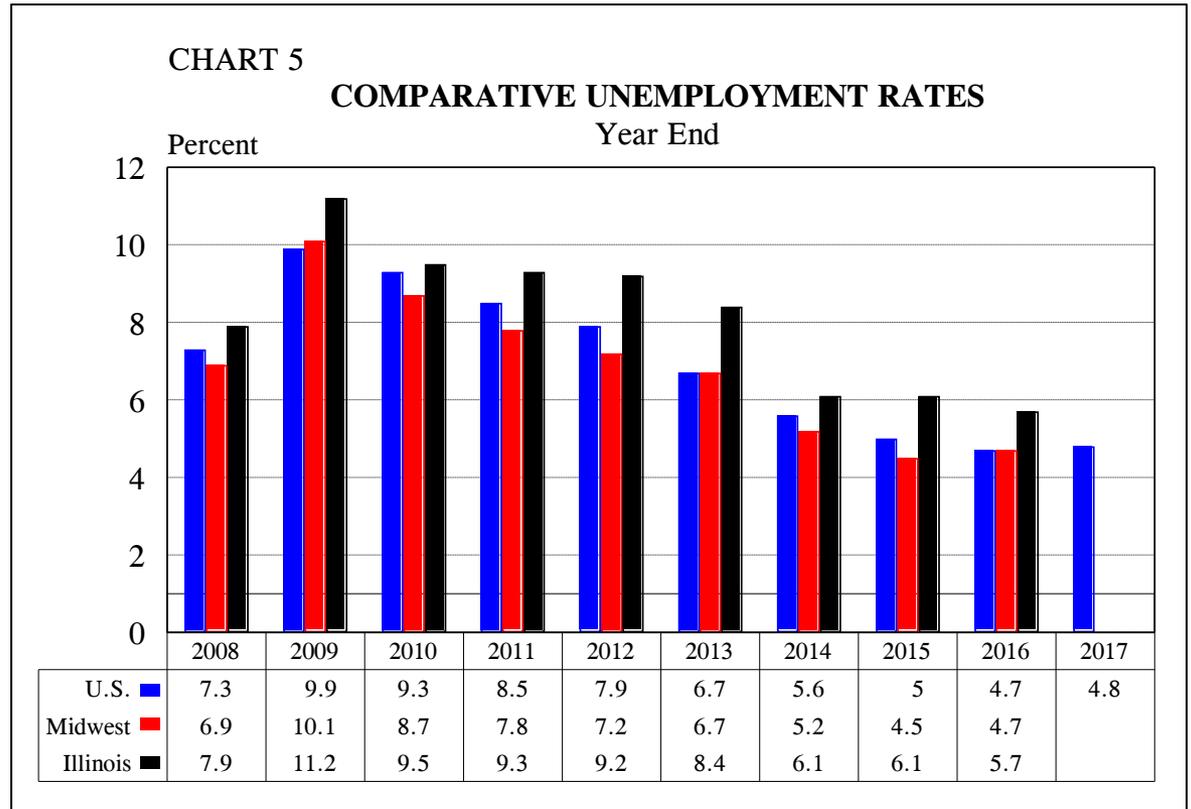
## UNEMPLOYMENT RATES

- As shown in chart 4, the gap between the nation's unemployment rate and that in Illinois has widened over time.
- The two rates were virtually even in 2006, and both rates rose sharply as the recession got underway at the end of 2007.
- However, as the recovery began in mid-2009, the gap widened, with Illinois' rate reaching a high in the 11% area from October 2009 through April 2010.
- While both rates then began to decline, the gap remained large before narrowing in 2013 into 2015.
- Since then, while erratic, the spread has widened again.



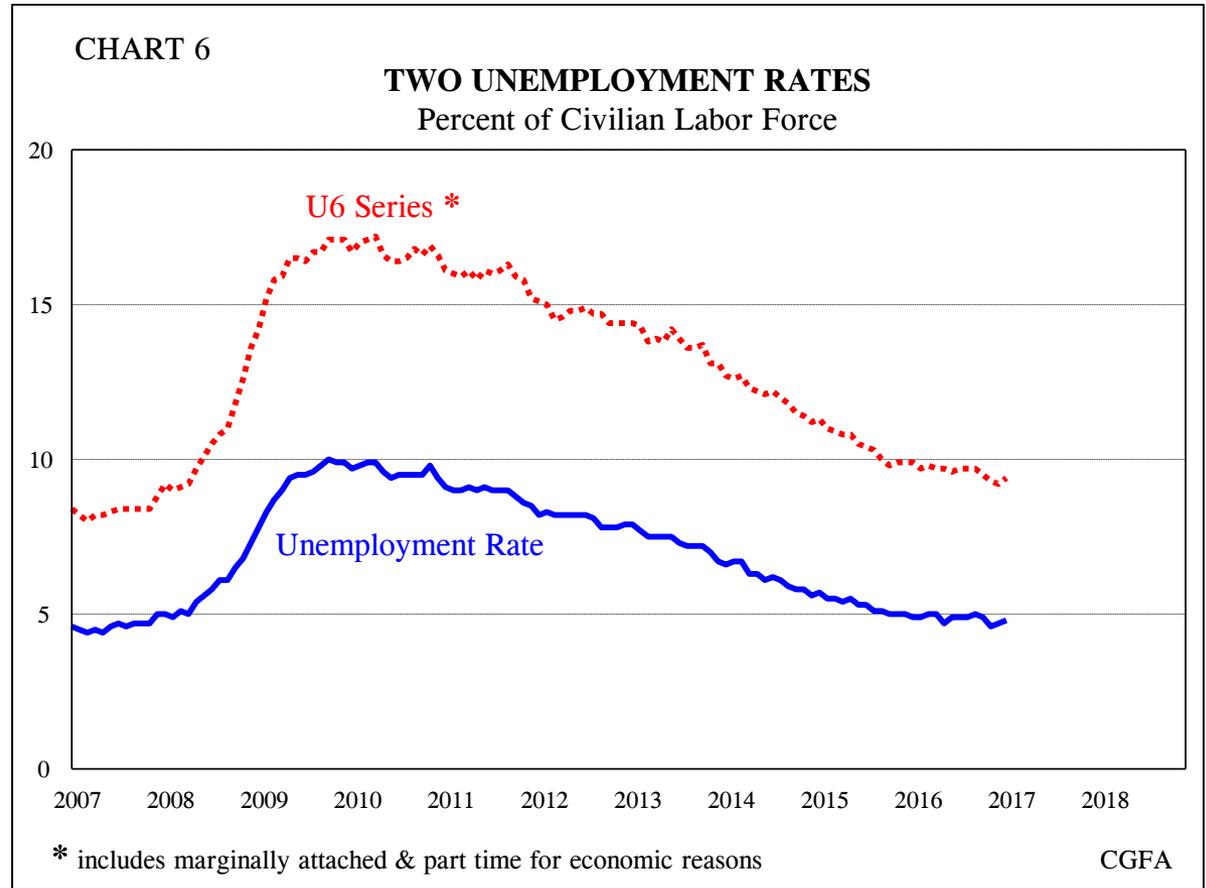
## COMPARATIVE UNEMPLOYMENT RATES

- Unemployment rates have not moved in sync in recent years. Chart 5 shows comparative unemployment rates for the nation, Midwest, and Illinois.
- Starting in 2007, prior to the recession at year-end, Midwest and Illinois rates were similar and only slightly higher than the nation.
- Since 2010, unemployment in the Midwest fell below or at the national level as resurgence in several “rust belt” states from increased energy production caused an employment spurt.
- Unemployment in Illinois, however, continued to exceed both the national and Midwest rates. Latest data have the national rate at 4.8%, the Midwest at 4.7%, and the Illinois rate at 5.7%.



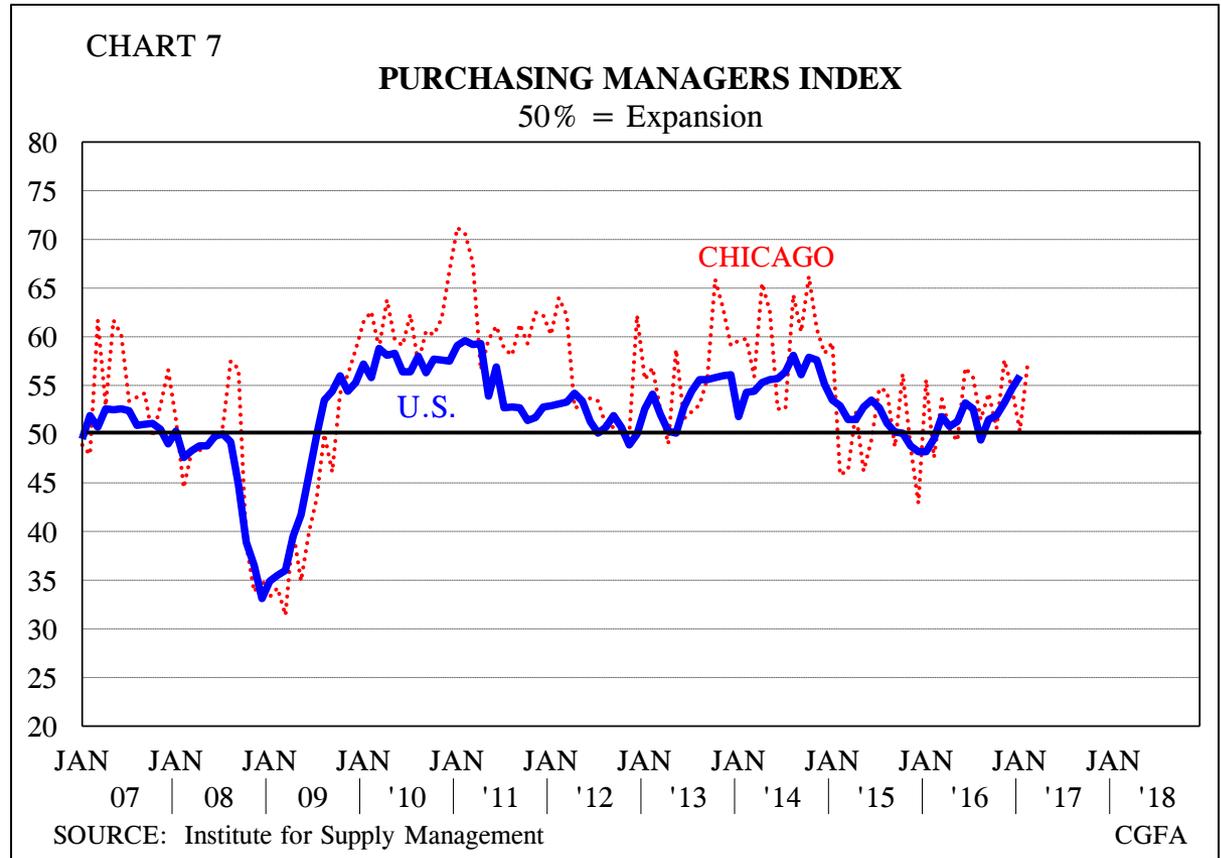
## TWO UNEMPLOYMENT RATES

- Chart 6 shows two measures of unemployment issued by the Department of Labor. The lower line is the rate of those unemployed as a percent of the civilian labor force.
- The upper line shows total unemployed, plus those marginally attached workers plus total employed part time for economic reasons, as a percent of all.
- As shown, the gap between the two widened sharply following the recession that got underway at the end of 2007 and slowly narrowed during the current recovery.
- By January of this year the unemployment rate was at 4.8%, whereas the alternative measure had edged down to 9.4%.



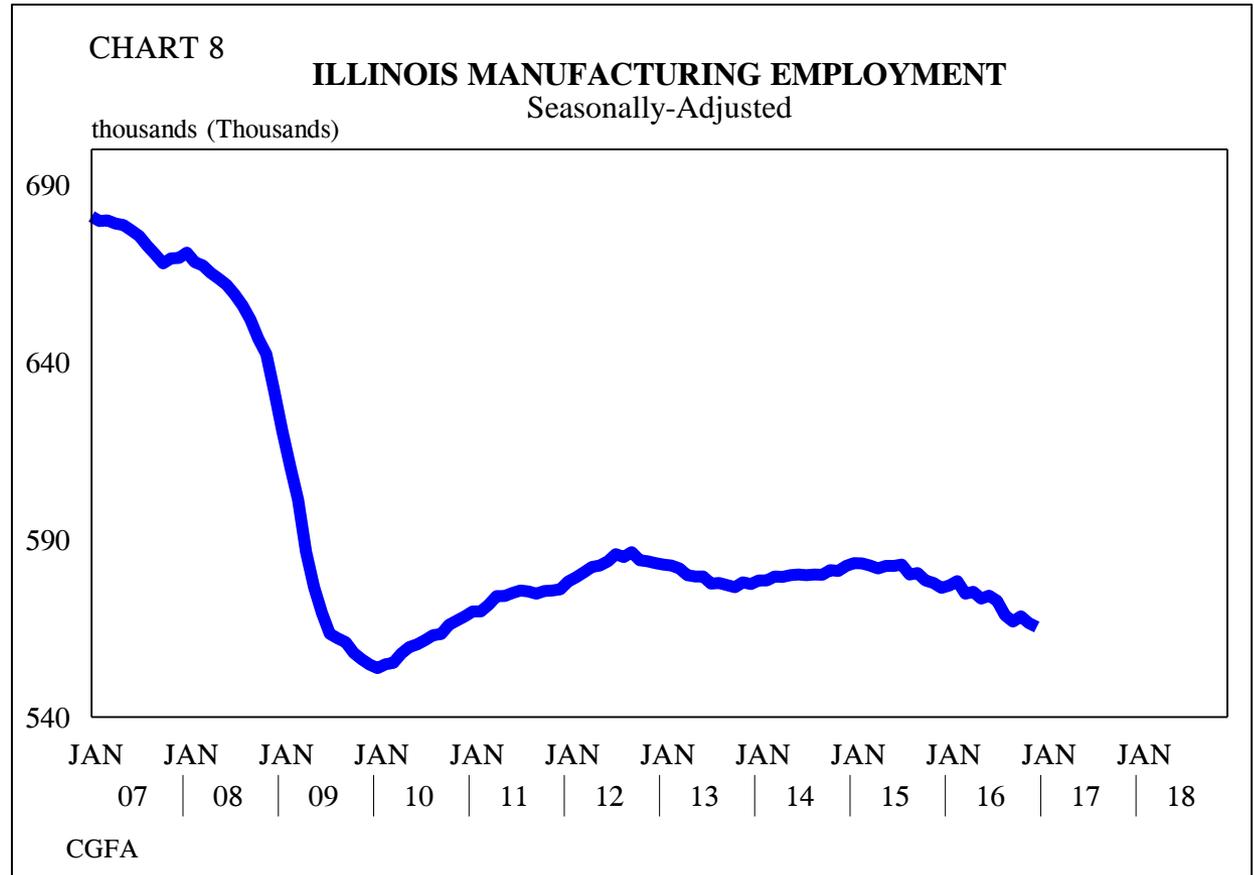
## PURCHASING MANAGERS INDEX

- While the consumer accounts for the majority of spending in the economy, business spending, which had been expanding since shortly after the expansion got under way in mid-2009, weakened throughout 2015.
- Chart 7 shows, the index of manufacturing (a number of 50 or more meaning expansion and below 50 a contraction.)
- This index actually contracted at the national level from November 2015 through February 2016. It rose above the 50 level in March of last year and traded around that level until showing renewed strength late last year.
- In January 2017, it reached its highest level since November 2014. At the same time, the Chicago area rate, while more volatile, nevertheless remained at or above 50.
- To show how erratic the Chicago measure can be, data just released for February rose sharply to 57.4, the highest since January 2015.



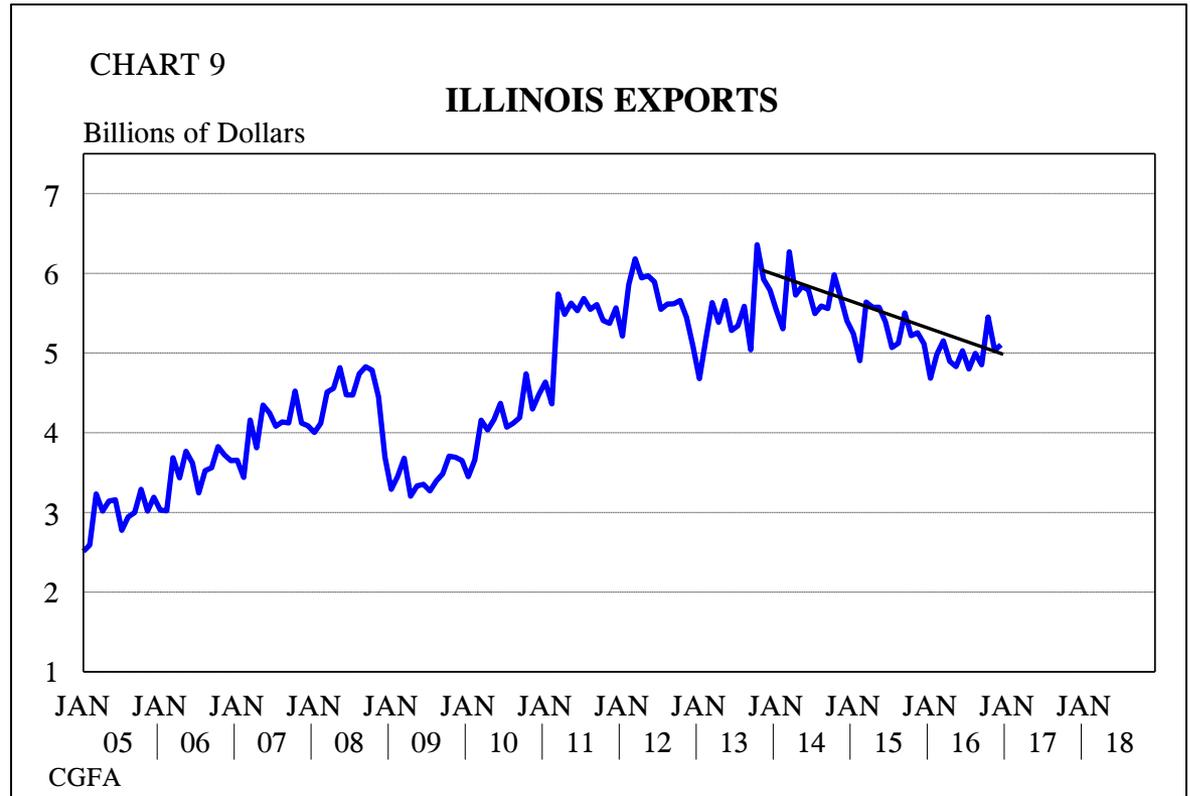
## ILLINOIS MANUFACTURING EMPLOYMENT

- As shown in Chart 8, the weakness in Illinois employment has centered in the manufacturing area.
- The long-term downward trend in manufacturing jobs seemed to reverse as the economic recovery began to improve by 2010. A few years later, however, it leveled out, followed by renewed weakening throughout last year. At year end of 2016 the level of manufacturing jobs had fallen to the lowest level since the fall of 2010.
- Indeed, the pattern of Illinois' manufacturing employment is in sharp contrast to the improvement seen in other surrounding states in the so-called Midwest "rust belt".



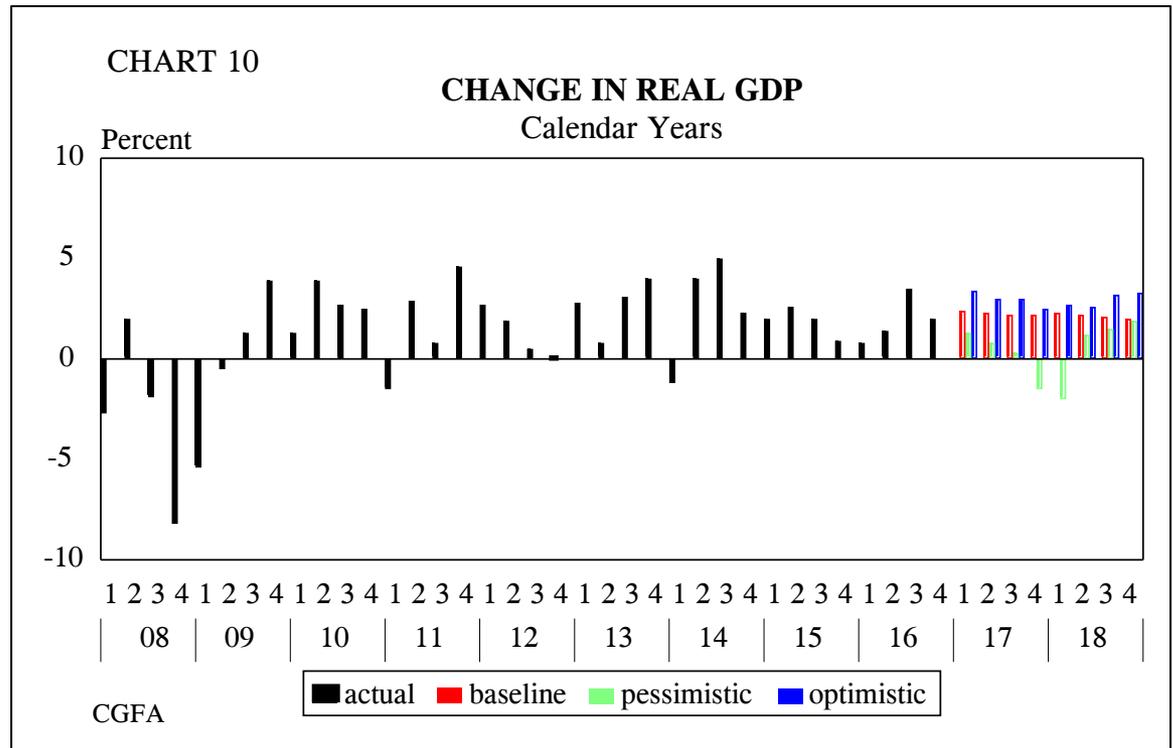
## ILLINOIS EXPORTS

- As shown in Chart 9, Illinois export growth, while erratic, has continued on a downward trend since March of 2014 following strong growth in the first three years of the recovery.
- The softening in exports primarily reflects the strengthening in the U.S. dollar as its economy, even at a tepid growth rate, has outperformed that of most countries. As a result, weak demand abroad remains weak while our goods become uncompetitive.
- This affects Illinois as it is the fifth largest U.S. exporter.



## CHANGE IN REAL GDP

- Chart 10 shows three alternative forecasts of the U.S. economy through 2018. The **BASELINE** shows the most likely solution with a 65% chance of occurrence and has the economy continuing to rise through 2018, although at a modest pace.
- A more **OPTIMISTIC** scenario, with a 15% chance of happening, shows somewhat stronger economic gains continuing through 2018 being somewhat stronger than in recent years.
- Finally, a **PESSIMISTIC** scenario, with a 20% chance of occurrence, is shown where the economy stalls, declines for two consecutive quarters in both the fourth quarter of 2017 and first quarter of 2018, putting it into a mild recession, before rising at a slow pace for several quarters bringing it back to the baseline as 2018 comes to a close.



## CHART 11: BASELINE FORECASTS -- FEBRUARY 2017

REAL (2009 \$) (Calendar Years)	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Estimated	Estimated
Gross Domestic Product	2.4	2.6	1.6	2.3	2.7	2.3
Personal Consumption	2.9	3.2	2.7	2.8	3.2	2.9
Durable	6.7	6.9	5.7	7.2	6.4	5.9
Nondurable	2.6	2.6	2.4	2.2	3.0	2.8
Services	6.0	2.1	-0.4	4.3	5.0	4.1
Fixed Investment (Nonresidential)						
Exports	4.3	0.1	0.4	1.9	2.4	3.0
Imports	4.4	4.6	1.1	4.1	6.4	5.2
Government						
Federal	-2.5	0.0	0.6	-0.2	-0.9	-1.0
State & Local	0.2	2.9	1.0	1.0	1.5	1.6
<b>OTHER MEASURES</b>						
Personal Consumption (Current \$)	4.4	3.5	3.8	4.6	4.9	5.0
Before Tax Profits (Current \$)	1.0	-5.5	3.0	8.2	3.4	-0.5
Unemployment Rate (Average)	6.2	5.3	4.9	4.6	4.2	4.1

## CHART 12: ILLINOIS FORECASTS

Calendar Years	2014 Actual	2015 Actual	2016 Actual	2017 Est.	2018 Est.	2019 Est.
Real Gross State Product (BIL. 2009 \$)	677.7	690.2	701.0	711.4	724.7	737.1
% Change	1.1	1.8	1.6	1.5	1.9	1.7
Total Employment (Ths)	5,879.3	5,958.6	6,007.0	6,047.2	6,110.4	6,166.9
% Change	1.3	1.3	0.8	0.7	1.0	0.9
Population (Ths)	12,862.9	12,833.8	12,798.1	12,776.8	12,877.3	12,794.9
% Change	-0.1	-0.2	-0.3	-0.2	0.0	0.1
Personal Income (Bil \$)	624.9	646.7	669.3	695.0	726.6	762.1
% Change	4.0	3.5	3.5	3.8	4.5	4.9
<b>OTHER MEASURES</b>						
Private Housing Starts (Ths)	19.2	16.5	20.9	23.1	24	28.9
Unemployment Rate Avg. %	7.0	5.9	6.0	5.7	5.5	5.4

**SOURCE: Global Insight FEBRUARY 2017**

# GENERAL FUNDS REVENUE



## FY 2017 REVENUE ESTIMATE – JULY 2016

In July 2016, the Commission released a general funds revenue estimate that included actual FY 2016 performance, updated economic measures, and new certified refund percentages. The estimate of \$30.883 billion represented growth of \$510 million over FY 2016 actuals.

Growth rates assumed in the forecast for the larger economic sources were very modest:

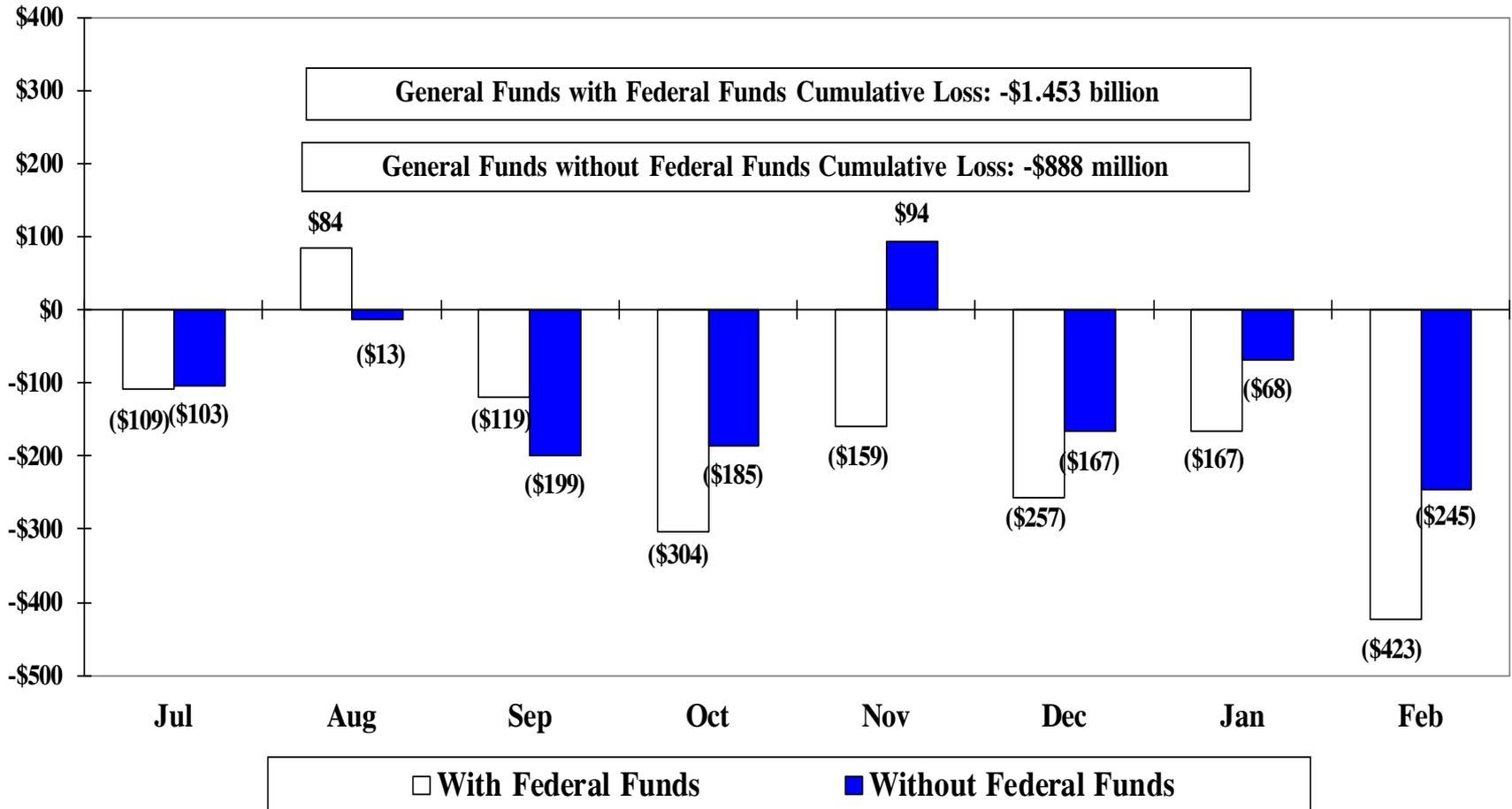
- Gross personal income tax estimate assumed underlying base growth of 2.0%. The subpar growth outlook reflected continued weakness in jobs, wages, and increased likelihood of recessionary pressures. After timing aspects related to the January 2015 rate reduction as well as refund fund percentages were factored, no actual net growth was expected.
- Gross corporate income tax estimate assumed underlying base growth of only 1.5%. Lack of meaningful growth reflective of a “profits recession” was assumed consistent with low profit expectations per Global Insight. Timing elements, coupled with lackluster base growth translated into an actual net decline forecasted to be \$80 million.
- Sales tax were forecast to grow only 1.9% or \$152 million reflecting conditions that may lead to a continued cautious consumer i.e. lack of a state budget and increased possibility of recession.
- All other State sources were expected to drop \$15 million.
- Overall transfers into the general funds were estimated to grow only \$15 million.
- Federal sources were expected to rebound from a disastrous FY 2016 which saw federal sources drop \$665 million as reimbursable spending shifted to non-general funds. It was assumed that reimbursements would approximate levels closer to FY 2015—which also experienced a significant drop from the previous year. As a result, the estimate assumed federal source growth of \$435 million.

**However, even those very modest expectations have failed to materialize thus far in FY 2017. With each passing month, it becomes more difficult to envision a change in trajectory that would alter the current revenue picture enough to avoid a significant downward revision.**

<b>CGFA UPDATED FY 2017 ESTIMATE vs. FY 2016 ACTUALS</b>			
Based on Current Law (\$ millions)			
	<u>FY 2017</u> <u>July-2016</u>	<u>FY 2016</u> <u>Actuals</u>	<u>\$</u> <u>Difference</u>
<b>Revenue Sources</b>			
<b>State Taxes</b>			
Personal Income Tax	\$15,557	\$15,299	\$258
Corporate Income Tax (regular)	\$2,286	\$2,334	(\$48)
Sales Taxes	\$8,215	\$8,063	\$152
Public Utility (regular)	\$943	\$926	\$17
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$171	\$170	\$1
Vehicle Use Tax	\$30	\$30	\$0
Inheritance Tax	\$285	\$306	(\$21)
Insurance Taxes & Fees	\$380	\$398	(\$18)
Corporate Franchise Tax & Fees	\$206	\$207	(\$1)
Interest on State Funds & Investments	\$25	\$24	\$1
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<b>Other Sources</b>	<b>\$540</b>	<b>\$534</b>	<b>\$6</b>
<b>Subtotal</b>	<b>\$29,235</b>	<b>\$28,888</b>	<b>\$347</b>
<b>Transfers</b>			
Lottery	\$705	\$677	\$28
Riverboat transfers and receipts	\$270	\$277	(\$7)
Proceeds from sale of 10th license	\$10	\$10	\$0
Refund Fund transfer	\$0	\$77	(\$77)
Fund Sweeps	\$0	\$0	\$0
<b>Other</b>	<b>\$621</b>	<b>\$550</b>	<b>\$71</b>
<b>Total State Sources</b>	<b>\$30,841</b>	<b>\$30,479</b>	<b>\$362</b>
<b>Federal Sources</b>	<b>\$3,100</b>	<b>\$2,665</b>	<b>\$435</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,941</b>	<b>\$33,144</b>	<b>\$797</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [ 11.2% '17 & 9.75% '16]	(\$1,742)	(\$1,493)	(\$249)
Corporate Income Tax [17.25% '17 & 15.2% '16]	(\$394)	(\$362)	(\$32)
Fund for Advancement of Education	(\$461)	(\$458)	(\$3)
Commitment to Human Services Fund	(\$461)	(\$458)	(\$3)
<b>Subtotal General Funds</b>	<b>\$30,883</b>	<b>\$30,373</b>	<b>\$510</b>

NOTE: Totals exclude Budget Stabilization transfers, and other cash flow transfers.

**FY 2017 Monthly General Funds Performance**  
*\*July thru February as Compared to Same Prior Year Months*  
 (\$ in millions)



\* Figures exclude short-term borrowing and Budget Stabilization Fund transfers.

## YEAR-TO-DATE FY 2017 GENERAL FUNDS (July-February)

Through the first two-thirds of the fiscal year, base receipts are off \$1.453 billion, or 7.5%. Weakness is widespread, and has resulted in year over year losses in key areas such as income taxes and federal sources. With renewed uncertainty of sales tax performance, and with only four months left in FY 2017, it will be very difficult to alter the trajectory of what has turned into a dismal year for revenues.

To date, gross corporate income taxes are off \$482 million, or \$422 million net of refunds. Gross personal income tax is down \$375 million, or \$456 million if refunds and diversions to the education and human service funds are included. Public utility taxes are down \$67 million, in part due to a one-time accounting change at IDoR. The highly volatile inheritance tax is down \$58 million. Vehicle use tax is behind \$3 million, while cigarette tax is off \$2 million.

Other sources are ahead by \$125 million, due mostly to the one-time nature of a SERS repayment worth \$84 million. Sales taxes are up a disappointing \$52 million, indicative of weak consumer activity. Insurance taxes are ahead by \$19 million, interest income up \$6 million, corporate franchise \$5 million and liquor taxes \$1 million.

To repeat comments from previous briefings, with continued dramatic falloffs month after month in federal sources, receipts are behind last year's dismal pace by \$565 million. Absent an infusion of resources that could be committed to reimbursable spending, the outlook for a meaningful recovery for federal sources remains grim. [That being said, to the extent reimbursable spending is pushed into next year, so too would the reimbursement, provided there are sufficient resources to effectuate the spending].

<b>GENERAL FUNDS RECEIPTS: YEAR TO DATE</b>				
<i>FY 2017 vs. FY 2016</i>				
(\$ million)				
	FY 2017	FY 2016	CHANGE FROM FY 2016	% CHANGE
<b>Revenue Sources</b>				
<i>State Taxes</i>				
Personal Income Tax	\$9,288	\$9,663	(\$375)	-3.9%
Corporate Income Tax (regular)	620	1,102	(\$482)	-43.7%
Sales Taxes	5,427	5,375	\$52	1.0%
Public Utility Taxes (regular)	556	623	(\$67)	-10.8%
Cigarette Tax	233	235	(\$2)	-0.9%
Liquor Gallonage Taxes	117	116	\$1	0.9%
Vehicle Use Tax	19	22	(\$3)	-13.6%
Inheritance Tax	180	238	(\$58)	-24.4%
Insurance Taxes and Fees	218	199	\$19	9.5%
Corporate Franchise Tax & Fees	145	140	\$5	3.6%
Interest on State Funds & Investments	21	15	\$6	40.0%
Cook County IGT	150	150	\$0	0.0%
Other Sources	386	261	\$125	47.9%
<b>Subtotal</b>	<b>\$17,360</b>	<b>\$18,139</b>	<b>(\$779)</b>	<b>-4.3%</b>
<i>Transfers</i>				
Lottery	441	417	\$24	5.8%
Riverboat transfers & receipts	199	210	(\$11)	-5.2%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	4	77	(\$73)	-94.8%
Fund sweeps	0	0	\$0	N/A
Other	354	382	(\$28)	-7.3%
<b>Total State Sources</b>	<b>\$18,358</b>	<b>\$19,225</b>	<b>(\$867)</b>	<b>-4.5%</b>
<b>Federal Sources</b>	<b>\$1,376</b>	<b>\$1,941</b>	<b>(\$565)</b>	<b>-29.1%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$19,734</b>	<b>\$21,166</b>	<b>(\$1,432)</b>	<b>-6.8%</b>
<b>Nongeneral Funds Distribution:</b>				
<i>Refund Fund</i>				
Personal Income Tax	(\$1,041)	(\$942)	(\$99)	10.5%
Corporate Income Tax	(\$107)	(\$167)	\$60	-35.9%
<i>Fund for Advancement of Education</i>	(\$294)	(\$303)	\$9	N/A
<i>Commitment to Human Services Fund</i>	(\$294)	(\$303)	\$9	N/A
<b>Subtotal General Funds</b>	<b>\$17,998</b>	<b>\$19,451</b>	<b>(\$1,453)</b>	<b>-7.5%</b>
<i>Short-Term Borrowing</i>	\$0	\$0	\$0	N/A
<i>Interfund Borrowing</i>	\$0	\$0	\$0	N/A
<i>Budget Stabilization Fund Transfer</i>	\$0	\$125	(\$125)	-100.0%
<b>Total General Funds</b>	<b>\$17,998</b>	<b>\$19,576</b>	<b>(\$1,578)</b>	<b>-8.1%</b>
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				

1-Mar-17

(\$ millions) Revenue Source	CGFA July-16	Identified Revenue Pressures FY 2017 Revenue Performance to Date	Type/Value of Pressure	Revised CGFA Estimate March-17
<b>"Big Three"--PIT, CIT, Sales</b>	<b>\$23,000</b>	Readers of the Commission's monthly revenue briefing have been continuously updated with growing concerns that the "Big Three" have been falling well short of even modest expectations. In fact, through February, combined gross personal, corporate, and sales taxes have fallen 5% below the same period last fiscal year. That rate of decline was last seen during the previous recession. Despite being the beneficiary of new accounting procedures at the IDoR, personal income tax has underperformed relative to expectations and reflects a declining growth trend of employment levels as well as weaker growth in earnings. With the uncertainty of final payments still outstanding, a clear picture remains cloudy. However, absent an unlikely abrupt turn around, net receipts are expected to fall short of previous expectations. As disappointing as personal income taxes have been, corporate income tax receipts have performed even worse. Complicating the outlook is the still uncertain impact of the Department of Revenue's change in their accounting system which has significantly altered receipt patterns of several revenue sources including both forms of income tax. Until at least a full year of the new system has occurred and new established receipt patterns emerge, it's difficult to fully quantify "underlying" versus "timing" aspects of year to date performance. However, whatever the reasons, net corporate income tax is on a trajectory that necessitates a major downward revision. While no change is being made to the estimate of sales tax at this time, any lengthy deviation from its current mundane performance could force a future downward adjustment.	<b>SIGNIFICANT DOWNWARD \$657 million (net)</b>	<b>\$22,343</b>
<b>All Other State Sources</b>	<b>\$3,177</b>	Public utility tax receipts need to be adjusted down due to a one-time accounting change per the IDoR. Offsetting that decline are improved performance of insurance taxes, interest income and a one-time deposit of prior-year SERS overpayment.	<b>MODEST UPWARD \$74 million</b>	<b>\$3,251</b>
<b>Transfers In</b>	<b>\$1,606</b>	Due to some lottery transfers from the previous year not being executed until early FY 2017, there is some minor upward pressure. That is partially offset by minor downward pressure on riverboat gaming transfers.	<b>MINOR UPWARD \$9 million</b>	<b>\$1,615</b>
<b>Federal Sources</b>	<b>\$3,100</b>	Federal source revenue performance to date has been extremely weak. Absent an infusion of resources that could be directed towards reimbursable spending [i.e. borrowing proceeds, interfund borrowing or sweeps, raised income tax rates], federal sources could fall well short of expectations. While the estimate will be undergoing a \$100 million reduction at this time, due to uncertainty regarding the Comptroller's ability to execute reimbursable spending, it would not be at all surprising if the actual end of year total is several hundred million short of any reduced estimate. If that were to occur, it then would raise the likelihood of higher federal sources in FY 2018 as more reimbursable spending would shift to next fiscal year [or subsequent fiscal years].	<b>MODERATE TO POTENTIALLY SIGNIFICANT DOWNWARD \$100 million</b>	<b>\$3,000</b>
<b>Total</b>	<b>\$30,883</b>	While uncertainty related to final personal and corporate income tax payments remain, poor year to date performance necessitates a revised estimate. Also, federal sources resulting from general funds reimbursable spending are well behind levels necessary to reach the earlier forecast, and must be revised down, at least moderately, with the caveat that even an updated estimate may prove too optimistic and could result in reimbursable spending shifting to subsequent fiscal year(s).	<b>OVERALL SIGNIFICANT DOWNWARD \$674 million</b>	<b>\$30,209</b>

## UNCERTAINTY REMAINS OVER LAST THIRD OF FY 2017 DESPITE REVISION

FY 2017 General Funds Forecast			
Revised CGFA Estimate			
(\$ millions)	Mar-17	July-16	Difference
"Big Three"-Net Personal, Net Corporate, & Sales	\$22,343	\$23,000	(\$657)
All Other State Sources	\$3,251	\$3,177	\$74
Transfers In	\$1,615	\$1,606	\$9
Federal Sources	\$3,000	\$3,100	(\$100)
<b>Total</b>	<b>\$30,209</b>	<b>\$30,883</b>	<b>(\$674)</b>
Including Revenues to the:			
Fund for Advancement of Education	\$453	\$461	(\$8)
Commitment to Human Serviced Fund	\$453	\$461	(\$8)
<b>Total General Funds &amp; FAE/CHFS</b>	<b>\$31,115</b>	<b>\$31,805</b>	<b>(\$690)</b>

- Last year's IDoR's ledger system conversion has significantly altered historical receipt patterns of the larger economically related sources. While it is assumed that over the course of time, more consistent patterns will emerge, to date the impact those changes have had has been frustrating and difficult to interpret. As we near a full year under the new system, it is hoped that the volatility will lessen, but for now, it has created a good deal of uncertainty as well as raised questions over data integrity.
- Final payments were weak last spring reflecting over-performance earlier in fiscal year 2016 as some taxpayers were slow to adjust withholding and estimated payments after the Jan. 2015 rate reductions. Comparatively, therefore, potential exists for improved final payments as taxpayers have had plenty of time to adjust to the lower tax rates. However, working in opposition to that potential improvement is the view that taxpayers may have deferred to 2017 from 2016 realizing capital gains and other income in anticipation of lower income tax rates under the new Trump Administration. This would be the opposite of taxpayer behavior which translated into the "April Surprise" in accelerated revenues as taxpayers attempted to avoid the higher federal tax rates in January 2013. Only until final payments are filed will this uncertainty be lessened.
- Federal sources have significantly underperformed since the beginning of the fiscal year. Given the State's current cash flow problems, it seems reasonable to assume that unless a dramatic influx in available resources occurs in the near-term, meaningful increases in reimbursable spending are unlikely.

FY 2017 GENERAL FUNDS REVENUE			
REVISED CGFA ESTIMATE			
	(millions)		
	FY 2017 CGFA	FY 2017 CGFA	\$
<u>Revenue Sources</u>	<u>Mar-17</u>	<u>July-2016</u>	<u>Difference</u>
<b>State Taxes</b>			
Personal Income Tax	\$15,300	\$15,557	(\$257)
Corporate Income Tax (regular)	\$1,750	\$2,286	(\$536)
Sales Taxes	\$8,215	\$8,215	\$0
Public Utility (regular)	\$883	\$943	(\$60)
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$171	\$171	\$0
Vehicle Use Tax	\$30	\$30	\$0
Inheritance Tax	\$285	\$285	\$0
Insurance Taxes & Fees	\$405	\$380	\$25
Corporate Franchise Tax & Fees	\$205	\$206	(\$1)
Interest on State Funds & Investments	\$28	\$25	\$3
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$647</u>	<u>\$540</u>	<u>\$107</u>
<b>Subtotal</b>	<b>\$28,516</b>	<b>\$29,235</b>	<b>(\$719)</b>
<b>Transfers</b>			
Lottery	\$719	\$705	\$14
Riverboat transfers and receipts	\$265	\$270	(\$5)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$621</u>	<u>\$621</u>	<u>\$0</u>
<b>Total State Sources</b>	<b>\$30,131</b>	<b>\$30,841</b>	<b>(\$710)</b>
<b>Federal Sources</b>	<b>\$3,000</b>	<b>\$3,100</b>	<b>(\$100)</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,131</b>	<b>\$33,941</b>	<b>(\$810)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [11.2% '17]	(\$1,714)	(\$1,742)	\$28
Corporate Income Tax [17.25% '17]	(\$302)	(\$394)	\$92
Fund for Advancement of Education	(\$453)	(\$461)	\$8
Commitment to Human Services Fund	(\$453)	(\$461)	\$8
<b>Subtotal General Funds</b>	<b>\$30,209</b>	<b>\$30,883</b>	<b>(\$674)</b>

## FY 2017 COMPARISON – CGFA and GOMB

FY 2017 General Funds Forecast CGFA [Mar-17] vs. GOMB [Feb-17]			
(\$ millions)	CGFA	GOMB	Difference
"Big Three"- Net Personal, Net Corporate, & Sales	\$22,343	\$22,622	(\$279)
All Other State Sources	\$3,251	\$3,281	(\$30)
Transfers In	\$1,615	\$1,667	(\$52)
Federal Sources	\$3,000	\$3,162	(\$162)
<b>Total</b>	<b>\$30,209</b>	<b>\$30,732</b>	<b>(\$523)</b>
Including Revenues to the:			
Fund for Advancement of Education	\$453	\$473	(\$20)
Commitment to Human Serviced Fund	\$453	\$473	(\$20)
<b>Total General Funds &amp; FAE/CHFS</b>	<b>\$31,115</b>	<b>\$31,677</b>	<b>(\$562)</b>

The accompanying tables compare the revised FY 2017 Commission's estimate to the one presented in the Governor's Budget Book. As shown, the Commission's estimate of base general funds is \$523 million below the forecast presented by GOMB. For comparison purposes, the above table demonstrates that if the estimates of the Fund for Advancement of Education and the Commitment to Human Serviced Fund are included [which is the assumption used by GOMB] in the definition of general funds, the difference grows slightly to \$562 million.

In terms of the "Big Three", the Commission estimate is \$279 million less than the GOMB. The largest difference lies in the forecast of personal income taxes. The Commission had a more conservative view of the remainder of FY 2017, given the year to date performance of gross personal income taxes being down 3.9%. In order to reach the GOMB estimate, gross personal income taxes must undergo a remarkable turnaround and grow 13.1% over the remaining months. Even taking into account assumed improvement in final payments as well as the impact of shifting some corporate income tax into personal designation via pass-through withholding, that rate of growth is viewed as overly optimistic. The differences between the estimate of corporate and sales taxes essentially offset.

The forecasts of all other revenue sources are overall very similar, differing only by \$30 million, while the estimate of transfers into the general funds is separated by \$52 million. While the GOMB reduced its estimate of federal sources by a significant \$647 million from their November 2016 forecast, their revised estimate is still viewed as too optimistic given reimbursable spending levels needed to reach their mark.

FY 2017 GENERAL FUNDS REVENUE CGFA vs. GOMB [Current Law]			
(millions)			
Revenue Sources	FY 2017 CGFA Mar-17	FY 2017 GOMB Feb-17	\$ Difference
<b>State Taxes</b>			
Personal Income Tax	\$15,300	\$15,665	(\$365)
Corporate Income Tax (regular)	\$1,750	\$1,814	(\$64)
Sales Taxes	\$8,215	\$8,155	\$60
Public Utility (regular)	\$883	\$899	(\$16)
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$171	\$171	\$0
Vehicle Use Tax	\$30	\$29	\$1
Inheritance Tax	\$285	\$275	\$10
Insurance Taxes & Fees	\$405	\$395	\$10
Corporate Franchise Tax & Fees	\$205	\$205	\$0
Interest on State Funds & Investments	\$28	\$26	\$2
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$647</u>	<u>\$684</u>	<u>(\$37)</u>
<b>Subtotal</b>	<b>\$28,516</b>	<b>\$28,915</b>	<b>(\$399)</b>
<b>Transfers</b>			
Lottery	\$719	\$720	(\$1)
Riverboat transfers and receipts	\$265	\$270	(\$5)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$621</u>	<u>\$667</u>	<u>(\$46)</u>
<b>Total State Sources</b>	<b>\$30,131</b>	<b>\$30,582</b>	<b>(\$451)</b>
<b>Federal Sources</b>	<b>\$3,000</b>	<b>\$3,162</b>	<b>(\$162)</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,131</b>	<b>\$33,744</b>	<b>(\$613)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [11.2% '17]	(\$1,714)	(\$1,754)	\$40
Corporate Income Tax [17.25% '17]	(\$302)	(\$313)	\$11
<b>Fund for Advancement of Education</b>	(\$453)	(\$473)	\$20
<b>Commitment to Human Services Fund</b>	(\$453)	(\$473)	\$20
<b>Subtotal General Funds</b>	<b>\$30,209</b>	<b>\$30,732</b>	<b>(\$523)</b>

## **ABSENT LEGISLATIVE CHANGES, ONLY MODEST REVENUE GROWTH CAN BE EXPECTED IN FY 2018**

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- Expectations for the upcoming fiscal year are fairly modest for the most closely-tied major economic sources. At this time, growth expectations for base personal income taxes would be approximately 2.5%, reflecting current trends related to employment and wage outlooks. In terms of corporate income taxes, given a continued poor profits picture, even no growth could be seen as improvement after what appears to be a very disappointing FY 2017. Sales tax expectations will remain modest, likely in the 2% growth range. Therefore, base growth of the “Big Three” is expected to be \$553 million. Positively impacting overall growth expectations of income taxes are the secondary impacts of proposed refund percentages as well as timing aspects related to IDoR’s new accounting system. These items are expected to add \$228 million. All told, a preliminary view of growth from the “Big Three” would be approximately \$781 million.
- All other state sources are fairly stagnant from year to year, but a one-time SERS repayment in FY 2017 will result in a modest decline in year over year expectations in FY 2018—in the amount of \$29 million.
- Total transfers are expected to increase by approximately \$75 million at this time.
- Federal sources are largely dependent on reimbursable spending, available resources, and actual Comptroller spending priorities—all of which are highly variable at this point. However, the federal source estimate presented in the Budget Book seems to be much more realistic than GOMB’s recent projections, primarily due to updated assumptions related to Medicare federal offset methodology. At this time, the Commission would be comfortable utilizing the GOMB’s estimate of \$3.111 billion in FY 2018. That would translate into \$111 million in growth from current year CGFA expectations. If FY 2017 falls short, it could result in the movement of reimbursable spending and subsequent federal sources into FY 2018, thereby increasing year over year growth.

## CGFA FY 2018 GENERAL FUNDS FORECAST

FY 2018 and Revised FY 2017 Estimates CGFA [March-17]			
(\$ millions)	FY 2018	FY 2017	Difference
"Big Three"-Net Personal, Net Corporate, & Sales	\$23,124	\$22,343	\$781
All Other State Sources	\$3,222	\$3,251	(\$29)
Transfers In	\$1,690	\$1,615	\$75
Federal Sources	\$3,111	\$3,000	\$111
<b>Total</b>	<b>\$31,147</b>	<b>\$30,209</b>	<b>\$938</b>
<b>Including Key GOMB Assumptions in Budget Book</b>			
Proceeds from sale of Thompson Center	\$300	\$0	\$300
Includes FAE/CHSF in General Funds Definition	\$942	\$906	\$36
<b>Total GOMB Assumptions</b>	<b>\$1,242</b>	<b>\$906</b>	<b>\$336</b>
<b>Total General Funds</b>	<b>\$32,389</b>	<b>\$31,115</b>	<b>\$1,274</b>

The Commission's FY 2018 estimate of general funds revenues, based on current law, is \$31.147 billion, reflecting a net increase of \$938 million from the revised FY 2017 forecast. The following provides a brief overview of the assumptions used to develop the estimates of the larger economic sources. A more detailed table as well as additional discussion of components of the forecast can be found on the following page.

### "The Big Three"

- The estimate of gross personal income tax assumes underlying base growth of 2.5%. The modest outlook reflects current trends related to struggling job growth and muted earnings performance. The assumed decrease in refund percentage [10%] in FY 2018 versus 11.2% in FY'17 will have the effect of increasing overall net income taxes by \$497 million or 3.9%.
- Consistent with a view of continued poor corporate profits picture, the estimate of gross corporate income tax assumes no underlying growth in FY 2018. However, the Commission is adopting a similar view as the IDoR that the marked impact that the new ledger system has had on FY 2017 corporate income taxes will normalize, resulting in some positive year over year impacts. As a result, a net increase in corporate receipts is assumed to be \$119 million [somewhat lower than the IDoR's assumed net gain of \$140 million].
- Sales tax receipts are expected to grow a modest \$165 million or 2.0%.

# CGFA FY 2018 GENERAL FUNDS FORECAST

(continued)

## All Other State Sources

- Public utility taxes are expected to increase \$15 million. Despite a long term downward trend in public utility taxes due to continued loss of landline phone service, some growth is forecasted due to a one-time accounting change at IDoR that negatively impacted FY'17 telecommunications receipts.
- Other sources are expected to fall \$48 million due to the one-time nature of SERS prior year overpayment deposited in FY'17 [\$84 million].

## Transfers

- Overall transfers are expected to grow \$75 million in FY 2018. The lottery transfer is expected to be flat reflecting lack of growth due to some slippage of the FY 2016 transfer into FY 2017. Riverboat gaming transfers are expected to continue its slow decline, falling \$3 million, while all other miscellaneous transfers are expected to rise by \$78 million. That growth is assumed to occur with expected improvement in transfers from the Capital Projects Fund. By law, each year \$245 million is to be transferred into the general fund from the Capital Projects Fund. Over the last several fiscal years, insufficient balances in the Fund have prevented the full transfer and pressure to make-up those short falls is increasing.

## Federal Sources

- For now, the Commission will accept the GOMB's expected level of federal sources for FY 2018, at \$3.111 billion. For a number of fiscal years, the GOMB has utilized a higher than probable federal source forecast due to assuming Medicare premium spending/reimbursement, rather than the actual practice of the federal government "offsetting" Illinois's reimbursement by what is owed for Medicare premiums under the Medicaid program. GOMB has now adjusted down their forecasts to a more realistic level, reflecting the "offset" methodology. Ultimately, federal sources are dependent on appropriation levels (in normal years), available resources, and actual reimbursable spending executed by the Comptroller. In addition, over the last several fiscal years, there has been a shift in reimbursable spending away from the general funds toward non-general funds such as the Provider Relief Fund.

<i>FY 2018 and Revised FY 2017 Estimates</i>			
<b>CGFA</b>			
(millions)			
	FY 2018 CGFA	FY 2017 CGFA	\$
<u>Revenue Sources</u>	<u>Mar-17</u>	<u>Mar-17</u>	<u>Difference</u>
<b>State Taxes</b>			
Personal Income Tax	\$15,688	\$15,300	\$388
Corporate Income Tax (regular)	\$1,900	\$1,750	\$150
Sales Taxes	\$8,380	\$8,215	\$165
Public Utility (regular)	\$898	\$883	\$15
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$173	\$171	\$2
Vehicle Use Tax	\$30	\$30	\$0
Inheritance Tax	\$280	\$285	(\$5)
Insurance Taxes & Fees	\$410	\$405	\$5
Corporate Franchise Tax & Fees	\$203	\$205	(\$2)
Interest on State Funds & Investments	\$32	\$28	\$4
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$599</u>	<u>\$647</u>	<u>(\$48)</u>
<b>Subtotal</b>	<b>\$29,190</b>	<b>\$28,516</b>	<b>\$674</b>
<b>Transfers</b>			
Lottery	\$719	\$719	\$0
Riverboat transfers and receipts	\$262	\$265	(\$3)
Proceeds from sale of 10th license	\$10	\$10	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$699</u>	<u>\$621</u>	<u>\$78</u>
<b>Total State Sources</b>	<b>\$30,880</b>	<b>\$30,131</b>	<b>\$749</b>
<b>Federal Sources</b>	<b>\$3,111</b>	<b>\$3,000</b>	<b>\$111</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,991</b>	<b>\$33,131</b>	<b>\$860</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [11.2% '17; 10% '18]	(\$1,569)	(\$1,714)	\$145
Corporate Income Tax [17.25% '17; 17.5% '18]	(\$333)	(\$302)	(\$31)
<b>Fund for Advancement of Education</b>	(\$471)	(\$453)	(\$18)
<b>Commitment to Human Services Fund</b>	(\$471)	(\$453)	(\$18)
<b>Subtotal General Funds</b>	<b>\$31,147</b>	<b>\$30,209</b>	<b>\$938</b>

## FY 2018 OUTLOOK COMPARISON – CGFA and GOMB

The accompanying table compares FY 2018 revenue outlooks between the Commission and the GOMB. As shown, the overall difference to the base estimate equates to \$329 million or approximately 1%, with the Commission’s forecast being the lower. For presentation purposes, the highlighted area includes those Key GOMB revenue assumptions presented in the Budget Book. When included, those factors result in a slightly higher \$355 million in differences.

- On a net basis, the Commission’s estimate of the “Big Three” is \$338 million lower than the GOMB forecast. Since both agencies utilize similar growth forecasts for FY 2018, the differences are more the result of FY 2017 base estimate differences, rather than any significant disagreement in the underlying economic outlook for next fiscal year.
- While the Commission is somewhat higher than GOMB in the forecast of all other state sources, that \$42 million difference is mostly offset by a \$33 million lower estimate of transfers.
- Both forecasts assume the same level of federal sources in FY 2018.
- As shown, the GOMB includes in their FY 2018 forecast a couple of key revenue assumptions totaling \$1.268 billion. First, they again anticipate selling the Thompson Center and depositing those proceeds into the general funds. The value utilized this time is \$300 million, whereas last year they only assumed \$200 million. Secondly, the GOMB has adopted the view that the Fund for Advancement of Education and the Commitment to Human Serviced Fund should be considered as part of the general funds. When those two items are included in both estimates, the differences between the forecasts grows slightly to \$355 million.

<b>FY 2018 General Funds Forecast</b>			
<b>CGFA [Mar-17] vs. GOMB [Feb-17]</b>			
(\$ millions)	CGFA	GOMB	Difference
"Big Three"- Net Personal, Net Corporate, & Sales	\$23,124	\$23,462	(\$338)
All Other State Sources	\$3,222	\$3,180	\$42
Transfers In	\$1,690	\$1,723	(\$33)
Federal Sources	\$3,111	\$3,111	\$0
<b>Total</b>	<b>\$31,147</b>	<b>\$31,476</b>	<b>(\$329)</b>
<b>Including Key GOMB Assumptions in Budget Book</b>			
Proceeds from sale of Thompson Center	\$300	\$300	\$0
Includes FAE/CHSF in General Funds Definition	\$942	\$968	(\$26)
<b>Total GOMB Assumptions</b>	<b>\$1,242</b>	<b>\$1,268</b>	<b>(\$26)</b>
<b>Total General Funds</b>	<b>\$32,389</b>	<b>\$32,744</b>	<b>(\$355)</b>

The accompanying table provides a higher level of detail as to the Commission's and GOMB's base FY 2018 forecast.

- In terms of the “Big Three”, since the base rates of growth are similar for both forecasts, the differences for the most part simply reflect the FY 2017 estimates. While the Commission is lower in its outlook for personal and corporate income taxes due to lower FY 2017 levels, it remains higher in its forecast for sales tax for the same reason.
- The Commission is \$31 million higher than GOMB in its forecast for other sources due to them once again proposing a change in hotel tax distribution whereby the portion that currently goes to GRF [approximately \$50 million a year] and then later distributed to other funds, would instead go directly into the Tourism Promotion Fund.
- CGFA's estimate of gaming transfers is \$12 million less than the GOMB, reflecting the current trend of decreasing transfers.
- The Commission assumes other miscellaneous transfers will be \$21 million lower than GOMB. While the GOMB assumes the full statutory amount of \$245 million will be transferred from the Capital Projects Fund, CGFA is less optimistic due to several consecutive years of that transfer falling short of that mark.
- While proceeds of the sale of the Thompson Center is shown as \$300 million, it's assumed the amount generated would be market driven. This same assumption was included in last year's Budget Book, and was assigned a value of \$200 million at that time. Ultimately, including the FAE and CHSF in the definition of general funds would be a policy decision likely to include Comptroller's input as it would impact on a number of financial reporting areas.

<b>FY 2018 GENERAL FUNDS REVENUE</b>			
<b>CGFA vs. GOMB [Current Law]</b>			
<i>(millions)</i>			
	<b>FY 2018 CGFA March-17</b>	<b>FY 2018 GOMB Feb-17</b>	<b>\$ Difference</b>
<b>Revenue Sources</b>			
<b>State Taxes</b>			
Personal Income Tax	\$15,688	\$16,093	(\$405)
Corporate Income Tax (regular)	\$1,900	\$1,989	(\$89)
Sales Taxes	\$8,380	\$8,305	\$75
Public Utility (regular)	\$898	\$917	(\$19)
Cigarette Tax	\$353	\$353	\$0
Liquor Gallonage Taxes	\$173	\$172	\$1
Vehicle Use Tax	\$30	\$29	\$1
Inheritance Tax	\$280	\$275	\$5
Insurance Taxes & Fees	\$410	\$395	\$15
Corporate Franchise Tax & Fees	\$203	\$203	\$0
Interest on State Funds & Investments	\$32	\$24	\$8
Cook County Intergovernmental Transfer	\$244	\$244	\$0
<u>Other Sources</u>	<u>\$599</u>	<u>\$568</u>	<u>\$31</u>
<b>Subtotal</b>	<b>\$29,190</b>	<b>\$29,567</b>	<b>(\$377)</b>
<b>Transfers</b>			
Lottery	\$719	\$719	\$0
Riverboat transfers and receipts	\$262	\$274	(\$12)
Proceeds from sale of 10th license	\$10	\$10	\$0
Refund Fund transfer	\$0	\$0	\$0
Interfund Borrowing	\$0	\$0	\$0
<u>Other</u>	<u>\$699</u>	<u>\$720</u>	<u>(\$21)</u>
<b>Total State Sources</b>	<b>\$30,880</b>	<b>\$31,290</b>	<b>(\$410)</b>
<b>Federal Sources</b>	<b>\$3,111</b>	<b>\$3,111</b>	<b>\$0</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,991</b>	<b>\$34,401</b>	<b>(\$410)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [11.2% '17; 10% '18]	(\$1,569)	(\$1,609)	\$40
Corporate Income Tax [17.25% '17; 17.5% '18]	(\$333)	(\$348)	\$15
<b>Fund for Advancement of Education</b>	<b>(\$471)</b>	<b>(\$484)</b>	<b>\$13</b>
<b>Commitment to Human Services Fund</b>	<b>(\$471)</b>	<b>(\$484)</b>	<b>\$13</b>
<b>Subtotal General Funds</b>	<b>\$31,147</b>	<b>\$31,476</b>	<b>(\$329)</b>

## BASE GROWTH ASSUMPTIONS FOR FY 2018

- CGFA's estimated rate of growth for base personal income tax is 2.5% whereas the GOMB is utilizing a similar 2.7% assumption. Both estimates reflect a continued weak jobs outlook and subdued wage growth. The forecast is well below the 5-year base growth average of 4.4%.
- Both agencies are assuming no growth in base corporate income tax receipts, indicative of a continuing weak corporate profits picture. What growth does materialize will be driven by adjustments related to the new ledger accounting system at IDoR which has significantly contributed to lower receipts for FY 2017, but should not repeat in FY 2018 due to its second year since implementation.
- The Commission is assuming base growth of 2.0% in the estimate of sales taxes, while the GOMB utilizes a similar 1.8%. The lower expected rate of growth compares with a 5-year average of 3.4%.

Base Growth Assumptions for FY'18 "The Big Three"			
	<u>CGFA</u>	<u>GOMB</u>	<u>5 yr. avg</u>
PIT [base]	2.5%	2.7%	4.4%
CIT [base]	0.0%	0.0%	2.1%
Sales	2.0%	1.8%	3.4%

## DEVELOPMENT OF CGFA ESTIMATES

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**Econometric Firms**—The Commission utilizes the services of IHS Global Insight, Moody’s Analytics and Consultant Robert Dieli, Ph.D. They provide a wealth of economic measures and forecasts, both on a national and state specific basis, which are utilized to varying degrees during the estimating process.

**Data Sources**—The Commission utilizes actual receipt data via the Comptroller’s warehouse. Additional tax collection data reports prepared by the DoR, as well as employment and earning reports produced by the Bureau of Labor Statistics and IDES are also utilized, as are other pertinent data that may be necessary and available.

**Forecasting models**—Depending on the revenue source being forecasted, model complexity can range from the very simple to fairly complex. Several smaller sources with relatively low volatility need nothing more than simple trend analysis to produce accurate forecasts, while the estimates of the larger more economically driven revenue sources such as income and sales benefit from more sophisticated econometric models which utilize regressions and various time series techniques.

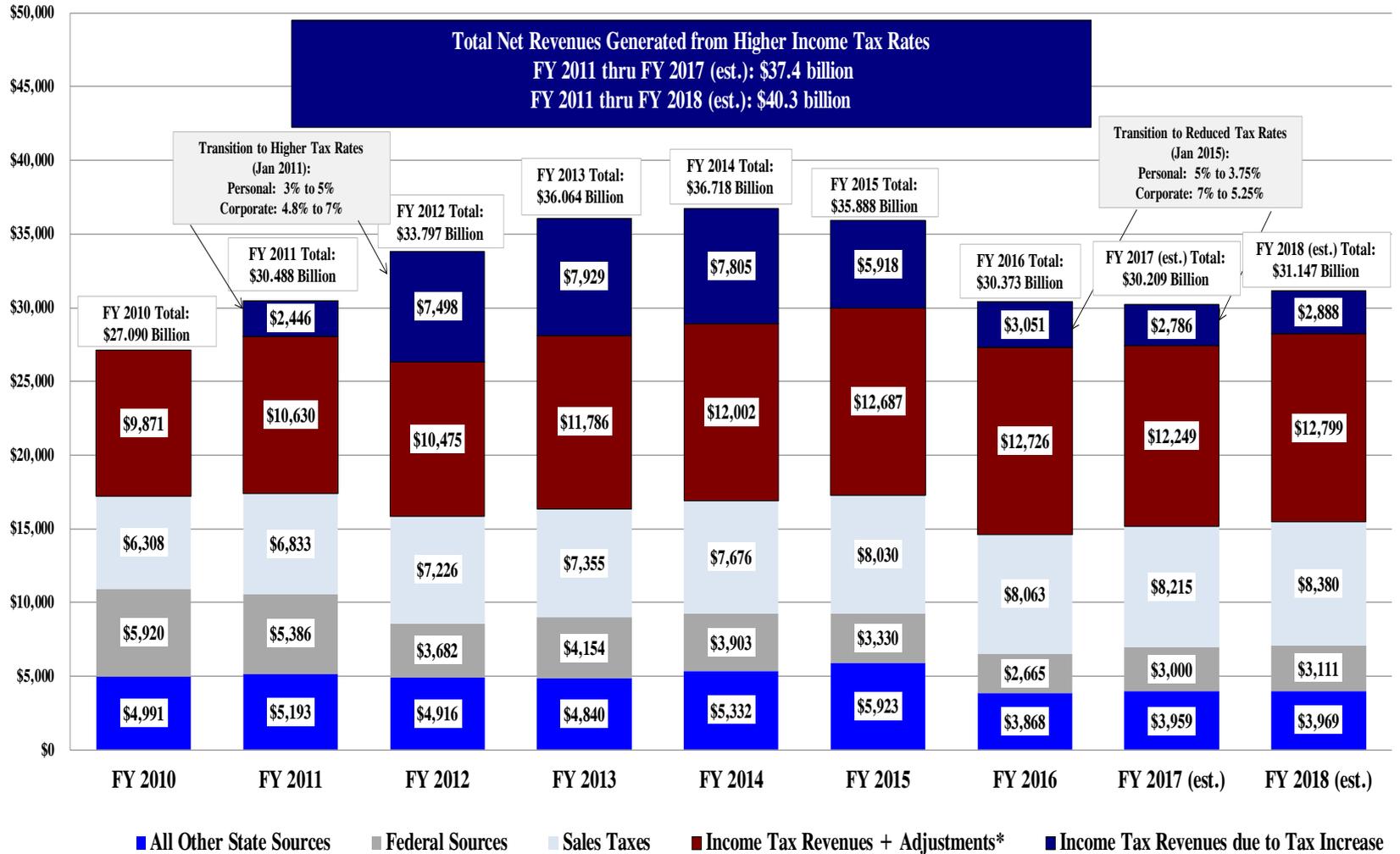
**Application of Adjustments**—Often times a base forecast must be adjusted by factors such as tax changes made at either the federal or state level that will disrupt historical receipt patterns, either by acceleration or delay. As has been the case in FY 2017/18, impacts related to IDOR accounting procedures must also be included. These are usually one-time phenomena, but must be accounted for by adjusting the estimate. Examples include tax rates, credits, deductions, exemptions, amnesty, etc.

**Review Process and Tests of Reasonableness**— Before a forecast is presented, it must pass internal review. In other words, the forecast must make sense. Any questionable forecast is reexamined for error. Accuracy of the estimates is reviewed during each forecasting period and, if necessary, appropriate revisions to the models are made in an effort to improve accuracy.

## Composition of General Funds Tax Revenues between FY 2010 and FY 2018 (est.)

[Excludes Budget Stabilization and Pension Contribution Fund Transfers, Short-Term Borrowing, and Related Transfers]

\$ in millions



\* The adjustments added/subtracted to the base revenues include the impacts from bonus depreciation, tax amnesty, refund percentage changes, and the costs of tax expenditures implemented by P.A. 97-0636 and P.A. 97-0652.

**DETAILED GENERAL FUNDS REVENUE HISTORY FY 2008 - FY 2016 & FY 2017/18 [Estimated]**

(\$ Million)

	Actual Receipts FY 2008	Actual Receipts FY 2009	Actual Receipts FY 2010	Actual Receipts FY 2011	Actual Receipts FY 2012	Actual Receipts FY 2013	Actual Receipts FY 2014	Actual Receipts FY 2015	Actual Receipts FY 2016	CFGFA Feb-16 FY 2017	CGFA Feb-17 FY 2018
<b>Revenue Sources</b>											
<b>State Taxes</b>											
Personal Income Tax	\$11,187	\$10,219	\$9,430	\$12,301	\$17,000	\$18,323	\$18,388	\$17,682	\$15,299	\$15,300	\$15,688
Corporate Income Tax (regular)	2,201	2,073	1,649	2,277	2,983	3,679	3,640	3,129	2,334	1,750	1,900
Sales Taxes	7,215	6,773	6,308	6,833	7,226	7,355	7,676	8,030	8,063	8,215	8,380
Public Utility Taxes (regular)	1,157	1,168	1,089	1,147	995	1,033	1,013	1,006	926	883	898
Cigarette Tax	350	350	355	355	354	353	353	353	353	353	353
Liquor Gallonage Taxes	158	158	159	157	164	165	165	167	170	171	173
Vehicle Use Tax	32	27	30	30	29	27	29	32	30	30	30
Inheritance Tax (Gross)	373	288	243	122	235	293	276	333	306	285	280
Insurance Taxes and Fees	298	334	322	317	345	334	333	353	398	405	410
Corporate Franchise Tax & Fees	225	201	208	207	192	205	203	211	207	205	203
Interest on State Funds & Investments	212	81	26	28	21	20	20	24	24	28	32
Cook County Intergovernmental Transfer	302	253	244	244	244	244	244	244	244	244	244
Other Sources	<u>442</u>	<u>418</u>	<u>431</u>	<u>404</u>	<u>399</u>	<u>462</u>	<u>585</u>	<u>693</u>	<u>534</u>	<u>647</u>	<u>599</u>
<b>Subtotal</b>	<b>\$24,152</b>	<b>\$22,343</b>	<b>\$20,494</b>	<b>\$24,422</b>	<b>\$30,187</b>	<b>\$32,493</b>	<b>\$32,925</b>	<b>\$32,257</b>	<b>\$28,888</b>	<b>\$28,516</b>	<b>\$29,190</b>
<b>Transfers</b>											
Lottery	657	625	625	632	640	656	668	679	677	719	719
Gaming Fund Transfer [and related]	564	430	431	324	413	360	331	302	287	275	272
Other	<u>679</u>	<u>538</u>	<u>828</u>	<u>1,226</u>	<u>885</u>	<u>688</u>	<u>1,113</u>	<u>2,012</u>	<u>627</u>	<u>621</u>	<u>699</u>
<b>Total State Sources</b>	<b>\$26,052</b>	<b>\$23,936</b>	<b>\$22,378</b>	<b>\$26,604</b>	<b>\$32,125</b>	<b>\$34,197</b>	<b>\$35,037</b>	<b>\$35,250</b>	<b>\$30,479</b>	<b>\$30,131</b>	<b>\$30,880</b>
<b>Federal Sources</b>	<b>\$4,815</b>	<b>\$6,567</b>	<b>\$5,920</b>	<b>\$5,386</b>	<b>\$3,682</b>	<b>\$4,154</b>	<b>\$3,903</b>	<b>\$3,330</b>	<b>\$2,665</b>	<b>\$3,000</b>	<b>\$3,111</b>
<b>Total Federal &amp; State Sources</b>	<b>\$30,867</b>	<b>\$30,503</b>	<b>\$28,298</b>	<b>\$31,990</b>	<b>\$35,807</b>	<b>\$38,351</b>	<b>\$38,940</b>	<b>\$38,580</b>	<b>\$33,144</b>	<b>\$33,131</b>	<b>\$33,991</b>
<b>Nongeneral Funds Distribution:</b>											
<b>Refund Fund</b>											
Personal Income Tax	(\$867)	(\$996)	(\$919)	(\$1,076)	(\$1,488)	(\$1,785)	(\$1,746)	(\$1,769)	(\$1,493)	(\$1,714)	(\$1,569)
Corporate Income Tax	(341)	(363)	(289)	(426)	(522)	(502)	(476)	(439)	(362)	(302)	(333)
Fund for Advancement of Education	0	0	0	0	0	0	0	(242)	(458)	(453)	(471)
Commitment to Human Services Fund	0	0	0	0	0	0	0	(242)	(458)	(453)	(471)
<b>Subtotal General Funds</b>	<b>\$29,659</b>	<b>\$29,144</b>	<b>\$27,090</b>	<b>\$30,488</b>	<b>\$33,797</b>	<b>\$36,064</b>	<b>\$36,718</b>	<b>\$35,888</b>	<b>\$30,373</b>	<b>\$30,209</b>	<b>\$31,147</b>
Change from Prior Year	\$1,019	(\$515)	(\$2,054)	\$1,344	\$3,309	\$2,267	\$654	(\$830)	(\$5,515)	(\$164)	\$938
Percent Change	3.6%	-1.7%	-7.0%	4.6%	10.9%	6.7%	1.8%	-2.3%	-15.4%	-0.5%	3.1%
<b>Short-Term Borrowing</b>	<b>\$2,400</b>	<b>\$2,400</b>	<b>\$1,250</b>	<b>\$1,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$454</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
FY'13/14 Backlog Payment Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$264	\$50	\$0	\$0	\$0	\$0
Tobacco Liquidation Proceeds	\$0	\$0	\$0	\$1,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0
HPF and HHSMTF Transfers	\$1,503	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Stabilization Fund Transfer	\$276	\$576	\$1,146	\$535	\$275	\$275	\$275	\$275	\$125	\$0	\$0
Pension Contribution Fund Transfer	\$0	\$0	\$843	\$224	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total General Funds</b>	<b>\$33,838</b>	<b>\$32,120</b>	<b>\$30,329</b>	<b>\$33,797</b>	<b>\$34,072</b>	<b>\$36,603</b>	<b>\$37,043</b>	<b>\$36,617</b>	<b>\$30,498</b>	<b>\$30,209</b>	<b>\$31,147</b>
Change from Prior Year	\$3,566	(\$1,718)	(\$1,791)	\$1,677	\$275	\$2,531	\$440	(\$426)	(\$6,119)	(\$289)	\$938
Percent Change	11.8%	-5.1%	-5.6%	5.2%	0.8%	7.4%	1.2%	-1.2%	-16.7%	-0.9%	3.1%

SOURCE: CGFA



**ALL APPROPRIATED FUNDS REVENUE FY 2008 to FY 2016 & ESTIMATED FY 2017-18**

(\$ millions)

<u>REVENUE SOURCES</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2008</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2009</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2010</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2011</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2012</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2013</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2014</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2015</u>	<u>ACTUAL</u> <u>RECEIPTS</u> <u>FY 2016</u>	Mar-17 Estimate <u>FY 2017</u>	Mar-17 Estimate <u>FY 2018</u>
<b>State Sources</b>											
<b>CASH RECEIPTS:</b>											
Personal Income Tax (gross)	\$11,187	\$10,219	\$9,430	\$12,302	\$17,000	\$18,324	\$18,388	\$17,682	\$15,301	\$15,300	\$15,688
Corporate Income Tax (gross)	\$2,201	\$2,073	\$1,649	\$2,285	\$2,983	\$3,679	\$3,640	\$3,132	\$2,339	\$1,750	\$1,900
Sales Taxes	\$8,733	\$8,216	\$7,752	\$8,400	\$8,851	\$9,054	\$9,451	\$9,908	\$9,073	\$9,253	\$9,439
Short-Term Borrowing	\$2,400	\$2,400	\$1,500	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fund Transfers	\$1,619	\$1,725	\$1,576	\$1,396	\$2,366	\$2,689	\$2,322	\$2,882	\$460	\$2,722	\$2,180
State Employees Retirement System	\$1,358	\$1,316	\$1,258	\$1,566	\$1,764	\$1,875	\$2,136	n/a	n/a	n/a	n/a
Corporate Personal Property Replacement Taxes	\$1,693	\$1,487	\$1,192	\$1,537	\$1,460	\$1,690	\$1,657	\$1,786	\$1,628	\$1,857	\$1,898
Health Care Provider Assessment Fees & Taxes	\$2,189	\$1,724	\$1,575	\$1,635	\$1,677	\$1,656	\$2,413	\$1,961	\$1,952	\$2,168	\$2,204
Public Utility Taxes	\$1,713	\$1,741	\$1,666	\$1,691	\$1,584	\$1,564	\$1,498	\$1,510	\$1,417	\$1,425	\$1,440
Motor Vehicle & Operators Licenses	\$1,302	\$1,302	\$1,370	\$1,494	\$1,498	\$1,462	\$1,511	\$1,539	\$1,552	\$1,590	\$1,615
Lottery Tickets & Licenses	\$997	\$991	\$1,074	\$1,104	\$1,502	\$1,388	\$1,341	\$1,589	\$1,308	\$1,432	\$1,444
Motor Fuel Tax (gross)	\$1,369	\$1,499	\$1,371	\$1,347	\$1,324	\$1,292	\$1,326	\$1,326	\$1,354	\$1,352	\$1,350
Cigarette Taxes	\$614	\$582	\$582	\$588	\$606	\$856	\$860	\$862	\$845	\$802	\$788
Riverboat Gambling Taxes & Fees	\$688	\$553	\$532	\$458	\$611	\$579	\$533	\$520	\$494	\$489	\$486
Revolving Funds	\$563	\$505	\$526	\$565	\$617	\$544	\$595	\$606	\$242	\$728	\$898
Insurance Tax & Fees	\$384	\$422	\$411	\$414	\$447	\$442	\$443	\$466	\$515	\$521	\$526
Inheritance Tax (gross)	\$373	\$288	\$243	\$122	\$235	\$309	\$294	\$355	\$325	\$303	\$298
Liquor Gallonage Taxes	\$164	\$164	\$188	\$182	\$279	\$280	\$280	\$283	\$288	\$291	\$294
Optional Health Insurance Deductions	\$224	\$229	\$263	\$268	\$266	\$269	\$404	\$376	\$352	\$336	\$323
County Intergovernmental Transfers	\$345	\$305	\$261	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244
Hotel Tax	\$219	\$203	\$173	\$192	\$208	\$221	\$227	\$257	\$264	\$272	\$278
Corporate Franchise Tax & Fees	\$234	\$210	\$216	\$215	\$200	\$213	\$211	\$219	\$216	\$211	\$208
Tobacco Settlement	\$310	\$340	\$284	\$290	\$133	\$133	\$163	\$120	\$84	\$160	\$123
Investment Income	\$357	\$156	\$46	\$49	\$43	\$37	\$52	\$52	\$52	\$65	\$80
Video Gaming Tax	\$0	\$0	\$0	\$0	\$0	\$29	\$137	\$235	\$302	\$341	\$371
Other Taxes, Licenses, Fees & Earnings	\$3,197	\$2,855	\$3,207	\$3,545	\$3,586	\$4,153	\$3,995	\$4,186	\$4,403	\$4,940	\$4,785
<b>Total, State Source Cash Receipts</b>	<b>\$44,433</b>	<b>\$41,505</b>	<b>\$38,345</b>	<b>\$43,189</b>	<b>\$49,484</b>	<b>\$52,982</b>	<b>\$54,121</b>	<b>\$52,096</b>	<b>\$45,010</b>	<b>\$48,552</b>	<b>\$48,860</b>
Transfers in from Other State Funds:	\$329	\$314	\$223	\$454	\$361	\$316	\$315	\$493	\$249	\$232	\$232
<b>TOTAL, STATE SOURCES</b>	<b>\$44,762</b>	<b>\$41,819</b>	<b>\$38,568</b>	<b>\$43,643</b>	<b>\$49,845</b>	<b>\$53,298</b>	<b>\$54,436</b>	<b>\$52,589</b>	<b>\$45,259</b>	<b>\$48,784</b>	<b>\$49,092</b>
Federal Sources	\$13,702	\$16,383	\$18,284	\$18,149	\$14,669	\$16,252	\$17,095	\$18,722	\$19,033	\$19,933	\$19,417
Sale of Bonds	\$181	\$151	\$8,551	\$6,125	\$4,099	\$1,872	\$4,244	\$42	\$1,084	\$890	\$1,025
<b>TOTAL, REVENUES - APPROPRIATED FUNDS</b>	<b>\$58,645</b>	<b>\$58,353</b>	<b>\$65,403</b>	<b>\$67,917</b>	<b>\$68,613</b>	<b>\$71,422</b>	<b>\$75,775</b>	<b>\$71,353</b>	<b>\$65,376</b>	<b>\$69,607</b>	<b>\$69,534</b>
Short Term Borrowing	\$2,400	\$2,400	\$1,500	\$1,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL BASE REVENUE - ALL APPROPRIATED</b>	<b>\$56,245</b>	<b>\$55,953</b>	<b>\$63,903</b>	<b>\$66,617</b>	<b>\$68,613</b>	<b>\$71,422</b>	<b>\$75,775</b>	<b>\$71,353</b>	<b>\$65,376</b>	<b>\$69,607</b>	<b>\$69,534</b>