

***ILLINOIS ECONOMIC
AND
FISCAL COMMISSION***

***FY 2000 REVISED REVENUE
ESTIMATE***

and

UPDATED FY 1999 REVENUE PROJECTIONS



***MAY, 1999
703 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706***

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FY 2000 REVISED REVENUE ESTIMATE

May, 1999

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ECONOMIC OUTLOOK: FY 2000

Further But More Modest Growth

The economy is expected to continue its longest ever expansion phase through FY 2000. Indeed, the IEFC forecast of real economic growth for FY 2000 has been raised to 2.7% from a much more modest 1.6% preliminary estimate made last January. As shown in Chart 1, anticipated growth next year would be below that of the previous three years, but in line with that recorded in the early years of the recovery.

The upwardly-revised forecast is not to suggest that uncertainties have diminished. Indeed, if anything, uncertainties which could alter the state of the economy in the year ahead have increased. The most recent uncertainty is the extent of the U.S. involvement in the NATO action in Yugoslavia in terms of its ultimate cost and policy implications. And while some preliminary trials have been successful,

it is still uncertain how detrimental the Y2K problem will prove to be to the economy. At the same time, continuing problems in Asia and Latin America suggest continued intense competitive pressure on U.S. companies.

Despite these increased uncertainties, there are several recent developments that have caused the IEFC to raise its initial forecast of economic growth for the upcoming fiscal year.

First, continued strong employment growth has led to strong gains in income and, with consumer confidence remaining high, has lifted our estimate of personal consumption which makes up about two-thirds of total spending. Yet despite strong spending, supplies of goods and services remain ample in an extremely competitive environment so that price increases remain small and inflation is restrained. (See Table 1).

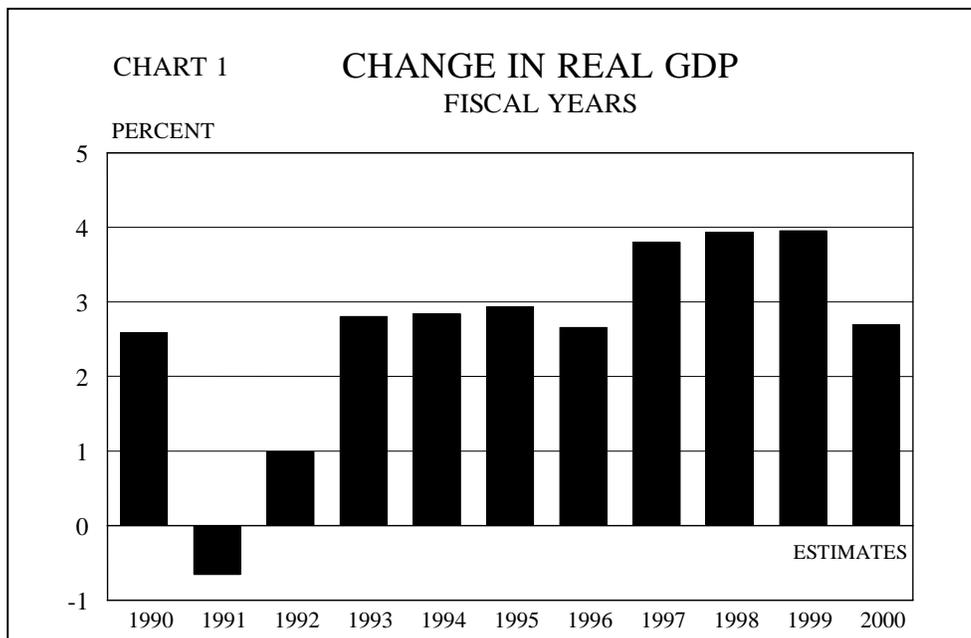


TABLE 1. CONTROL and IEFC FORECASTS – APRIL 1999				
(% Change from prior year levels)				
	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Control	IEFC
REAL (1992 \$)				
Gross Domestic Product	3.8	3.9	3.9	2.7
Personal Consumption	3.1	4.2	4.7	3.1
Durable	5.6	8.9	10.0	5.4
Nondurable	2.6	3.0	4.0	2.2
Services	2.9	3.9	4.0	3.1
Fixed Investment	9.2	10.2	10.3	5.1
Exports	10.3	8.1	1.1	4.3
Imports	12.5	13.1	8.7	8.2
Government	1.4	1.0	2.1	2.3
Federal	-1.1	-1.5	1.1	0.8
State & Local	2.9	2.4	2.6	3.1
OTHER MEASURES				
Personal Income	3.8	3.9	4.0	3.6
Disposable Income	2.9	2.9	3.4	3.4
Consumer Prices	2.9	1.8	1.7	2.3
Unemployment Rate (Average)	5.2	4.7	4.4	4.3

While consumer spending has been revised up, the forecast continues to call for reduced growth in business spending, weak exports, and only small gains in government spending. These are the same weak spots noted in January. Yet some of the more dire predictions do not now seem likely. For example, the financial crises in Latin America, which initially looked as dire as the Asian crises the year before, have proven less severe. Similarly, the retrenchment in European economic activity may prove short-lived with corrective credit easing already underway to stimulate economic growth. And while the U.S. manufacturing sector remains weak, recent surveys by the National Association of Purchasing Management suggest the worst may be over.

Some moderation in economic growth may be desirable. A return to growth rates more in line with the nation's long-term performance not only would reduce fears of impending inflationary pressures, but also would allow the Federal Reserve System to maintain a relatively easy credit posture. This in turn would provide time for some of the international financial problems to ease and allow the benefits of the U.S. economy to be felt abroad.

IEFC's forecast for FY 2000 for the U.S. economy is for real growth of 2.7%. This is up from the rate pre-sented last January, but remains below the 3.9% rate expected for FY 1999 and actually achieved in FY 1998. Even so, it represents another strong year in what could prove to be the longest U.S. economic expansion in history.

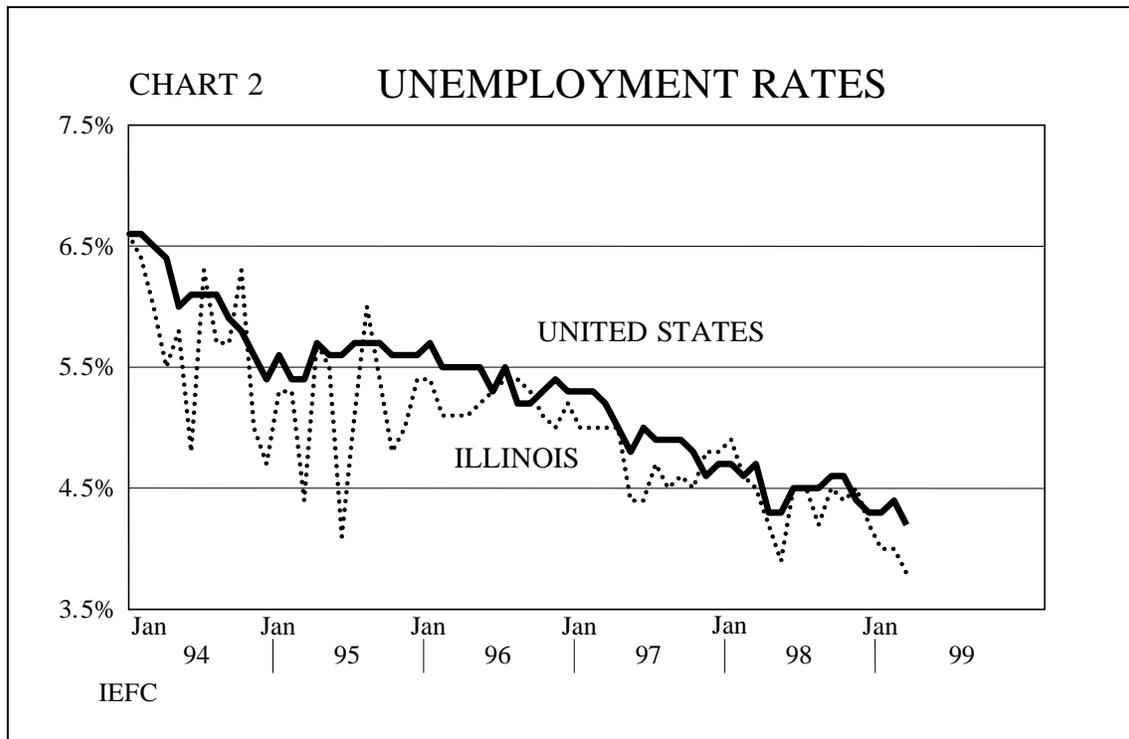
THE OUTLOOK FOR ILLINOIS

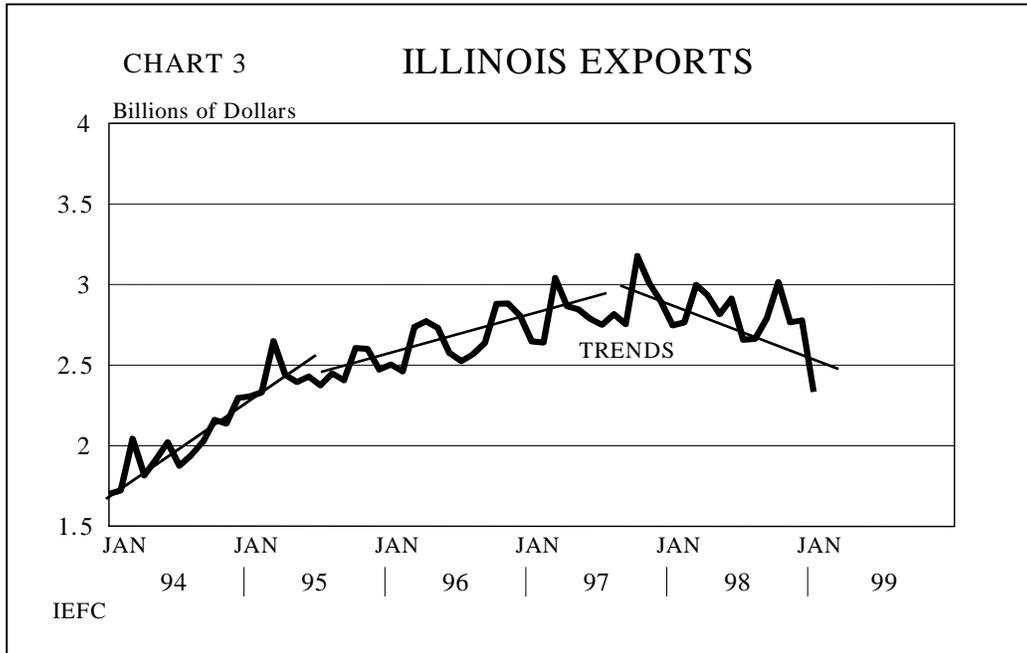
Growth in the Illinois economy in the last few quarters has averaged slightly less than that of the nation, altering the better-than-national performance recorded in recent years. While the unemployment rate has remained below the national average, weakness in manufacturing and exports – two major elements of the State's economy – can be held largely responsible for the recent below-average performance.

The State's economy continues to exhibit several areas of impressive strength, laced with pockets of weakness. For example, the State's unemployment rate in March dropped

below 4% for the first time in 24 years as shown in Chart 2. Yet manufacturing continued to lose jobs, which were 5,600 fewer than at this time a year ago.

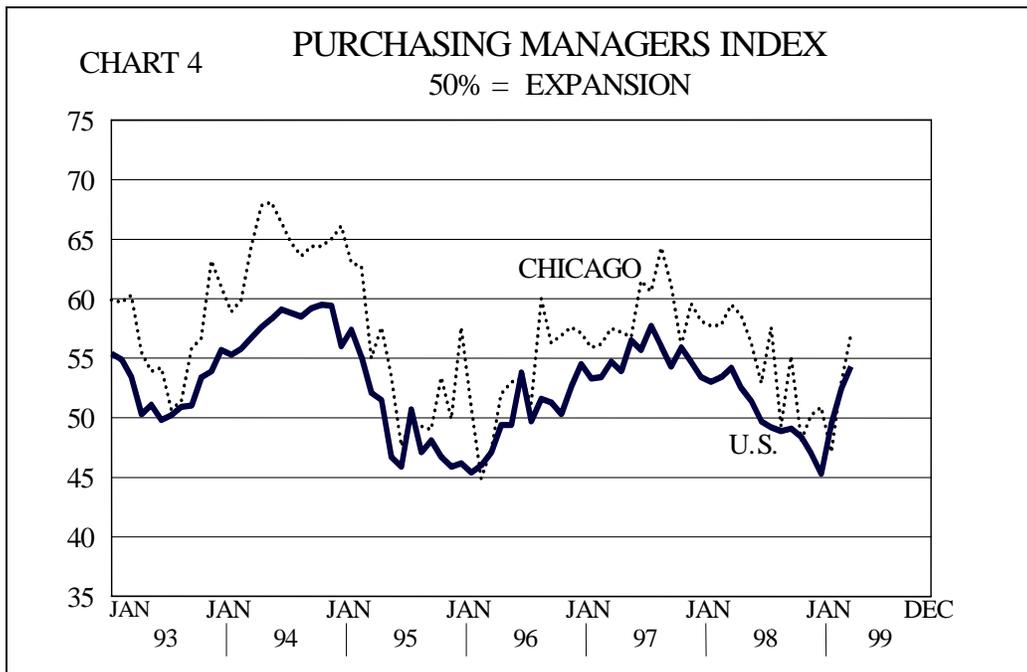
As shown in Chart 3 (on the following page), Illinois exports have deteriorated sharply and in January were 15% lower than a year earlier. In dollar terms Illinois exports were at the lowest level since February 1995. The foreign trade situation is particularly important to Illinois, which ranks third in the nation in agricultural exports and sixth in total direct exports. Moreover, there are no signs of any near term reversal in this deteriorating export position.





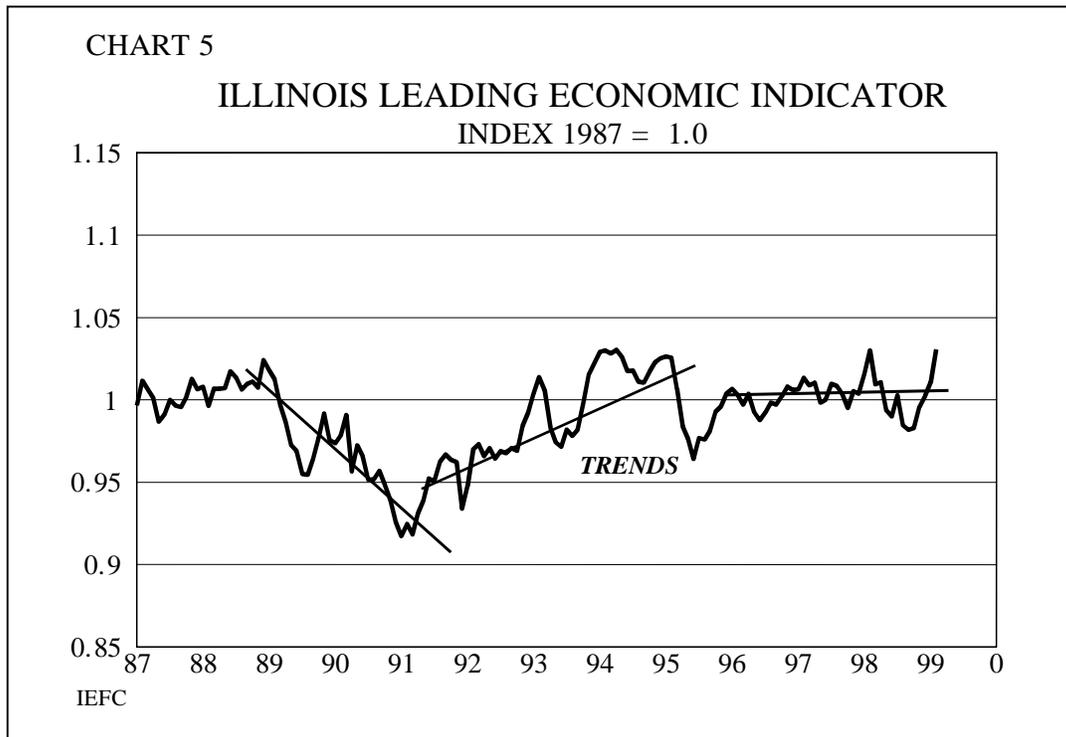
Cheap imports are also having an impact on U.S. manufacturing. Again, because Illinois' economy has a larger-than-average industrial base, any slowdown in output is likely to be felt more sharply here. Chart 4 shows the

Purchasing Managers' index for the U.S. and Chicago area. Both measures early this year appear to have rebounded from their year-end lows. Still, it is too early to state definitively that the bottom has been reached.



A look at the IEFC's leading indicator of Illinois activity shows a flat trend. As Chart 5 indicates, this is neither like the period from 1989 to 1991 which preceded the last Illinois recession, nor the rising trend from 1992 through 1995, which preceded the last two years of exceptional growth. Most likely, the indicator suggests a continued, but somewhat more moderate, rate of expansion.

Revenue gains in FY 2000 should reflect good economic activity, but at the same time may be somewhat less than in either of the previous two fiscal years. Thus, the State may mirror or slightly lag national economic performance next year.



FY 2000 GENERAL FUNDS REVENUE

FY 1999 Estimate	\$21,507 M
FY 2000 Estimate	\$22,288 M
Change	\$781 M

The FY 2000 estimate of total General Funds Revenue is \$22,288 million. The estimate represents a \$781 million or 3.6% increase over the revised FY 1999 estimate of \$21,507 million. See Table 2 on page 7.

The FY 2000 estimate is \$201 million higher than the Commission's preliminary estimate published in January 1999 (see Table 3 on page 8). However, a large portion of the change stems from the Administration's decision to delay approximately \$130 million in transfers from FY 1999 to FY 2000.

As discussed in earlier Commission publications, FY 2000 revenue growth will be significantly lower than has been experienced in recent years. The growth in new revenue is expected to be \$781 million in FY 2000, as compared to an estimated increase of \$1,523 million for FY 1999 and a FY 1998 increase of \$1,130 million.

Several factors have contributed to the slowdown: the absence of annualizations associated with earlier tax changes related to education reform legislation (P.A. 90-548), the second year phase-in of the doubling of the personal income tax exemption, along with the transition to a single sales corporate income tax (P.A. 90-613), and finally, timing issues, which contributed greatly to previous fiscal year growth, are for the most part absent in FY 2000.

Those three factors, coupled with the anticipated moderation in some base economic assumptions, all combine to limit year-over-year growth for FY 2000.

Gross personal income tax receipts are forecast to increase 4.1%, while corporate income tax receipts are expected to rise only 0.4%. However, both income tax sources will again have their growth rates retarded due to the second year phase-in of P.A. 90-548. This legislation increased the personal exemption and changed how corporate income is determined.

Sales tax receipts are forecast to rise 4.5% in FY 2000, down from the expected rate of growth of 5.8% this fiscal year. As a result of modest timing issues, public utility taxes are estimated to increase 5.5%, while most other minor general funds sources are expected to experience minimal changes.

Inheritance tax receipts, however, are actually forecast to fall 13% in the coming fiscal year. The decline is anticipated as a result of the spectacular performance being experienced in FY 1999. It is unlikely that similar estate settlements will occur next year; therefore, a decline in receipts is estimated. The Cook County inter-governmental transfer is also expected to decrease in FY 2000, down \$81 million.

Offsetting these declines is the estimate of other sources, which is expected to increase \$199 million. The large increase is expected as a result of the decision of the Administration to delay

once again the Build Illinois General Fund transfer to the next fiscal year. Some modest growth is expected for transfers to the general funds, although lottery transfers are kept flat as the

difficulty to maintain lottery play continues to grow. Federal sources are forecast to grow only 1.7% in FY 2000, however, final appropriation levels will impact federal receipts.

The following section provides background information on each major source as well as an explanation of the FY 2000 estimate.

TABLE 2: ESTIMATED GENERAL FUNDS RECEIPTS				
<i>FY 2000 vs. FY 1999</i>				
<i>(\$ million)</i>				
Revenue Sources	May-99 Estimated Receipts FY 2000	May-99 Revised Receipts FY 1999	\$ Change FY 2000 - 99	% Change
State Taxes				
Personal Income Tax	\$8,116	\$7,796	\$320	4.1%
Corporate Income Tax (regular)	1,320	1,315	\$5	0.4%
Sales Taxes	5,831	5,580	\$251	4.5%
Public Utility Taxes (regular)	1,015	962	\$53	5.5%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	58	58	\$0	0.0%
Vehicle Use Tax	39	39	\$0	0.0%
Inheritance Tax (Gross)	300	345	(\$45)	-13.0%
Insurance Taxes and Fees	200	200	\$0	0.0%
Corporate Franchise Tax & Fees	124	120	\$4	3.3%
Interest on State Funds & Investments	215	210	\$5	2.4%
Cook County Intergovernmental Transfer	152	233	(\$81)	-34.8%
Other Sources	380	181	\$199	109.9%
Subtotal	\$18,150	\$17,439	\$711	4.1%
Transfers				
Lottery	515	515	\$0	0.0%
Gaming Fund Transfer	250	242	\$8	3.3%
Other	410	390	\$20	5.1%
Total State Sources	\$19,325	\$18,586	\$739	4.0%
Federal Sources	\$3,790	\$3,725	\$65	1.7%
Total Federal & State Sources	\$23,115	\$22,311	\$804	3.6%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$576)	(\$554)	(\$22)	4.0%
Corporate Income Tax	(251)	(250)	(\$1)	0.4%
Total General Funds	\$22,288	\$21,507	\$781	3.6%
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**TABLE 3: ADJUSTMENTS TO THE
FY 2000 GENERAL FUNDS ESTIMATE**
(\$ million)

	REVISED ESTIMATE MAY-99 FY 2000	PRELIMINARY ESTIMATE JAN-1999 FY 2000	\$ CHANGE	% CHANGE
Revenue Sources				
State Taxes				
Personal Income Tax	\$8,116	\$7,992	\$124	1.6%
Corporate Income Tax (regular)	1,320	1,386	(\$66)	-4.8%
Sales Taxes	5,831	5,732	\$99	1.7%
Public Utility Taxes (regular)	1,015	1,015	\$0	0.0%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	58	58	\$0	0.0%
Vehicle Use Tax	39	39	\$0	0.0%
Inheritance Tax (Gross)	300	263	\$37	14.1%
Insurance Taxes and Fees	200	200	\$0	0.0%
Corporate Franchise Tax & Fees	124	124	\$0	0.0%
Interest on State Funds & Investments	215	215	\$0	0.0%
Cook County Intergovernmental Transfer	152	152	\$0	0.0%
Other Sources	380	265	\$115	43.4%
Subtotal	\$18,150	\$17,841	\$309	1.7%
Transfers				
Lottery	515	530	(\$15)	-2.8%
Gaming Fund Transfer	250	250	\$0	0.0%
Other	410	410	\$0	0.0%
Total State Sources	\$19,325	\$19,031	\$294	1.5%
Federal Sources	\$3,790	\$3,886	(\$96)	-2.5%
Total Federal & State Sources	\$23,115	\$22,917	\$198	0.9%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$576)	(\$567)	(\$9)	1.6%
Corporate Income Tax	(\$251)	(263)	\$12	-4.6%
Total General Funds	\$22,288	\$22,087	\$201	0.9%
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PERSONAL INCOME TAX

FY 1999 Estimate	\$7,796 M
FY 2000 Estimate	\$8,116 M
Change	\$320 M

The individual income tax is the largest General Funds source, generating approximately 34.3% of net General Fund revenue in FY 1998.

The tax is imposed at a rate of 3.0% on the federal-adjusted gross income for individuals with some adjustments. P.A. 90-613 began a three year phase-in which will double the standard exemption, from \$1,000 to \$2,000. In 2000, each taxpayer will be permitted a \$1,650 standard exemption plus an additional \$1,650 for a spouse and each dependent child. An additional exemption of \$1,000 continues to be available to taxpayers and their spouses who are blind or 65 years of age or older. Taxpayers are also allowed a credit against liability equal to 5% of property taxes paid on their principal residence.

In FY 2000, personal income tax receipts will continue to be deposited into the Refund Fund and the Education Assistance Fund, with the remainder

going to the General Revenue Fund. EAF is considered a general fund; receipts going into the EAF are shown as General Funds receipts.

Historically, the percentage of receipts deposited into the Refund Fund was determined and certified by the Department of Revenue at the beginning of each year. However, P.A. 90-613 statutorily set the percentage at 7.1% through FY 2001. The EAF receives 7.3% of receipts net of Refund Fund deposits.

The FY 2000 estimate of gross personal income tax receipts is \$8,116 million, an increase of \$320 million, or 4.1%, over projected FY 1999 receipts. This rate of growth is net of the impact resulting from the second year phase-in of the increased personal income tax exemption. The actual base growth rate reflects the belief that the State's current employment picture simply will not improve. As a result, growth is expected to slow to more modest levels.

The projected Refund Fund deposit is \$576 million. The deposit into EAF is estimated to be \$550 million.

CORPORATE INCOME TAX

FY 1999 Estimate	\$1,315 M
FY 2000 Estimate	\$1,320 M
Change	\$5 M

Approximately 5.7% of net General Funds receipts in FY 1998 were generated by the corporate income tax. The tax is imposed on the federal

taxable income of corporations, associations, joint stock companies, and cooperatives.

In addition to increasing the personal income exemption, P.A. 90-613 also provides for a transition to apportionment of business income using

a single factor sales formula through an even, three-year phase-in. The single factor sales formula will be fully phased in for tax year 2000.

Each business is entitled to a \$1,000 standard exemption as well as various credits and deductions. Some of the deductions and credits may be carried forward against future tax liabilities or carried backward to obtain refunds against prior years' taxes.

Like the personal income tax, corporate income tax receipts are deposited into the Refund Fund and the Education Assistance Fund, with the remainder going to GRF. Through FY 2001, the

refund percentage has been statutorily set at 19.0%. The EAF receives 7.3% of receipts net of Refund Fund deposits.

The FY 2000 estimate of gross corporate income tax revenue is \$1,320 million. This represents an increase of 0.4%, or \$5 million. While the estimate assumes relatively little growth in corporate profits, the growth rate reflects the impact of the second year phase-in of the single sales formula. The actual base growth rate is forecast to be slightly higher at 2.0%.

The estimate for Refund Fund deposits in FY 2000 is \$251 million. The EAF deposit is estimated to be \$78 million.

SALES TAX

FY 1999 Estimate	\$5,580 M
FY 2000 Estimate	\$5,831 M
Change	\$251 M

The sales tax rivals the personal income tax as one of the largest General Funds sources, generating approximately 26.4% of total revenue in FY 1998. The sales tax is composed of four individual taxes including the retailer's 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 \$5,831 million in FY 2000. This represents growth of \$251 million, or 4.5%. The growth rate is expected to slow somewhat, but continue to perform relatively well.

PUBLIC UTILITY TAXES

FY 1999 Estimate	\$962 M
FY 2000 Estimate	\$1,015 M
Change	\$53 M

Public utility taxes deposited in the General Revenue Fund consist of three separate taxes that are imposed on utilities providing electric, natural gas, and telecommunications service in Illinois. A telecommunications (messages) excise tax is imposed on businesses sending or receiving interstate and intrastate telecommunications. The natural gas revenue tax is imposed on utilities distributing natural gas in Illinois. In FY 1998, public utility tax receipts accounted for approximately 4.6% of total general funds receipts.

Since August 1, 1998, the rate and base of the public utilities (electricity) tax is based upon the amount of kilowatt hours used in a month by a residential customer. The rate begins at 0.33¢ per

kilowatt-hour and decreases as the amount of usage increases.

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

The rate and base of the telecommunications excise tax is 7.0% of the gross charges of businesses transmitting interstate or intrastate messages. The rate and base of the natural gas revenue tax is the lesser of 2.4¢ per therm of all gas sold to each customer or 5.0% of the gross receipts received from each customer.

The FY 2000 estimate of public utility tax receipts is \$1,015 million. The message component of the tax is really the only portion that has consistently demonstrated annual growth.

CIGARETTE TAXES

FY 1999 Estimate	\$400 M
FY 2000 Estimate	\$400 M
Change	\$0 M

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 58¢ per pack of 20 cigarettes, or 2.9¢ per cigarette. In FY 1998, cigarette tax receipts were 1.7% of total General Funds receipts.

The FY 2000 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 statutorily \$33.3 million in cigarette tax is deposited each month into the general funds, with any excess being directed to other funds.

LIQUOR GALLONAGE TAXES

FY 1999 Estimate	\$58 M
FY 2000 Estimate	\$58 M
Change	\$0 M

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 7¢, on wine of 14% or less alcohol, 23¢, on wine over 14% alcohol, 60¢, and on distilled liquor, \$2.00. In FY 1998 liquor gallonage tax receipts accounted for 0.3% of total General Funds receipts.

The FY 2000 estimate of liquor gallonage taxes is \$58 million. Liquor tax receipts have not changed significantly over the last several years.

VEHICLE USE TAX

FY 1999 Estimate	\$39 M
FY 2000 Estimate	\$39 M
Change	\$0 M

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 and the purchase price.

In FY 1998, the vehicle use tax accounted for 0.2% of general funds revenue.

The FY 2000 general funds estimate for vehicle use tax is \$39 million. This reflects continued stagnation in this source that has shown little growth during the past several years.

INHERITANCE TAX

FY 1999 Estimate	\$345 M
FY 2000 Estimate	\$300 M
Change	-\$45 M

The inheritance tax consists of an estate tax and a generation-skipping transfer tax.

The Illinois estate tax is imposed on the decedent's estate before distribution to the heirs. It is referred to as a "pick-up" tax, intended only to take advantage of the State tax credit allowed against federal estate tax liability.

The Illinois generation-skipping transfer tax is imposed on bequests in which the

transferor is two or more generations removed from the transferee. This is also a pick-up tax, intended only to take advantage of the State credit allowed against federal generation-skipping tax liability. The generation-skipping transfer tax is not frequently levied since the first \$1 million transferred is exempt from federal and State taxation.

The maximum federal credit and, therefore, the Illinois tax rate, is dependent on the amount of the estate. In FY 1998, inheritance tax receipts accounted for approximately 1.3% of total general funds receipts.

The IEFEC's FY 2000 inheritance tax estimate is \$300 million. Growth in the inheritance tax is dependent upon

the number of estates subject to the tax and the value of these estates. FY 1999 is estimated to experience an abnormal increase in inheritance tax receipts as the result of the settlements of several huge estates. A decline is forecast for FY 2000 at this time, as it is unlikely similar receipting will be repeated.

INSURANCE TAXES AND FEES

FY 1999 Estimate	\$200 M
FY 2000 Estimate	\$200 M
Change	\$0 M

The State had imposed several taxes and fees on insurance companies. However, the Illinois Supreme Court recently declared one of those taxes, a privilege tax imposed on foreign companies (those headquartered outside Illinois), unconstitutional. As a result,

insurance taxes were restructured in 1998 (P.A. 90-583) to be more of a broad-based tax. The tax is based on the net taxable premiums written and is applied at the rate of either 0.4% for accident/health and health maintenance organizations, or at 0.5% for other insurance policies.

The FY 2000 estimate of insurance taxes and fees is \$200 million.

CORPORATE FRANCHISE TAXES AND FEES

FY 1999 Estimate	\$120 M
FY 2000 Estimate	\$124 M
Change	\$4 M

All foreign corporations (headquartered in another state or foreign country) and domestic corporations (headquartered in Illinois) licensed to conduct business in Illinois are required to pay an annual franchise tax. Also, a tax must be paid when the corporation begins to conduct business in Illinois. An additional franchise tax is imposed when the corporation changes its capital structure or engages in other merger or consoli-

dation activities. In FY 1998, corporate franchise taxes and fees accounted for approximately 0.6% of total general funds receipts.

Franchise taxes are based on a corporation's paid-in capital (total amount paid to the corporation by initial purchasers of shares). The annual franchise tax rate is 0.1% of paid-in capital increases generated during the year.

The FY 2000 estimate of corporate franchise taxes is \$124 million, 4 million or 3.3% higher than the prior year.

OTHER SOURCES

FY 1999 Estimate	\$181 M
FY 2000 Estimate	\$380 M
Change	\$199 M

Other sources to the general funds include: the hotel operator’s occupation tax, license and registration fees, and other fees and charges such as those collected by the Secretary of State’s Securities Division. In addition, in some years, other sources also receive monies from Build Illinois. In FY 1998,

other sources to the general funds accounted for 0.9% of total general fund receipts.

The FY 2000 estimate of other sources to the general funds is \$380 million.

Other Sources are expected to increase significantly as a result of Build Illinois General Reserve Fund transfers that have not occurred since FY 1996. The BoB is estimating that they will make approximately \$190 million in such transfers in FY 2000.

TRANSFERS TO THE GENERAL FUNDS

	FY99	FY00	
	<u>Est.</u>	<u>Est.</u>	<u>Chg.</u>
Lottery	\$515 M	\$515 M	\$ 0 M
Gaming Fund	\$242 M	\$250 M	\$ 8 M
Other	\$390 M	\$410 M	\$20 M

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. Due to the size of the Lottery transfer, it is itemized separately. In FY 1998, Lottery transfers accounted for 2.8% of general funds receipts, transfers from the Gaming Fund represented 0.9%, and other transfers were approximately 1.7% of general funds revenue.

LOTTERY. *The estimate of Lottery transfers for FY 2000 is \$515 million.* It is estimated that in FY 2000 Lottery transfers will be flat.

GAMING FUND. Receipts from riverboat license fees and taxes are

deposited into the State Gaming Fund. From the State Gaming Fund, transfers are made into the Education Assistance Fund. The transfers were comprised of the State’s share of the admission tax (\$1 per admission) and 75% of the 20% wagering tax on adjusted gross receipts (AGR). However, P.A. 90-548 restructured the riverboat gambling tax by creating a graduated tax based on AGR. The new graduated tax schedule will vary from 15% to 35% of AGR.

The FY 2000 estimate of Gaming Fund transfers is \$250 million.

OTHER TRANSFERS. *In FY 2000, Transfers to the General Funds from sources other than the Lottery and the Gaming Fund are expected to be \$410 million, an increase of \$20 million, or 5.1%.* Major transfers to the General Funds are from the Build Illinois Fund, the Protest Fund, the Warrant Escheat Fund, and the U of I Service Fund.

FEDERAL SOURCES

FY 1999 Estimate	\$3,725 M
FY 2000 Estimate	\$3,790 M
Change	\$65 M

Approximately 16.6% of the State's General Funds receipts came in the form of federal reimbursements and grants during FY 1998.

Federal source receipts to the general funds primarily consist of Medicaid reimbursements, the Social Services Block Grant, TANF (formerly AFDC) block grant, food stamp administrative cost reimbursements and direct receipts, and transfers from the Children's Services Fund.

The FY 2000 estimate of total Federal Source receipts to the General Funds is \$3,790 million. Federal source receipts are largely based on appropriation levels. The estimate will likely change once appropriation levels have been established.

FY 2000 GENERAL FUNDS REVENUE: IEFB/BoB COMPARISON

As shown in Table 4, on page 16, the Commission's FY 2000 estimate is \$133 million higher than the BoB's FY 2000 estimate released in February. While

the Commission is somewhat higher than the BoB in virtually all State tax source estimates, the BoB is more optimistic in the estimate of corporate tax.

FY 2000 ALL APPROPRIATED FUNDS REVENUE

FY 1999 Estimate	\$35,824 M
FY 2000 Estimate	\$36,978 M
Change	\$1,154 M

Essentially, there are two types of funds for accounting purposes for the State of Illinois: dedicated funds and general funds. Revenue received in the dedicated funds is earmarked for a particular activity. For example, revenue deposited into the Road Fund is used for highway maintenance, construction, and other transportation-related spending. Dedicated funds support activities ranging from highway construction to higher education to wildlife conservation. Approximately three-fourths of all dedicated funds are

classified as appropriated, meaning that approval must be secured from the legislature and the Governor in the form of an appropriation bill before an expenditure can be made. The remaining dedicated funds are classified as nonappropriated; prior approval is not required for an expenditure.

The Commission includes all the sources identified by the Comptroller as appropriated funds sources in the all appropriated funds estimate. The major revenue sources for appropriated funds, including General Funds, are: personal income taxes, corporate income taxes, sales taxes, and public utility taxes. The major non-general funds revenue

sources are: the personal property tax replacement taxes, motor fuel taxes, provider assessment fees, horseracing taxes and fees, motor vehicle and operators' license fees, income from sale of bonds, riverboat gambling taxes and fees, and all other nonfederal receipts.

The FY 2000 estimate for all appropriated funds revenue is \$36,978 million. This represents an increase of \$1,154 million or 3.2% from the prior year. (See Table 6 on page 18). This revision assumes zero short-term borrowing in FY 1999 or FY 2000.

TABLE 4: IEFC-BoB COMPARISON-FY 2000			
(millions)			
Revenue Sources	Feb-99 BoB FY 2000	May-99 IEFC FY 2000	Difference
State Taxes			
Personal Income Tax	\$8,073	\$8,116	\$43
Corporate Income Tax	\$1,358	\$1,320	(\$38)
Sales Taxes	\$5,770	\$5,831	\$61
Public Utility (regular)	\$1,000	\$1,015	\$15
Cigarette Tax	\$400	\$400	\$0
Liquor Gallonage Taxes	\$56	\$58	\$2
Vehicle Use Tax	\$39	\$39	\$0
Inheritance Tax (gross)	\$270	\$300	\$30
Insurance Taxes & Fees	\$190	\$200	\$10
Corporate Franchise Tax & Fees	\$120	\$124	\$4
Interest on State Funds & Investments	\$210	\$215	\$5
Cook County Intergovernmental Transfer	\$152	\$152	\$0
<u>Other Sources</u>	<u>\$368</u>	<u>\$380</u>	<u>\$12</u>
Subtotal	\$18,006	\$18,150	\$144
Transfers			
Lottery	\$540	\$515	(\$25)
Gaming Fund Transfer	\$250	\$250	\$0
<u>Other</u>	<u>\$400</u>	<u>\$410</u>	<u>\$10</u>
Total State Sources	\$19,196	\$19,325	\$129
Federal Sources	\$3,790	\$3,790	\$0
Total Federal & State Sources	\$22,986	\$23,115	\$129
Nongeneral Funds Distribution:			
Refund Fund			
Personal Income Tax	(\$573)	(\$576)	(\$3)
Corporate Income Tax	(\$258)	(\$251)	\$7
Total General Funds	\$22,155	\$22,288	\$133
Change from Prior Year Estimate	\$841	\$781	
Percent Change	3.9%	3.6%	
05/06/99			

TABLE 5: GENERAL FUNDS REVENUE FY 1996-FY 2000

(\$ million)

Revenue Sources	Actual Receipts FY 1996	Actual Receipts FY 1997	Actual Receipts FY 1998	May-99 Revised Receipts FY 1999	May-99 Estimated Receipts FY 2000
State Taxes					
Personal Income Tax	\$6,070	\$6,552	\$7,269	\$7,796	\$8,116
Corporate Income Tax (regular)	1,209	1,361	1,402	1,315	1,320
Sales Taxes	4,798	4,992	5,274	5,580	5,831
Public Utility Taxes (regular)	833	873	912	962	1,015
Cigarette Tax	300	300	346	400	400
Liquor Gallonage Taxes	58	57	57	58	58
Vehicle Use Tax	37	37	37	39	39
Inheritance Tax (Gross)	187	199	250	345	300
Insurance Taxes and Fees	160	146	91	200	200
Corporate Franchise Tax & Fees	101	121	118	120	124
Interest on State Funds & Investments	133	144	182	210	215
Cook County Intergovernmental Transfer	0	251	152	233	152
Other Sources	217	157	181	181	380
Subtotal	\$14,103	\$15,190	\$16,271	\$17,439	\$18,150
Transfers					
Lottery	594	590	560	515	515
Gaming Fund Transfer	205	185	170	242	250
Other	327	309	346	390	410
Total State Sources	\$15,229	\$16,274	\$17,347	\$18,586	\$19,325
Federal Sources	\$3,339	\$3,269	\$3,323	\$3,725	\$3,790
Total Federal & State Sources	\$18,568	\$19,543	\$20,670	\$22,311	\$23,115
Nongeneral Funds Distribution:					
Refund Fund					
Personal Income Tax	(\$401)	(\$413)	(\$421)	(\$554)	(\$576)
Corporate Income Tax	(231)	(276)	(265)	(250)	(251)
Total General Funds	\$17,936	\$18,854	\$19,984	\$21,507	\$22,288
Change from Prior Year	\$934	\$918	\$1,130	\$1,523	\$781
Percent Change	5.5%	5.1%	6.0%	7.6%	3.6%
Short-Term Borrowing	\$200	\$0	\$0	\$0	\$0
Total General Funds	\$18,136	\$18,854	\$19,984	\$21,507	\$22,288
Change from Prior Year	\$834	\$718	\$1,130	\$1,523	\$781
Percent Change	4.8%	4.0%	6.0%	7.6%	3.6%
IEFC					05/05/99

TABLE 6: ALL APPROPRIATED FUNDS REVENUE: FY 1998-FY 2000

(millions)

REVENUE SOURCES	Actual Receipts FY 1998	May-99 Revised Receipts FY 1999	\$ Chg. From FY 1998	% Chg. From FY 1998	May-99 Estimate FY 2000	\$ Chg. From FY 1999	% Chg. From FY 1999
State Taxes							
Personal Income Tax	\$7,269	\$7,796	\$527	7.2%	\$8,116	\$320	4.1%
Corporate Income Tax							
Regular	\$1,402	\$1,315	(\$87)	-6.2%	\$1,320	\$5	0.4%
Replacement	\$895	\$875	(\$20)	-2.2%	\$881	\$6	0.7%
Sales	\$6,119	\$6,463	\$344	5.6%	\$6,754	\$291	4.5%
Public Utility							
Regular	\$987	\$1,159	\$172	17.4%	\$1,215	\$56	4.8%
Replacement	\$206	\$185	(\$21)	-10.2%	\$190	\$5	2.7%
Motor Fuel (gross)	\$1,325	\$1,350	\$25	1.9%	\$1,395	\$45	3.3%
Cigarette	\$456	\$523	\$67	14.7%	\$523	\$0	0.0%
Liquor Gallonage Taxes	\$62	\$63	\$1	1.6%	\$63	\$0	0.0%
Vehicle Use Tax	\$42	\$44	\$2	4.8%	\$44	\$0	0.0%
Inheritance Tax	\$250	\$345	\$95	38.0%	\$300	(\$45)	-13.0%
Insurance Taxes and Fees	\$124	\$232	\$108	87.1%	\$232	\$0	0.0%
Horse Racing Taxes & Fees	\$43	\$40	(\$3)	-7.0%	\$39	(\$1)	-2.5%
Corporate Franchise Taxes	\$123	\$125	\$2	1.6%	\$130	\$5	4.0%
Other Privilege Taxes	\$202	\$221	\$19	9.4%	\$243	\$22	10.0%
<u>Riverboat Gambling Taxes & Fees</u>	<u>\$261</u>	<u>\$327</u>	<u>\$66</u>	<u>25.3%</u>	<u>\$333</u>	<u>\$6</u>	<u>1.8%</u>
SUBTOTAL	\$19,766	\$21,063	\$1,297	6.6%	\$21,778	\$715	3.4%
State Nontax Sources							
Motor Vehicle & License Fees	\$747	\$757	\$10	1.3%	\$760	\$3	0.4%
Other Fees	\$270	\$275	\$5	1.9%	\$285	\$10	3.6%
Provider assessment Fees	\$543	\$543	\$0	0.0%	\$530	(\$13)	-2.4%
Receipts From State Hospital Patients	\$25	\$22	(\$3)	-12.0%	\$24	\$2	9.1%
Interest on State Funds & Investments	\$261	\$300	\$39	14.9%	\$310	\$10	3.3%
Reimbursements & Repayments	\$279	\$260	(\$19)	-6.8%	\$270	\$10	3.8%
Revolving Fund Receipts	\$261	\$280	\$19	7.3%	\$290	\$10	3.6%
Lottery (net gross)	\$835	\$772	(\$63)	-7.5%	\$772	\$0	0.0%
All Other Nonfederal Receipts	\$2,084	\$2,275	\$191	9.2%	\$2,300	\$25	1.1%
Income from Sale of Bonds	\$906	\$682	(\$224)	-24.7%	\$750	\$68	10.0%
Local Government Health Plan	<u>\$46</u>	<u>\$55</u>	<u>\$9</u>	<u>19.6%</u>	<u>\$58</u>	<u>\$3</u>	<u>5.5%</u>
SUBTOTAL	\$26,023	\$27,284	\$1,261	4.8%	\$28,127	\$843	3.1%
State Transfers In	\$39	\$40	\$1	2.6%	\$40	\$0	0.0%
TOTAL STATE SOURCES	\$26,062	\$27,324	\$1,262	4.8%	\$28,167	\$843	3.1%
Federal Sources	\$7,970	\$8,500	\$530	6.6%	\$8,811	\$311	3.7%
SUBTOTAL ALL APPROPRIATED	\$34,032	\$35,824	\$1,792	5.3%	\$36,978	\$1,154	3.2%
Short Term Borrowing	\$0	\$0	\$0	N/A	\$0	\$0	N/A
TOTAL ALL APPROPRIATED	\$34,032	\$35,824	\$1,792	5.3%	\$36,978	\$1,154	3.2%

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IEFC

ECONOMIC ACTIVITY: FY 1999

Economic activity in FY 1999 has continued to perform strongly in contrast to most of the rest of the world. Real gross domestic product is now estimated to rise 3.9% in FY 1999. This matches the previous year's performance, which was the strongest year during this record, more-than-eight year, economic expansion. Yet despite an unemployment rate that reached a 29-year low, inflation has remained quiescent. Consumer prices were up 1.6% in February from a year ago, matching that recorded last year which was the slowest price gain since the 1960s.

Despite the stellar performance of the economy in FY 1999, business activity is anticipated to moderate somewhat as the year comes to a close, setting the stage for more subdued growth next year. The Asian financial crises have yet to run their course, the weakness has spread to Latin America, and even Europe has exhibited renewed economic weakness. The combination of world financial pressures have cut deeply into U.S. exports, removed any ability to increase prices, and put profits under downward pressure retarding capital spending plans.

Unlike recent years when Illinois' economy outpaced that of the nation, the State's economy has turned up several weak spots in FY 1999 that are causing it to underperform. Illinois was the sixth largest exporting State and third in agriculture last year. Weak

export markets thus have taken their toll on Illinois farmers, with farm income in the latest quarter down some 30% from a year earlier. This weakness in income in turn is dampening farm equipment sales and causing downward pressure on construction equipment prices as Illinois manufacturers look to offset lost farm equipment sales. Industrial machinery, electrical equipment, chemicals and transportation equipment make up about 70% of the State's exports with Canada, Mexico, and Japan, the leading purchasers. Export sales have been on a weakening trend; in January they were 15% below a year earlier.

Illinois' small businesses have been the mainstay behind the State's employment expansion, with firms with fewer than 100 employees accounting for nearly all of the new jobs. At the same time, however, the recent spurt in merger and acquisition activity has cost the State jobs. The company headquarters of a number of companies recently have been purchased by out-of-state or out-of-country companies.

The pace of the economy in FY 1999 is exceeding expectations and is among the fastest during the current economic expansion. Even so, unlike recent years, Illinois' share of the activity has begun to diminish as weakening exports and manufacturing activity have dampened what otherwise has been an outstanding economic performance in the building, trade, and service sectors.

FY 1999 GENERAL FUNDS REVENUE

As shown in Table 7 on page 22, the Commission's FY 1999 estimate has been increased \$47 million to \$21,507 million. Receipts are estimated to increase \$1,523 million or 7.6% over the prior year (see Table 8 on page 23).

While the overall estimate has not changed dramatically from the Commission's last estimate released in January 1999, several significant revisions have been made to some sources. Through the first ten months of FY 1999, general revenue receipts were 8.6% or \$1,404 million higher than the same period last year (see Table 9 on page 24). A discussion of the major revenue sources and/or significant revisions to the estimate are discussed below.

- **Personal income tax** receipts have continued to perform stronger than anticipated over the first ten months of the fiscal year, up \$449 million or 7.8% over the same prior-year period. This reflects the very low unemployment rates experienced throughout much of the year. The estimate for personal income tax has been revised up \$105 million to \$7,796 million.
- **Corporate income tax** receipts have been rather disappointing in FY 1999. Through April, receipts are down \$84 million or 7.3% over the same prior-year period. As a result of the continued poor performance, the estimate has been revised down by \$65 million to \$1,315 million.
- **Sales tax** receipts have performed better than anticipated. Through April, sales tax receipts are up \$266

million or 6.1%. As a result, the estimate has been revised up \$95 million to \$5,580 million. The revised estimate represents an increase of 5.8% over the prior year.

- **Public Utility tax receipts**, after performing poorly in the beginning of the fiscal year, receipts have rebounded somewhat and now are up \$46 million or 6.0% through April. The estimate remains at \$962 million.
- **Inheritance tax** receipts have performed much stronger than expected in FY 1999, up \$95 million or 43.8% through April. The increase is likely due to a small number of exceptionally large estates. As a result, the estimate has been increased \$95 million to \$345 million.
- **Interest on State funds and investments** continues its solid growth, up \$31 million or 20.8% over the same prior-year period reflecting the continuation of high investable balances. The estimate remains at \$210 million.
- **The Cook County IGT** estimate remains at \$233 million reflecting the agreement between Cook County and the Administration.

- **Other sources** have been revised down \$124 million to \$181 million. The revision reflects the Bureau's decision to again delay the Build Illinois General Reserve Fund transfer until the next fiscal year.
- **Lottery transfers**, despite the recent impact of the Big Game rollover, continues to lag the prior year, down \$21 million or 4.8%. As a result, the estimate has been revised down \$15 million to \$515 million.
- **Other transfers** to the general funds have performed quite well thus far, up \$76 million or 26.1%. The estimate remains \$390 million.
- **While federal source receipts** are up \$384 million or 13.6% through April, the estimate is being revised down by \$48 million. The revision is based on the Administration's estimate published in the FY 2000 Budget Book which reflects anticipated spending on federally-reimbursable programs.

**TABLE 7: ADJUSTMENTS TO THE
FY 1999 GENERAL FUNDS ESTIMATE**
(\$ million)

	REVISED ESTIMATE MAY-99 FY 1999	PREVIOUS ESTIMATE JAN-99 FY 1999	\$ CHANGE	% CHANGE
Revenue Sources				
State Taxes				
Personal Income Tax	\$7,796	\$7,691	\$105	1.4%
Corporate Income Tax (regular)	1,315	1,380	(\$65)	-4.7%
Sales Taxes	5,580	5,485	\$95	1.7%
Public Utility Taxes (regular)	962	962	\$0	0.0%
Cigarette Tax	400	400	\$0	0.0%
Liquor Gallonage Taxes	58	58	\$0	0.0%
Vehicle Use Tax	39	39	\$0	0.0%
Inheritance Tax (Gross)	345	250	\$95	38.0%
Insurance Taxes and Fees	200	200	\$0	0.0%
Corporate Franchise Tax & Fees	120	120	\$0	0.0%
Interest on State Funds & Investments	210	210	\$0	0.0%
Cook County Intergovernmental Transfer	233	233	\$0	0.0%
Other Sources	181	305	(\$124)	-40.7%
Subtotal	\$17,439	\$17,333	\$106	0.6%
Transfers				
Lottery	515	530	(\$15)	-2.8%
Gaming Fund Transfer	242	242	\$0	0.0%
Other	390	390	\$0	0.0%
Total State Sources	\$18,586	\$18,495	\$91	0.5%
Federal Sources	\$3,725	\$3,773	(\$48)	-1.3%
Total Federal & State Sources	\$22,311	\$22,268	\$43	0.2%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$554)	(\$546)	(\$8)	1.5%
Corporate Income Tax	(250)	(262)	\$12	-4.6%
Total General Funds	\$21,507	\$21,460	\$47	0.2%
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TABLE 8: GENERAL FUNDS RECEIPTS

FY 1999 vs. FY 1998

(\$ million)

Revenue Sources	May-99 Revised Receipts FY 1999	Actual Receipts FY 1998	\$ Change FY 1998 - 99	% Change
State Taxes				
Personal Income Tax	\$7,796	\$7,269	\$527	7.2%
Corporate Income Tax (regular)	1,315	1,402	(\$87)	-6.2%
Sales Taxes	5,580	5,274	\$306	5.8%
Public Utility Taxes (regular)	962	912	\$50	5.5%
Cigarette Tax	400	346	\$54	15.6%
Liquor Gallonage Taxes	58	57	\$1	1.8%
Vehicle Use Tax	39	37	\$2	5.4%
Inheritance Tax (Gross)	345	250	\$95	38.0%
Insurance Taxes and Fees	200	91	\$109	119.8%
Corporate Franchise Tax & Fees	120	118	\$2	1.7%
Interest on State Funds & Investments	210	182	\$28	15.4%
Cook County Intergovernmental Transfer	233	152	\$81	53.3%
Other Sources	181	181	\$0	0.0%
Subtotal	\$17,439	\$16,271	\$1,168	7.2%
Transfers				
Lottery	515	560	(\$45)	-8.0%
Gaming Fund Transfer	242	170	\$72	42.4%
Other	390	346	\$44	12.7%
Total State Sources	\$18,586	\$17,347	\$1,239	7.1%
Federal Sources	\$3,725	\$3,323	\$402	12.1%
Total Federal & State Sources	\$22,311	\$20,670	\$1,641	7.9%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$554)	(\$421)	(\$133)	31.6%
Corporate Income Tax	(250)	(265)	\$15	-5.7%
Total General Funds	\$21,507	\$19,984	\$1,523	7.6%
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: GENERAL FUNDS RECEIPTS: THROUGH APRIL

FY 1999 vs. FY 1998

(\$ million)

Revenue Sources	FY 1999	FY 1998	CHANGE FROM FY 1998	% CHANGE
State Taxes				
Personal Income Tax	\$6,223	\$5,774	\$449	7.8%
Corporate Income Tax (regular)	1,061	1,145	(\$84)	-7.3%
Sales Taxes	4,624	4,358	\$266	6.1%
Public Utility Taxes (regular)	817	771	\$46	6.0%
Cigarette Tax	337	283	\$54	19.1%
Liquor Gallonage Taxes	45	47	(\$2)	-4.3%
Vehicle Use Tax	30	30	\$0	0.0%
Inheritance Tax (Gross)	312	217	\$95	43.8%
Insurance Taxes and Fees	182	88	\$94	106.8%
Corporate Franchise Tax & Fees	97	99	(\$2)	-2.0%
Interest on State Funds & Investments	180	149	\$31	20.8%
Cook County IGT	192	152	\$40	26.3%
Other Sources	157	153	\$4	2.6%
Subtotal	\$14,257	\$13,266	\$991	7.5%
Transfers				
Lottery	419	440	(\$21)	-4.8%
Gaming Fund Transfer	205	140	\$65	46.4%
Other	367	291	\$76	26.1%
Total State Sources	\$15,248	\$14,137	\$1,111	7.9%
Federal Sources	\$3,211	\$2,827	\$384	13.6%
Total Federal & State Sources	\$18,459	\$16,964	\$1,495	8.8%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$442)	(\$335)	(\$107)	31.9%
Corporate Income Tax	(202)	(218)	\$16	-7.3%
Total General Funds	\$17,815	\$16,411	\$1,404	8.6%

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

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03-May-99

FY 1999 GENERAL FUNDS REVENUE: IEFB/BoB COMPARISON

The Commission's revised FY 1999 estimate of General Funds revenue is \$21,507 million, which is \$193 million above the Bureau of the Budget's February 1999 revised estimate as shown in Table 10 on page 26.

The most notable difference is in the estimate of inheritance tax receipts, with the Commission being \$75 million higher. The Commission is higher than the BoB in many of the sources, except corporate income taxes and lottery transfers, where the BoB is \$43 million and \$25 million higher than the Commission, respectively.

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TABLE 10: IEFC-BoB COMPARISON-FY 1999

(\$ millions)

Revenue Sources	Actual FY 1998	Feb-99 BoB FY 1999	May-99 Revised IEFC FY 1999	Difference
State Taxes				
Personal Income Tax	\$7,269	\$7,729	\$7,796	\$67
Corporate Income Tax	\$1,402	\$1,358	\$1,315	(\$43)
Sales Taxes	\$5,274	\$5,520	\$5,580	\$60
Public Utility (regular)	\$912	\$950	\$962	\$12
Cigarette Tax	\$346	\$403	\$400	(\$3)
Liquor Gallonage Taxes	\$57	\$56	\$58	\$2
Vehicle Use Tax	\$37	\$39	\$39	\$0
Inheritance Tax (gross)	\$250	\$270	\$345	\$75
Insurance Taxes & Fees	\$91	\$190	\$200	\$10
Corporate Franchise Tax & Fees	\$118	\$110	\$120	\$10
Interest on State Funds & Investments	\$182	\$210	\$210	\$0
Cook County Intergovernmental Transfer	\$152	\$233	\$233	\$0
<u>Other Sources</u>	<u>\$181</u>	<u>\$168</u>	<u>\$181</u>	<u>\$13</u>
Subtotal	\$16,271	\$17,236	\$17,439	\$203
Transfers				
Lottery	\$560	\$540	\$515	(\$25)
Gaming Fund Transfer	\$170	\$240	\$242	\$2
<u>Other</u>	<u>\$346</u>	<u>\$380</u>	<u>\$390</u>	<u>\$10</u>
Total State Sources	\$17,347	\$18,396	\$18,586	\$190
Federal Sources	\$3,323	\$3,725	\$3,725	\$0
Total Federal & State Sources	\$20,670	\$22,121	\$22,311	\$190
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$421)	(\$549)	(\$554)	(\$5)
Corporate Income Tax	(\$265)	(\$258)	(\$250)	\$8
Total General Funds	\$19,984	\$21,314	\$21,507	\$193
Change from Prior Year		\$1,330	\$1,523	
Percent Change		6.7%	7.6%	
05/05/99				

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)