

***ILLINOIS ECONOMIC  
and  
FISCAL COMMISSION***

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***Economic and Revenue Updates***

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*May 8, 2001  
703 Stratton Office Building  
Springfield, IL 62706*

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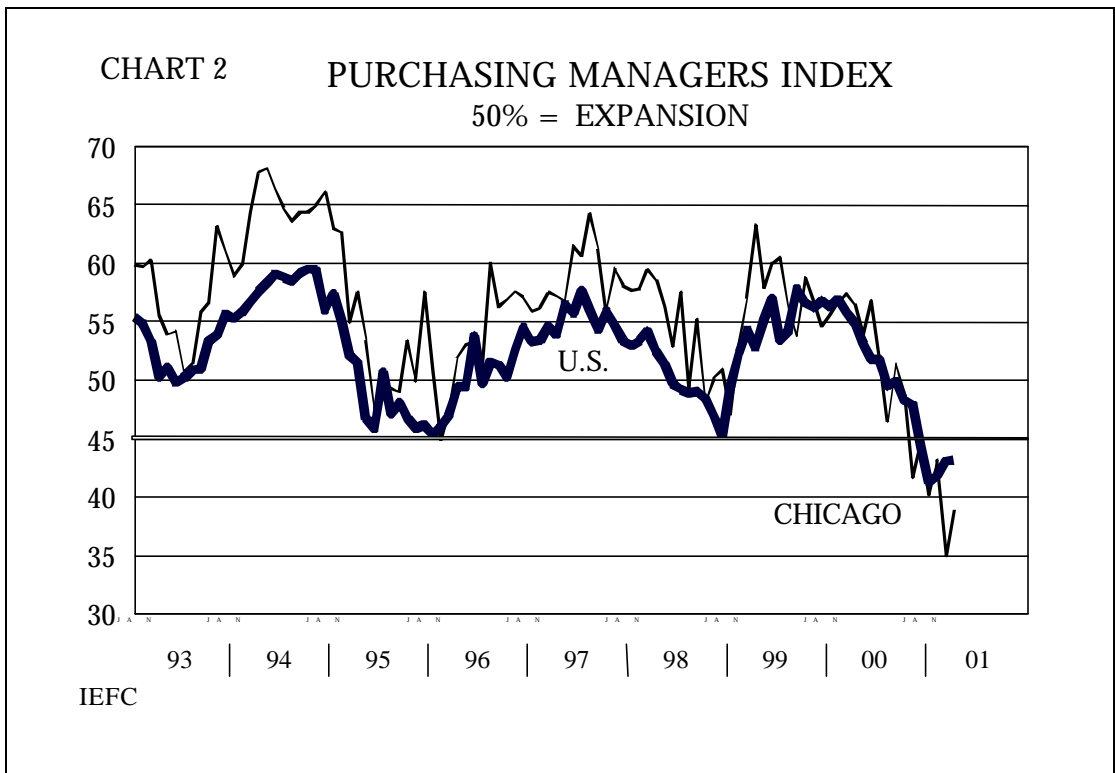
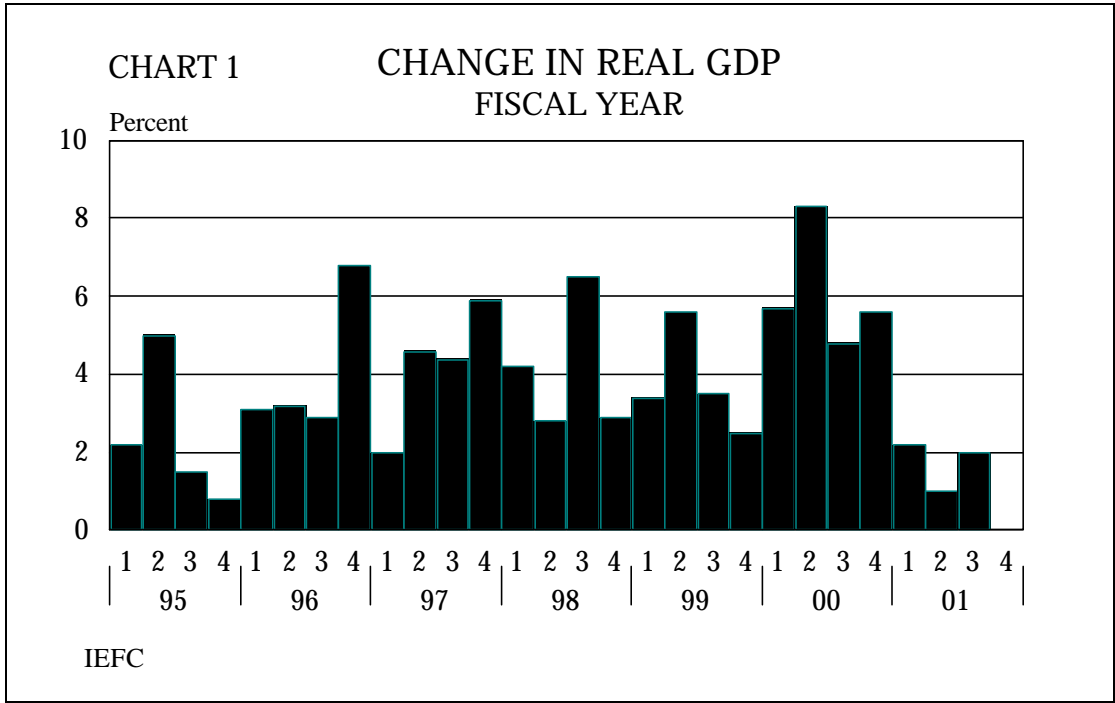
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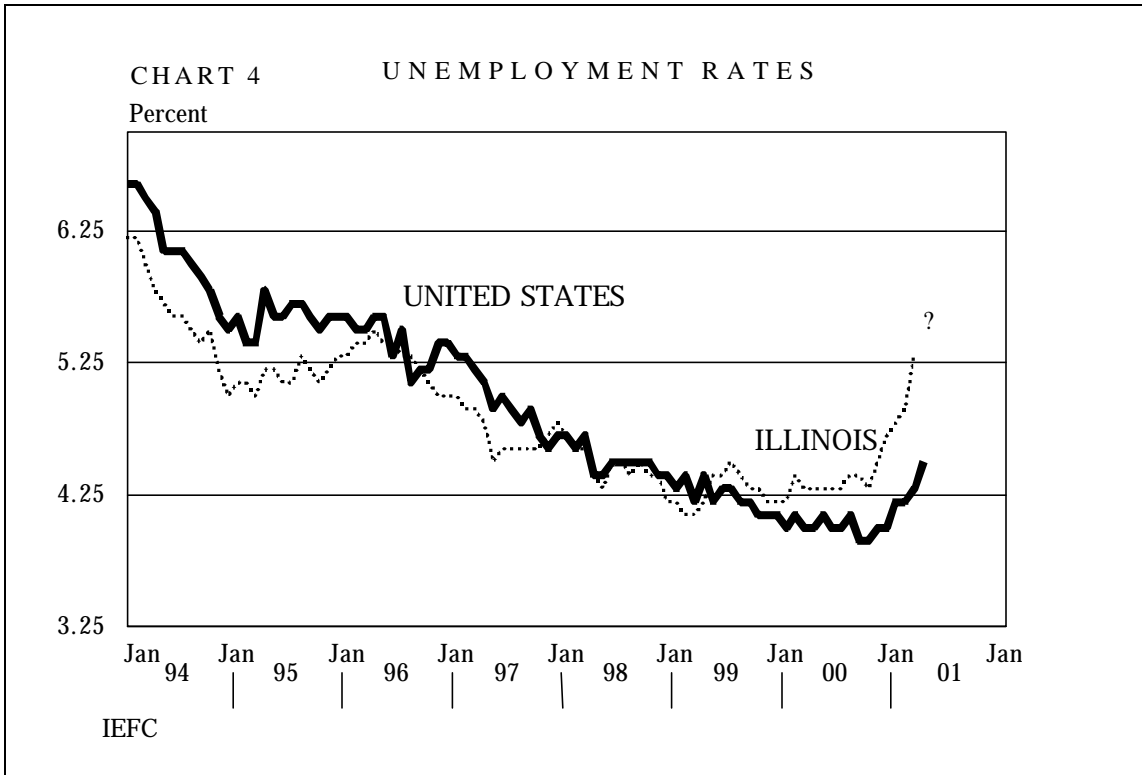
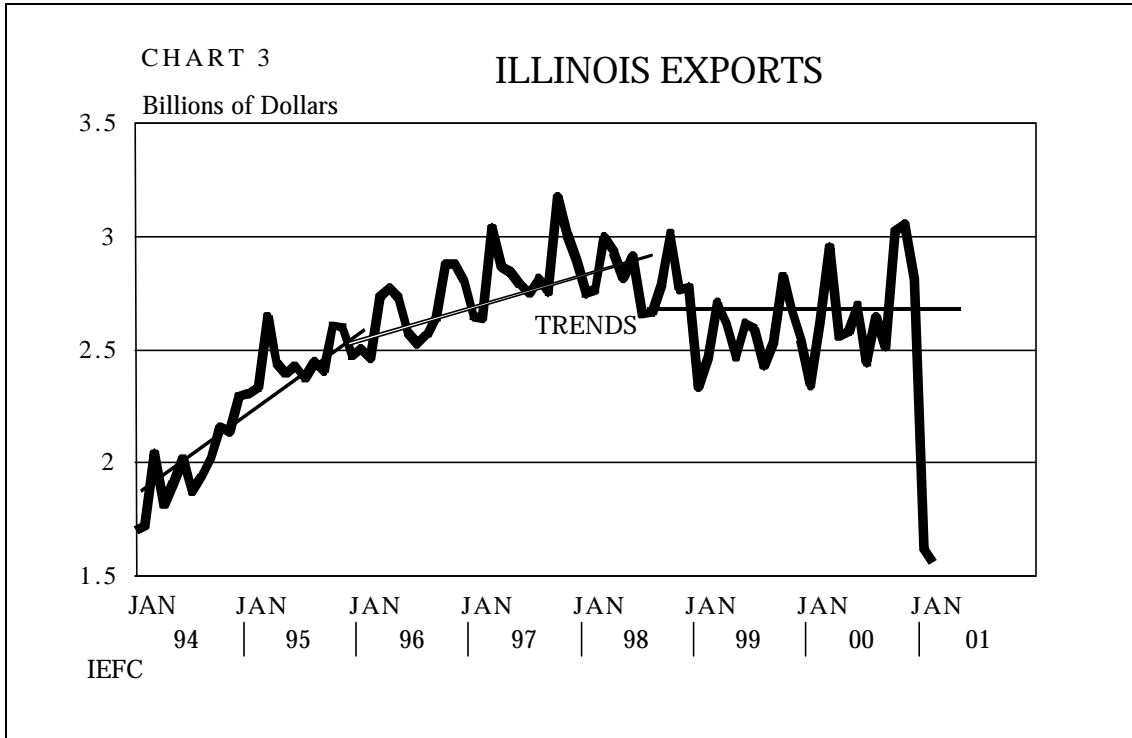
***Economic and Revenue Updates***  
***Illinois Economic and Fiscal Commission***  
*May 8, 2001*

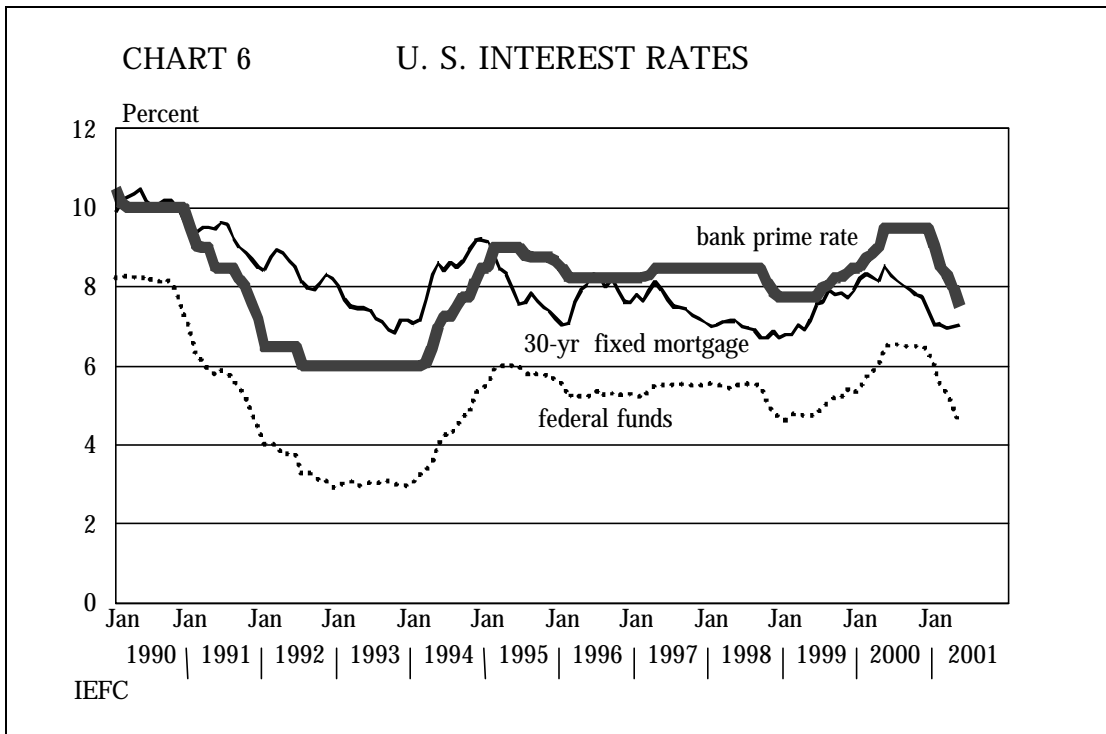
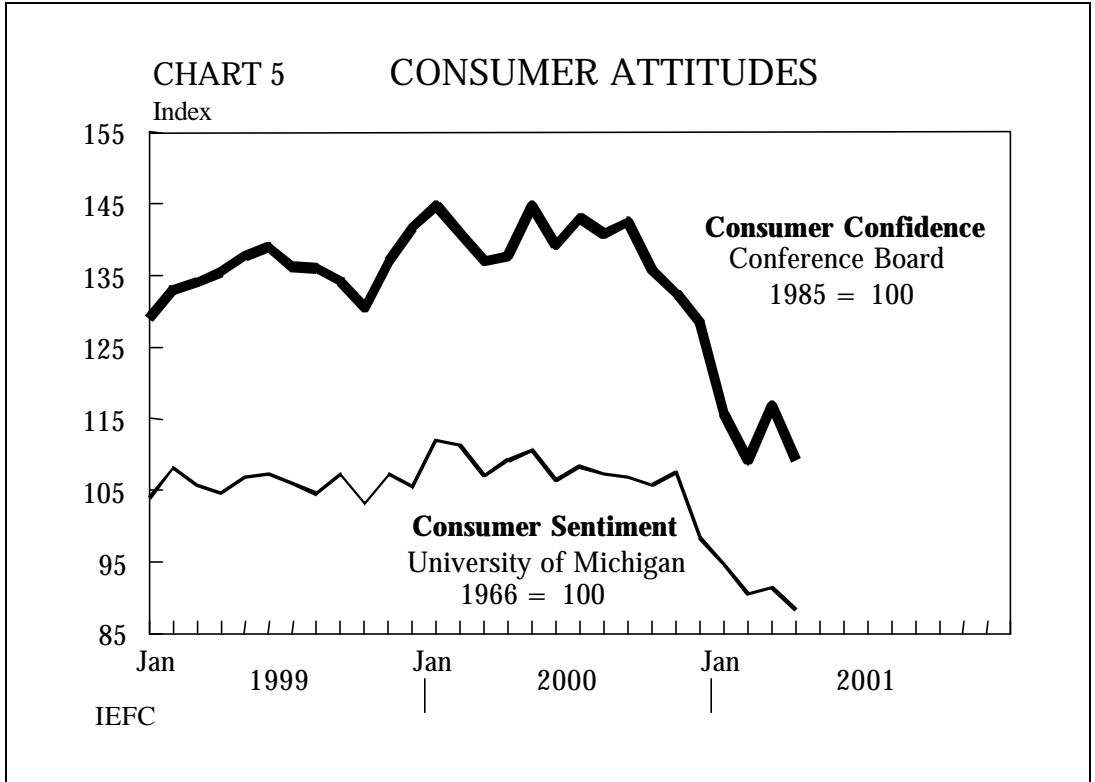
**ECONOMIC FORECAST**

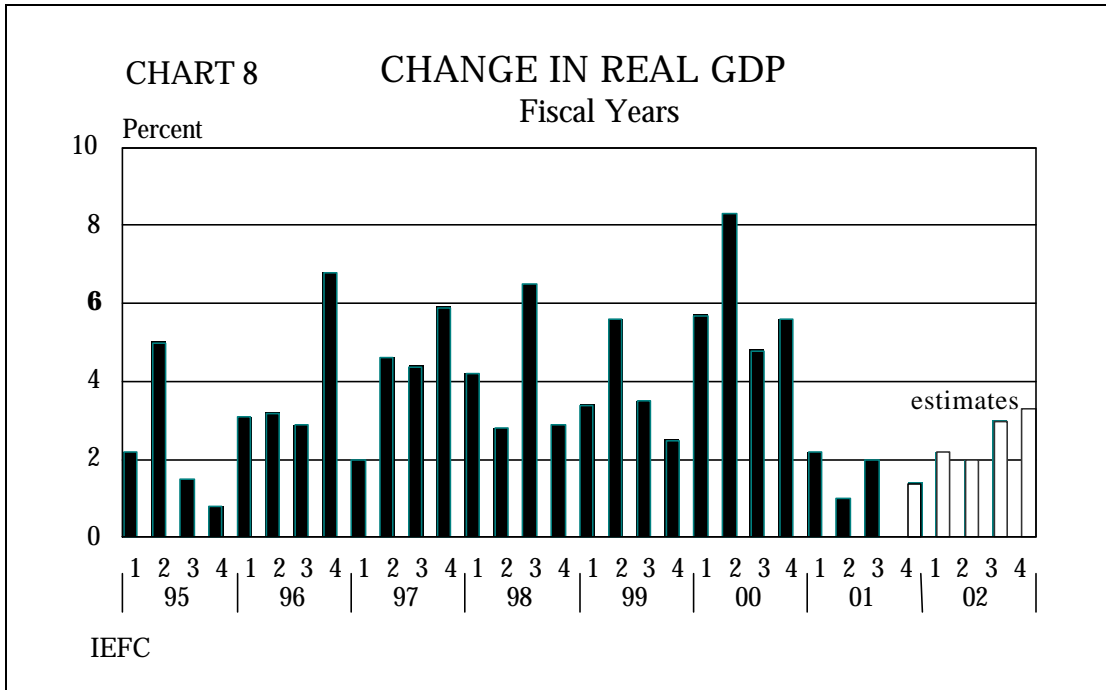
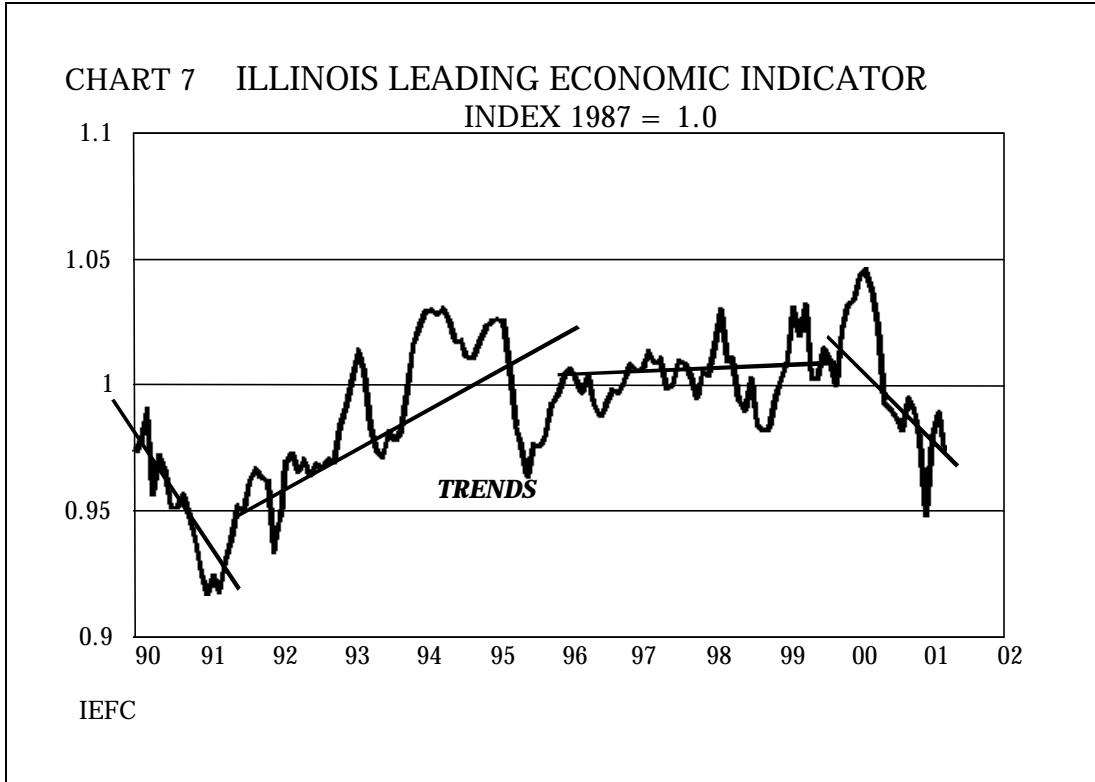
- The pace of economic activity nose dived in FY 2001, recording the weakest performance since the last recession. As shown in Chart 1, real growth was slim in the third quarter of FY 2001 just reported, and averaged only 1.7% during the first three quarters. This compares to real growth of 5.2% in FY 2000 and growth ranging between 4% and 4.5% in each of the previous three fiscal years.
- The most severely hit sector has been manufacturing. As shown in Chart 2, the Purchasing Managers' Index has fallen sharply over the past year and has indicated actual contraction in activity this year. The weakness appears even more prevalent in the Chicago area, where the manufacturing index in March hit the lowest level since March 1982, before inching up in April. The deterioration in manufacturing is even more important to Illinois as it accounts for over 17% of its Gross State Product compared to about 15% for the nation as a whole.
- Another area of noticeable deterioration is the export sector. For, not only is domestic demand softening, but the Japanese economy is in recession and Europe is slowing, reducing the demand for U.S. goods abroad. (See Chart 3)
- This weakening in exports is particularly important to Illinois, which ranks sixth in the nation among the states in international exports and where Canada, Mexico, and Japan, respectively are the largest customers accounting for about 43% of our total exports.
- The deterioration in the pace of economic activity has begun to be felt in the labor markets, which averaged a 30-year low in terms of the unemployment rate last year. While the rise in the unemployment rate has been only modest so far nationwide, it was a full percent higher in Illinois in March than a year earlier. (See Chart 4). This pattern reverses that seen during most of the expansion when Illinois' unemployment rate consistently held below the national average.
- Rising unemployment and a mounting number of announced layoffs has soured consumer confidence. As shown in Chart 5, confidence levels have fallen sharply since last fall as measured by either of the two major measures. This is important since consumer spending makes up two-thirds of the economy.

- In order to stem the economic deterioration, the Federal Reserve, beginning in January, shifted direction sharply and has dropped interest rates 4 times, each time by  $\frac{1}{2}\%$ . Thus, rates have fallen a full 2 points since year-end 2000 and now are at or below the levels seen prior to the Federal Reserve credit tightening of 1999. (See Chart 6) Most observers feel this credit ease will continue and, when coupled with proposed lower taxes, will stimulate the economy and cause growth to resume at a faster pace. Even so, this is unlikely to be felt till late this year at the earliest.
- Indeed, many observers characterize the period ahead as a “growth recession”. That is, even if the current rate of growth is sustained, it doesn’t mean households will avert the pain usually associated with recession. As productivity has been on the rise, the economy needs to grow faster just to keep as many people working.
- As shown in Chart 7, the IEFC’s leading indicator has been on a declining trend for over a year, although it may be bottoming out and is not as low as that which preceded the last recession.
- Overall, the IEFC projects that the economy will continue to struggle for several more months, but will not improve markedly until the second half of next fiscal year. Timing of a recovery aside, overall growth in FY 2002 still will be slower than that experienced in the late 1990s. (See Chart 8).
- Finally, Chart 9 shows the effect of the weakening economy on state revenues. ISI survey’s 16 states geographically dispersed each month in terms of income and sales tax flows, IEFC participates. As shown, these revenue flows have deteriorated sharply in the past six months.

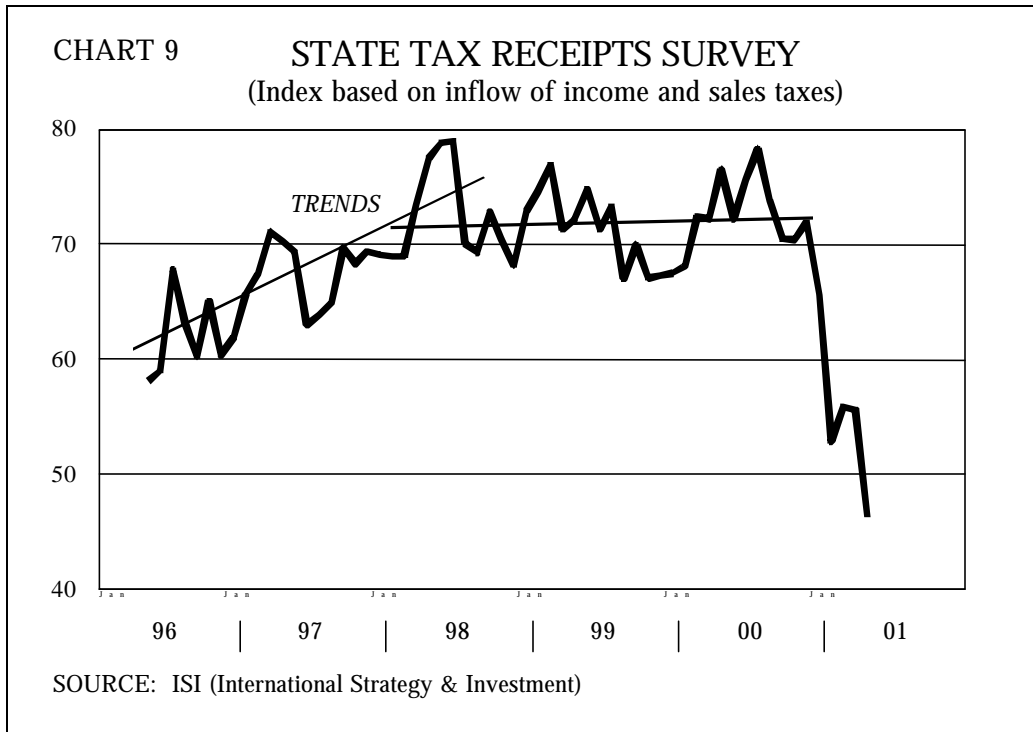












## **GENERAL REVENUE FORECASTS**

### **FY 2001**

As shown in Table 1 on page 10, the Commission's revised estimate for FY 2001 general revenue has been revised down by \$50 million to \$24.145 billion. While a number of sources have been adjusted, the largest revisions were to sales tax and personal income tax.

- As discussed in previous meetings, growth in sales tax revenue has essentially stalled out in recent months. A weakened economy coupled with lackluster consumer confidence has resulted in several months of unimpressive sales tax receipts. Since January, sales tax receipts have been running about one-half of a percent lower than last year (see Chart 10). Given that sales taxes jumped a combined 9.3% during last May and June, there is little reason to expect significant gains in the coming months (see Chart 11). As a result, the FY 2001 estimate for sales tax receipts has been reduced by \$120 million to \$6.005 billion. The revised estimate represents a decrease of 0.4% over the previous year.
- While the sales tax has disappointed, personal income taxes have held up quite well with gross personal income tax running at a growth rate of 4.5% through March. After an exceptional April, when receipts rose over 29%, the year-to-date growth rate jumped to 7.9% (see Chart 12). Unfortunately, personal income taxes are likely to give back a large amount of April's gains as last May and June were exceptionally large receipting months with personal income tax jumping 15.9% over that period (see Chart 13). Nonetheless, income tax receipts have done better than expected and, as a result, the gross personal income tax estimate has been increased \$90 million to \$8.690 billion or 5.0% over the previous year (\$84 million net of refunds).
- In addition to the above major revisions, a number of other sources also have been adjusted. Several sources, such as corporate income tax and interest income, have had their estimates adjusted up. However, those gains are more than offset by downward adjustments in other areas such as public utility and inheritance taxes. Combined, these various other adjustments equate into \$14 million of downward revisions.

As shown in Table 2 on page 13, the revised FY 2001 estimate represents a \$895 million or 3.8% increase over the prior fiscal year.

Table 3 on page 14 shows year-to-date performance of the revenue sources. While receipts were up \$579 million through April, approximately \$319 million or 55% of that gain came in the month of April (see Chart 14). While overall receipts rebounded significantly in April, as mentioned earlier, that trend may be short lived as last May and June proved to be exceptionally large receipting months. Last year, overall general

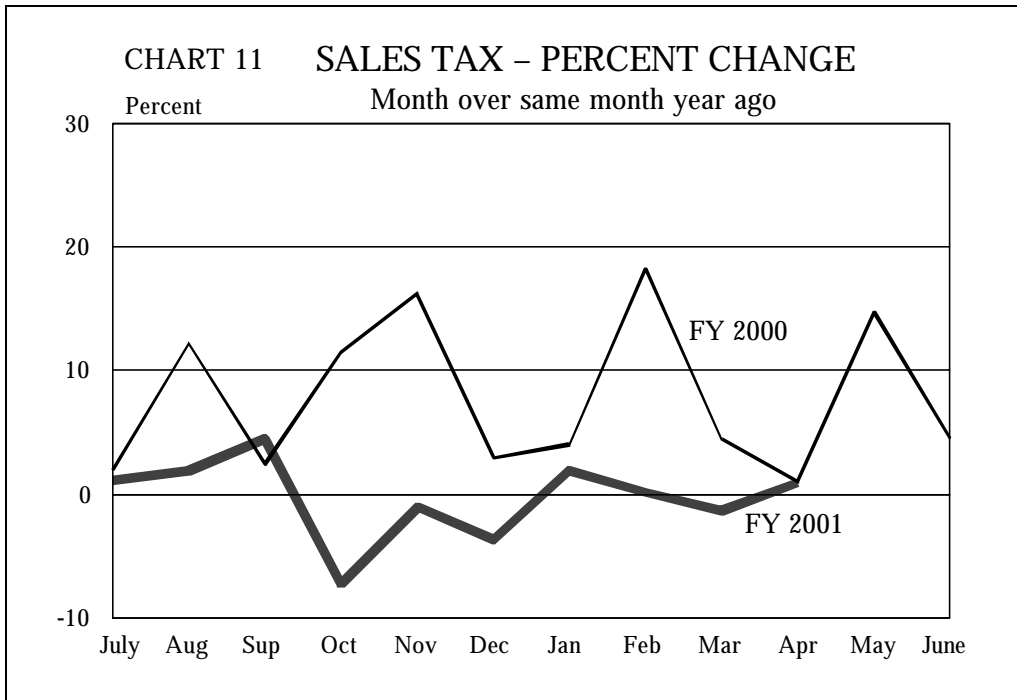
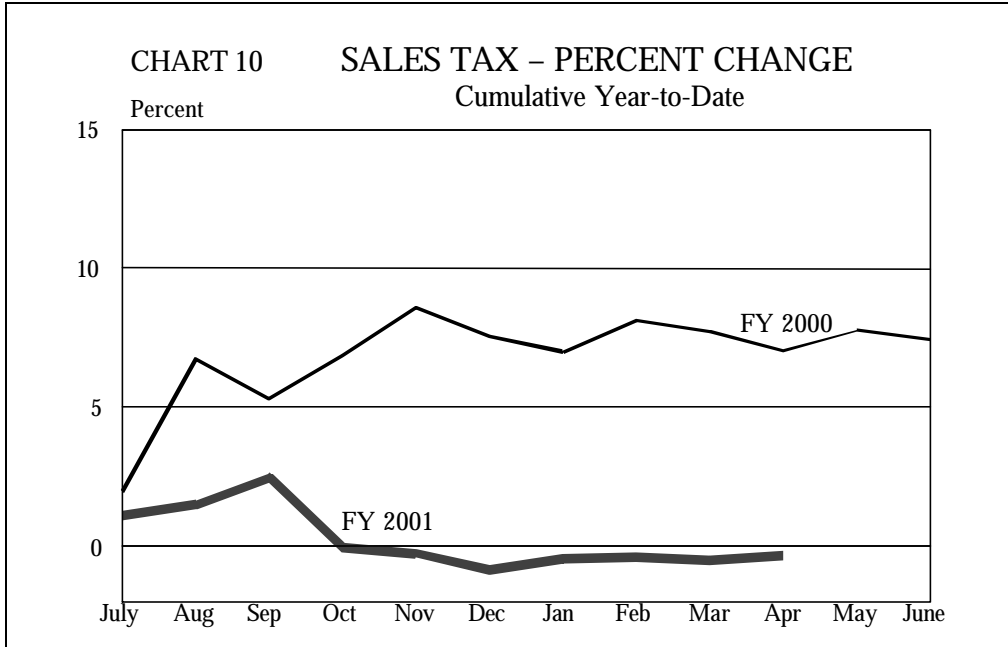
funds revenues grew by a combined \$610 million or 15.9% over that period (see Chart 15). Aside from increases expected from \$200 million in Build Illinois general reserve fund transfers and federal source increases associated with a Medicaid supplemental, achieving gains in base revenues over the coming months will prove very difficult.

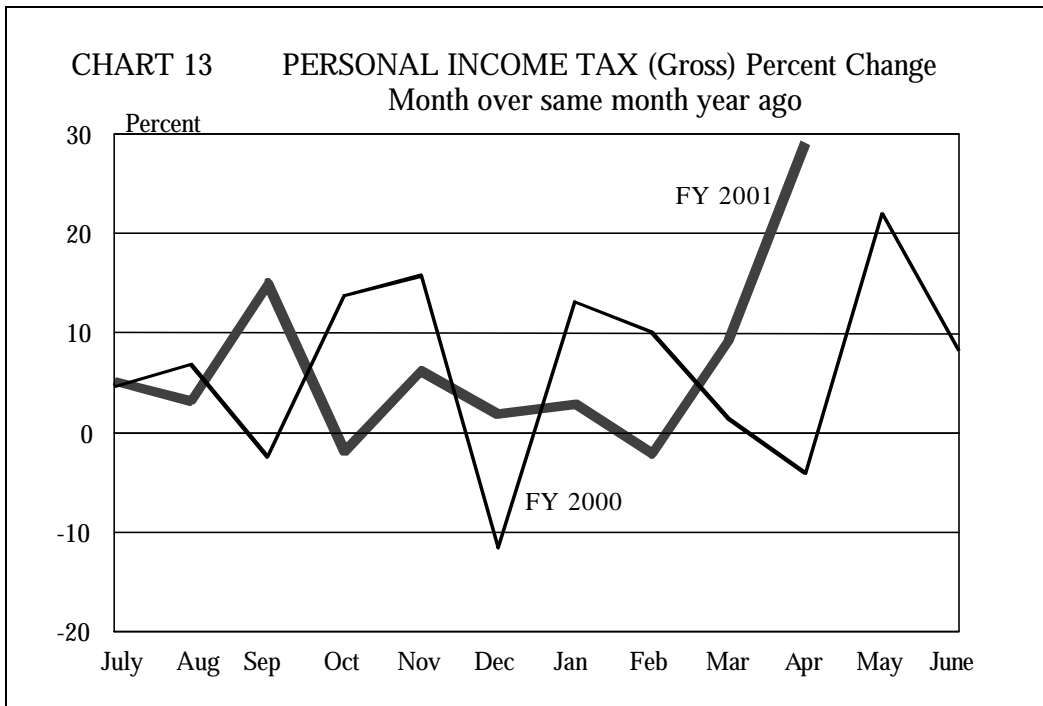
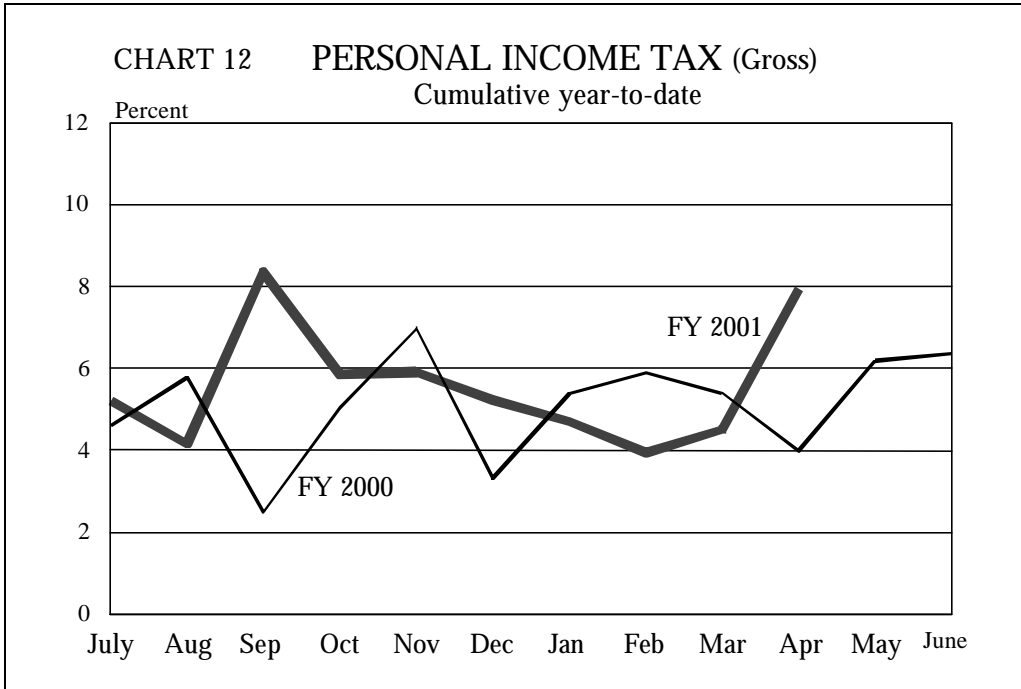
As shown in Table 4 on page 16, with the downward revision of \$50 million, the Commission's FY 2001 general funds estimate is now \$85 million less than the Bureau of the Budget's revised estimate just released last week. While the BoB did not change its bottom line forecast, it did make adjustments to numerous estimates including a significant downward revision in sales tax and upward increase in the personal income tax estimate.

**TABLE 1: ADJUSTMENTS TO THE  
FY 2001 GENERAL FUNDS ESTIMATE**

(\$ million)

<u>Revenue Sources</u>	<u>MAY - 01 REVISED ESTIMATE FY 2001</u>	<u>FEB - 01 ESTIMATE FY 2001</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$8,690	\$8,600	\$90	1.0%
Corporate Income Tax (regular)	1,387	1,377	\$10	0.7%
Sales Taxes	6,005	6,125	(\$120)	-2.0%
Public Utility Taxes (regular)	1,130	1,150	(\$20)	-1.7%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	125	130	(\$5)	-3.8%
Vehicle Use Tax	35	39	(\$4)	-10.3%
Inheritance Tax (Gross)	359	372	(\$13)	-3.5%
Insurance Taxes and Fees	235	235	\$0	0.0%
Corporate Franchise Tax & Fees	145	140	\$5	3.6%
Interest on State Funds & Investments	285	270	\$15	5.6%
Cook County Intergovernmental Transfer	245	245	\$0	0.0%
Other Sources	395	400	(\$5)	-1.3%
<b>Subtotal</b>	<b>\$19,436</b>	<b>\$19,483</b>	<b>(\$47)</b>	<b>-0.2%</b>
<b>Transfers</b>				
Lottery	505	505	\$0	0.0%
Gaming Fund Transfer	450	440	\$10	2.3%
Other	445	450	(\$5)	-1.1%
<b>Total State Sources</b>	<b>\$20,836</b>	<b>\$20,878</b>	<b>(\$42)</b>	<b>-0.2%</b>
<b>Federal Sources</b>	<b>\$4,190</b>	<b>\$4,190</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$25,026</b>	<b>\$25,068</b>	<b>(\$42)</b>	<b>-0.2%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$617)	(\$611)	(\$6)	1.0%
Corporate Income Tax	(\$264)	(\$262)	(\$2)	0.8%
<b>Total General Funds</b>	<b>\$24,145</b>	<b>\$24,195</b>	<b>(\$50)</b>	<b>-0.2%</b>
IEFC				3 - May - 01





**TABLE 2: GENERAL FUNDS RECEIPTS**FY 2001 vs. FY 2000  
(\$ million)

<u>Revenue Sources</u>	<u>MAY-01 Revised Estimate FY 2001</u>	<u>Actual Receipts FY 2000</u>	<u>\$ CHANGE FY 2000-2001</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$8,690	\$8,273	\$417	5.0%
Corporate Income Tax (regular)	1,387	1,527	(\$140)	-9.2%
Sales Taxes	6,005	6,027	(\$22)	-0.4%
Public Utility Taxes (regular)	1,130	1,116	\$14	1.3%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	125	128	(\$3)	-2.3%
Vehicle Use Tax	35	38	(\$3)	-7.9%
Inheritance Tax (Gross)	359	348	\$11	3.2%
Insurance Taxes and Fees	235	209	\$26	12.4%
Corporate Franchise Tax & Fees	145	139	\$6	4.3%
Interest on State Funds & Investments	285	233	\$52	22.3%
Cook County Intergovernmental Transfer	245	245	\$0	0.0%
Other Sources	395	194	\$201	103.6%
<b>Subtotal</b>	<b>\$19,436</b>	<b>\$18,877</b>	<b>\$559</b>	<b>3.0%</b>
<b>Transfers</b>				
Lottery	505	515	(\$10)	-1.9%
Gaming Fund Transfer	450	330	\$120	36.4%
Other	445	514	(\$69)	-13.4%
<b>Total State Sources</b>	<b>\$20,836</b>	<b>\$20,236</b>	<b>\$600</b>	<b>3.0%</b>
<b>Federal Sources</b>	<b>\$4,190</b>	<b>\$3,891</b>	<b>\$299</b>	<b>7.7%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$25,026</b>	<b>\$24,127</b>	<b>\$899</b>	<b>3.7%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$617)	(\$587)	(\$30)	5.1%
Corporate Income Tax	(264)	(290)	\$26	-9.0%
<b>Total General Funds</b>	<b>\$24,145</b>	<b>\$23,250</b>	<b>\$895</b>	<b>3.8%</b>
IEFC				
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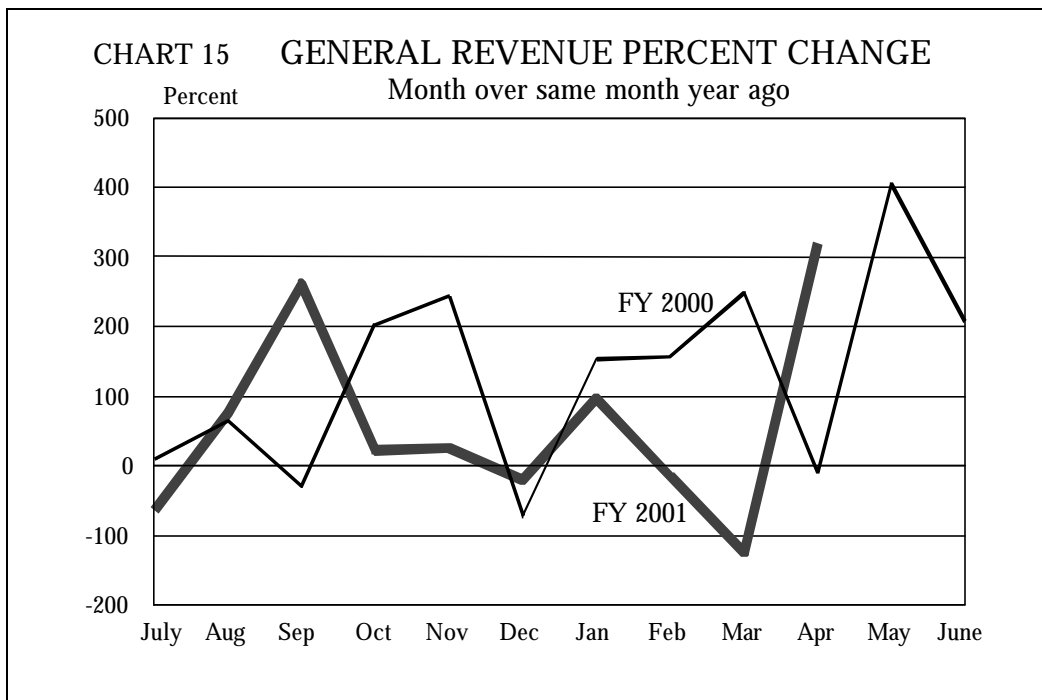
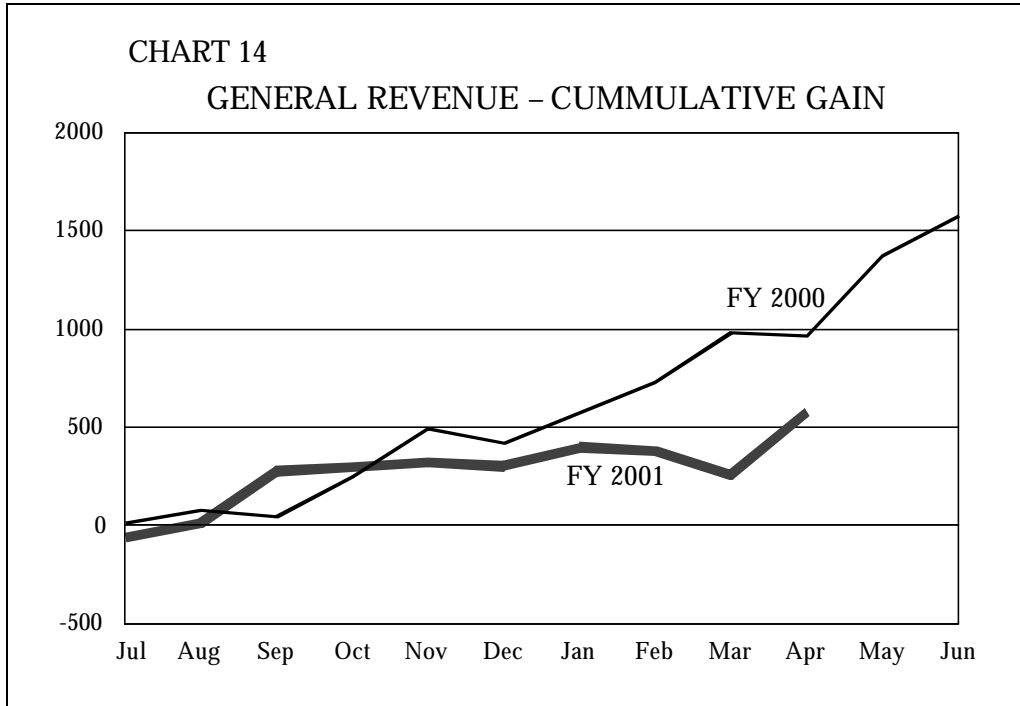
<b>Table 3: GENERAL FUNDS RECEIPTS: YEAR TO DATE</b>				
<b>Through April</b>				
<b>(\$ million)</b>				
<b>Revenue Sources</b>	<b>FY 2001</b>	<b>FY 2000</b>	<b>CHANGE FROM FY 2000</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$6,983	\$6,470	\$513	7.9%
Corporate Income Tax (regular)	1,079	1,200	(\$121)	-10.1%
Sales Taxes	4,933	4,950	(\$17)	-0.3%
Public Utility Taxes (regular)	928	923	\$5	0.5%
Cigarette Tax	333	333	\$0	0.0%
Liquor Gallonage Taxes	99	100	(\$1)	-1.0%
Vehicle Use Tax	27	31	(\$4)	-12.9%
Inheritance Tax (Gross)	294	292	\$2	0.7%
Insurance Taxes and Fees	195	158	\$37	23.4%
Corporate Franchise Tax & Fees	119	107	\$12	11.2%
Interest on State Funds & Investments	236	191	\$45	23.6%
Cook County IGT	222	214	\$8	3.7%
Other Sources	161	160	\$1	0.6%
<b>Subtotal</b>	<b>\$15,609</b>	<b>\$15,129</b>	<b>\$480</b>	<b>3.2%</b>
<b>Transfers</b>				
Lottery	393	373	\$20	5.4%
Gaming Fund Transfer	375	273	\$102	37.4%
Other	357	437	(\$80)	-18.3%
<b>Total State Sources</b>	<b>\$16,734</b>	<b>\$16,212</b>	<b>\$522</b>	<b>3.2%</b>
<b>Federal Sources</b>	<b>\$3,326</b>	<b>\$3,254</b>	<b>\$72</b>	<b>2.2%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$20,060</b>	<b>\$19,466</b>	<b>\$594</b>	<b>3.1%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$496)	(\$458)	(\$38)	8.3%
Corporate Income Tax	(205)	(228)	\$23	-10.1%
<b>Total General Funds</b>	<b>\$19,359</b>	<b>\$18,780</b>	<b>\$579</b>	<b>3.1%</b>

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

IEFC -

3-May-01





**TABLE 4: IEFC-BoB COMPARISON-FY 2001**

(\$ millions)

<u>Revenue Sources</u>	<u>ACTUAL FY 2000</u>	<u>BoB Feb-01 Budget Book FY 2001</u>	<u>Revised IEFC May-01 FY 2001</u>	<u>Difference</u>
<b>State Taxes</b>				
Personal Income Tax	\$8,273	\$8,719	\$8,690	(\$29)
Corporate Income Tax	\$1,527	\$1,383	\$1,387	\$4
Sales Taxes	\$6,027	\$6,050	\$6,005	(\$45)
Public Utility (regular)	\$1,116	\$1,140	\$1,130	(\$10)
Cigarette Tax	\$400	\$400	\$400	\$0
Liquor Gallonage Taxes	\$128	\$125	\$125	\$0
Vehicle Use Tax	\$38	\$38	\$35	(\$3)
Inheritance Tax (gross)	\$348	\$365	\$359	(\$6)
Insurance Taxes & Fees	\$209	\$240	\$235	(\$5)
Corporate Franchise Tax & Fees	\$139	\$143	\$145	\$2
Interest on State Funds & Investments	\$233	\$282	\$285	\$3
Cook County Intergovernmental Transfer	\$245	\$245	\$245	\$0
<u>Other Sources</u>	<u>\$194</u>	<u>\$392</u>	<u>\$395</u>	<u>\$3</u>
<b>Subtotal</b>	<b>\$18,877</b>	<b>\$19,522</b>	<b>\$19,436</b>	<b>(\$86)</b>
<b>Transfers</b>				
Lottery	\$515	\$500	\$505	\$5
Gaming Fund Transfer	\$330	\$450	\$450	\$0
Other	\$514	\$450	\$445	(\$5)
<b>Total State Sources</b>	<b>\$20,236</b>	<b>\$20,922</b>	<b>\$20,836</b>	<b>(\$86)</b>
<b>Federal Sources</b>	<b>\$3,891</b>	<b>\$4,190</b>	<b>\$4,190</b>	<b>\$0</b>
<b>Total Federal &amp; State Sources</b>	<b>\$24,127</b>	<b>\$25,112</b>	<b>\$25,026</b>	<b>(\$86)</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$587)	(\$619)	(\$617)	\$2
Corporate Income Tax	(\$290)	(\$263)	(\$264)	(\$1)
<b>Total General Funds</b>	<b>\$23,250</b>	<b>\$24,230</b>	<b>\$24,145</b>	<b>(\$85)</b>
<b>Change from Prior Year</b>		<b>\$980</b>	<b>\$895</b>	
<b>Percent Change</b>		<b>4.2%</b>	<b>3.8%</b>	

**FY 2002**

As shown in Table 5 on page 18, the Commission's revised estimate for FY 2002 general revenue is \$24.945 billion. The estimate represents an increase of \$800 million or 3.3% over the revised FY 2001 estimate. While the estimated increase is down slightly from the Commission's February forecast of \$820 million in new revenue, with a couple of exceptions, the base growth assumptions are very similar to those used in the earlier estimate.

- Personal income tax is forecast to grow by approximately 4.0, while corporate income tax at a slightly lower rate of 3.1%.
- While the sales tax is forecast to grow by 7.0% in FY 2002, that level of growth is the result of again having a full year of sales tax on motor fuel. The base growth is forecast to be approximately 4.0%.
- The growth rate for public utility taxes has been reduced slightly from the February forecast, now 2.7% from an earlier 4.0%.
- Due to the impact of lower interest rates, interest income, after surging up in FY 2001, is expected to dip slightly in FY 2002 resulting in a 3.5% decline in revenues.

As shown in Table 6 on page 19, the Commission's revised FY 2002 estimate is \$185 million lower than the BoB's estimate detailed in the February 2002 Budget Book. While the BoB revised its FY 2001 estimate last week, they have yet to publish a revised FY 2002 forecast. Although the BoB did not alter their total for FY 2001, they did make adjustments to several lines. What impact those adjustments will have on their FY 2002 forecast is not known. As mentioned earlier, the Commission's estimate represents an \$800 million increase over the previous year's estimate, as compared to a \$900 million increase forecast by the BoB.

Finally, Table 7 on page 20 simply provides a brief history of general funds revenues and demonstrates how revenue growth is projected to slow in comparison to the last several years.

<b>TABLE 5: ESTIMATED GENERAL FUNDS RECEIPTS</b>				
<b>FY 2002 vs. FY 2001</b>				
<b>(\$ million)</b>				
<b>Revenue Sources</b>	<b>MAY-01 Revised Receipts FY 2002</b>	<b>MAY-01 Revised Receipts FY 2001</b>	<b>\$ CHANGE FY 2002 - 01</b>	<b>% CHANGE</b>
<b>State Taxes</b>				
Personal Income Tax	\$9,040	\$8,690	\$350	4.0%
Corporate Income Tax (regular)	1,430	1,387	\$43	3.1%
Sales Taxes	6,423	6,005	\$418	7.0%
Public Utility Taxes (regular)	1,160	1,130	\$30	2.7%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	135	125	\$10	8.0%
Vehicle Use Tax	35	35	\$0	0.0%
Inheritance Tax (Gross)	376	359	\$17	4.7%
Insurance Taxes and Fees	250	235	\$15	6.4%
Corporate Franchise Tax & Fees	150	145	\$5	3.4%
Interest on State Funds & Investments	275	285	(\$10)	-3.5%
Cook County Intergovernmental Transfer	245	245	\$0	0.0%
Other Sources	405	395	\$10	2.5%
<b>Subtotal</b>	<b>\$20,324</b>	<b>\$19,436</b>	<b>\$888</b>	<b>4.6%</b>
<b>Transfers</b>				
Lottery	505	505	\$0	0.0%
Gaming Fund Transfer	450	450	\$0	0.0%
Other	450	445	\$5	1.1%
<b>Total State Sources</b>	<b>\$21,729</b>	<b>\$20,836</b>	<b>\$893</b>	<b>4.3%</b>
<b>Federal Sources</b>	<b>\$4,130</b>	<b>\$4,190</b>	<b>(\$60)</b>	<b>-1.4%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$25,859</b>	<b>\$25,026</b>	<b>\$833</b>	<b>3.3%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$642)	(\$617)	(\$25)	4.1%
Corporate Income Tax	(272)	(264)	(\$8)	3.0%
<b>Total General Funds</b>	<b>\$24,945</b>	<b>\$24,145</b>	<b>\$800</b>	<b>3.3%</b>
<b>IEFC</b>				
<b>3-May-01</b>				

**TABLE 6: IEFC - BoB COMPARISON - FY 2002**

(millions)

<b>Revenue Sources</b>	<b>BUDGET BOOK</b>		<b>Difference</b>
	<b>BoB Feb-01 FY 2002</b>	<b>IEFC May-01 FY 2002</b>	
<b>State Taxes</b>			
Personal Income Tax	\$8,988	\$9,040	\$52
Corporate Income Tax	\$1,481	\$1,430	(\$51)
Sales Taxes	\$6,575	\$6,423	(\$152)
Public Utility (regular)	\$1,200	\$1,160	(\$40)
Cigarette Tax	\$400	\$400	\$0
Liquor Gallonage Taxes	\$135	\$135	\$0
Vehicle Use Tax	\$38	\$35	(\$3)
Inheritance Tax (gross)	\$435	\$376	(\$59)
Insurance Taxes & Fees	\$225	\$250	\$25
Corporate Franchise Tax & Fees	\$140	\$150	\$10
Interest on State Funds & Investments	\$275	\$275	\$0
Cook County Intergovernmental Transfer	\$245	\$245	\$0
<u>Other Sources</u>	<u>\$402</u>	<u>\$405</u>	<u>\$3</u>
<b>Subtotal</b>	<b>\$20,539</b>	<b>\$20,324</b>	<b>(\$215)</b>
<b>Transfers</b>			
Lottery	\$490	\$505	\$15
Gaming Fund Transfer	\$440	\$450	\$10
<u>Other</u>	<u>\$450</u>	<u>\$450</u>	<u>\$0</u>
<b>Total State Sources</b>	<b>\$21,919</b>	<b>\$21,729</b>	<b>(\$190)</b>
<b>Federal Sources</b>	<b>\$4,130</b>	<b>\$4,130</b>	<b>\$0</b>
<b>Total Federal &amp; State Sources</b>	<b>\$26,049</b>	<b>\$25,859</b>	<b>(\$190)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax	(\$638)	(\$642)	(\$4)
Corporate Income Tax	(\$281)	(\$272)	\$9
<b>Total General Funds</b>	<b>\$25,130</b>	<b>\$24,945</b>	<b>(\$185)</b>
<b>Change from Prior Year Estimate</b>	<b>\$900</b>	<b>\$800</b>	
<b>Percent Change</b>	<b>3.7%</b>	<b>3.3%</b>	
			<b>05/03/01</b>

<b>TABLE 7: GENERAL FUNDS REVENUE FY 1998 - FY 2002</b>					
<b>(\$ million)</b>					
<b>Revenue Sources</b>	<b>Actual Receipts FY 1998</b>	<b>Actual Receipts FY 1999</b>	<b>Actual Receipts FY 2000</b>	<b>May-01 Estimated Receipts FY 2001</b>	<b>May-01 Estimated Receipts FY 2002</b>
<b>State Taxes</b>					
Personal Income Tax	\$7,269	\$7,778	\$8,273	\$8,690	\$9,040
Corporate Income Tax (regular)	1,402	1,384	1,527	1,387	1,430
Sales Taxes	5,274	5,609	6,027	6,005	6,423
Public Utility Taxes (regular)	912	1,019	1,116	1,130	1,160
Cigarette Tax	346	403	400	400	400
Liquor Gallonage Taxes	57	57	128	125	135
Vehicle Use Tax	37	38	38	35	35
Inheritance Tax (Gross)	250	347	348	359	376
Insurance Taxes and Fees	91	208	209	235	250
Corporate Franchise Tax & Fees	118	117	139	145	150
Interest on State Funds & Investments	182	212	233	285	275
Cook County Intergovernmental Transfer	152	218	245	245	245
Other Sources	<u>181</u>	<u>190</u>	<u>194</u>	<u>395</u>	<u>405</u>
<b>Subtotal</b>	<b>\$16,271</b>	<b>\$17,580</b>	<b>\$18,877</b>	<b>\$19,436</b>	<b>\$20,324</b>
<b>Transfers</b>					
Lottery	560	540	515	505	505
Gaming Fund Transfer	170	240	330	450	450
Other	<u>346</u>	<u>411</u>	<u>514</u>	<u>445</u>	<u>450</u>
<b>Total State Sources</b>	<b>\$17,347</b>	<b>\$18,771</b>	<b>\$20,236</b>	<b>\$20,836</b>	<b>\$21,729</b>
<b>Federal Sources</b>	<b>\$3,323</b>	<b>\$3,718</b>	<b>\$3,891</b>	<b>\$4,190</b>	<b>\$4,130</b>
<b>Total Federal &amp; State Sources</b>	<b>\$20,670</b>	<b>\$22,489</b>	<b>\$24,127</b>	<b>\$25,026</b>	<b>\$25,859</b>
<b>Nongeneral Funds Distribution:</b>					
<b>Refund Fund</b>					
Personal Income Tax	(\$421)	(\$552)	(\$587)	(\$617)	(\$642)
Corporate Income Tax	(265)	(263)	(290)	(264)	(272)
<b>Total General Funds</b>	<b>\$19,984</b>	<b>\$21,674</b>	<b>\$23,250</b>	<b>\$24,145</b>	<b>\$24,945</b>
Change from Prior Year	\$1,130	\$1,690	\$1,576	\$895	\$800
Percent Change	6.0%	8.5%	7.3%	3.8%	3.3%
IEFC				05/03/01	

## **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](http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html)