

Commission on Government Forecasting and Accountability
FY 2026 Economic Forecast and Revenue
Estimate and FY 2025 Revenue Update



Presented on March 4, 2025 by:

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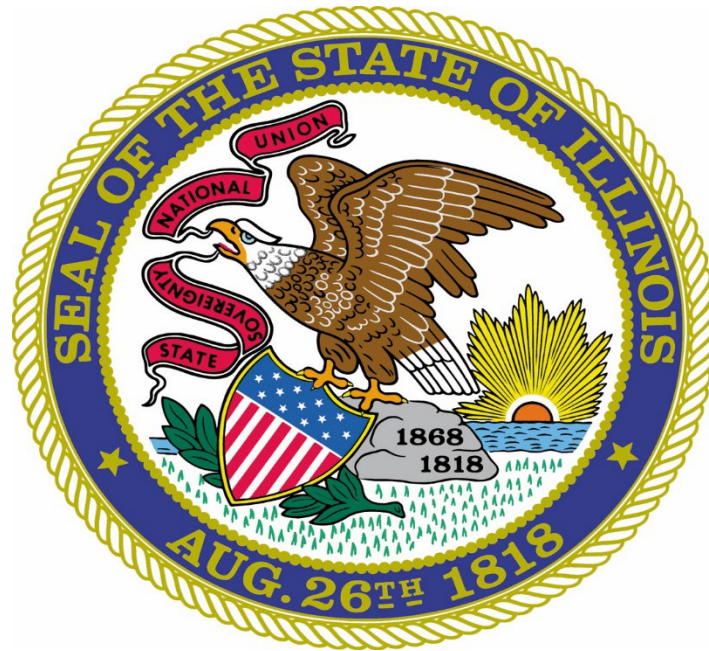
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CGFA Background & Responsibilities

- 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 in addition to providing objective policy research for legislators and legislative staff.
- Prepares annual revenue estimates with periodic updates;
- Reports monthly on the State's financial and economic condition;
- Analyzes the fiscal impact of revenue bills;
- Prepares State Debt Impact Notes;
- Annually assesses capital programs;
- Annually estimates the liabilities of the State's group health insurance program and approves contract renewals promulgated by the Department of Central Management Services;
- Implements the provisions of the State Facilities Closure Act;
- Annually estimates public pension funding requirements and prepares pension impact notes;

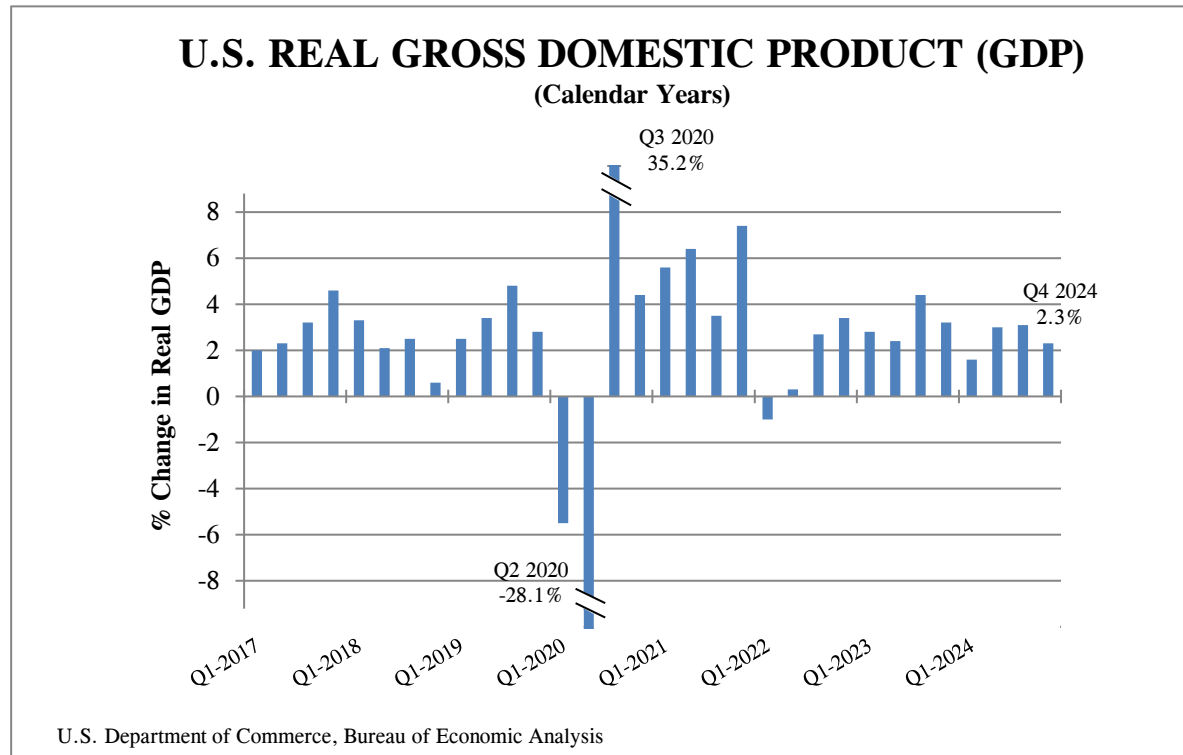
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THE ECONOMY



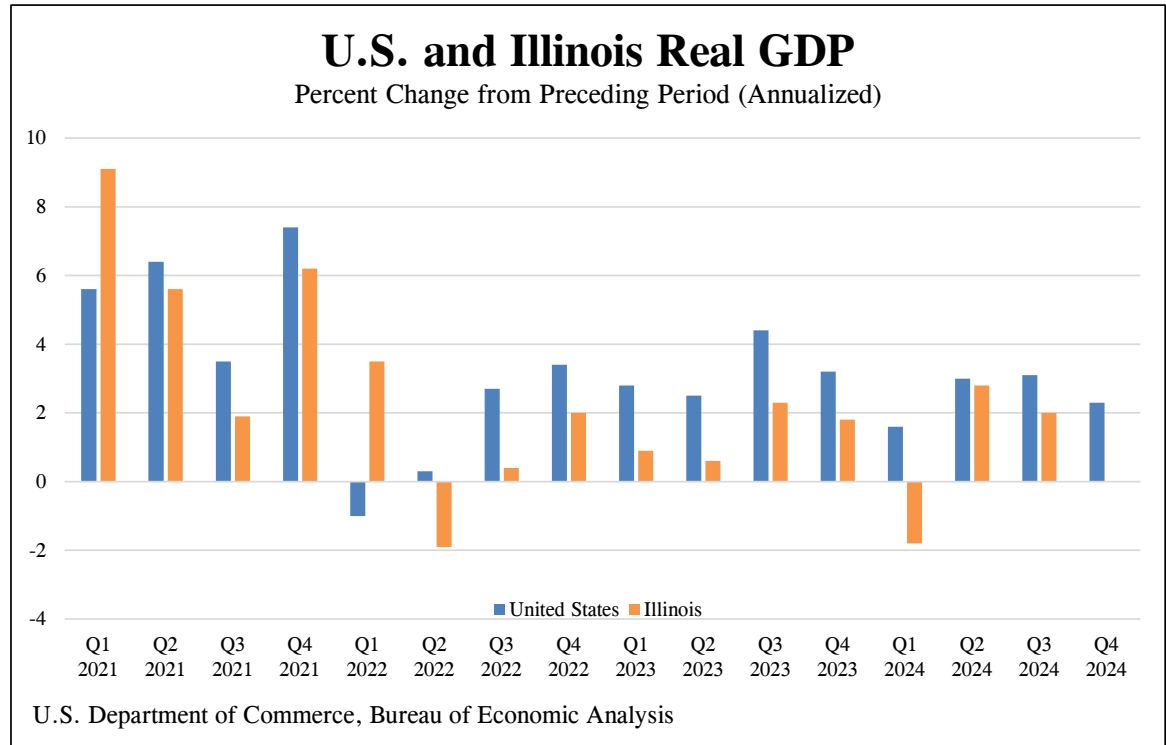
Real Gross Domestic Product (GDP)

- Real GDP is a key indicator of U.S. economic activity, representing the value of final goods and services produced, adjusted for inflation.
- Following a slowdown in growth in the first two quarters of 2022, the economy steadily grew for the next four quarters.
- Economic growth surged in the second half of 2023 with growth of 4.4% in Q3 and 3.2% in Q4.
- Growth decelerated to 1.6% in Q1 2024 but was closer to 3% in the second and third quarters.
- 2024 ended with growth of 2.3% which is near to the long-term trend of the economy.
- In February, an aggregation of economic forecasts predicts average real GDP growth of 2.2% for 2025 and 2.0% for 2026.



Real GDP in Illinois

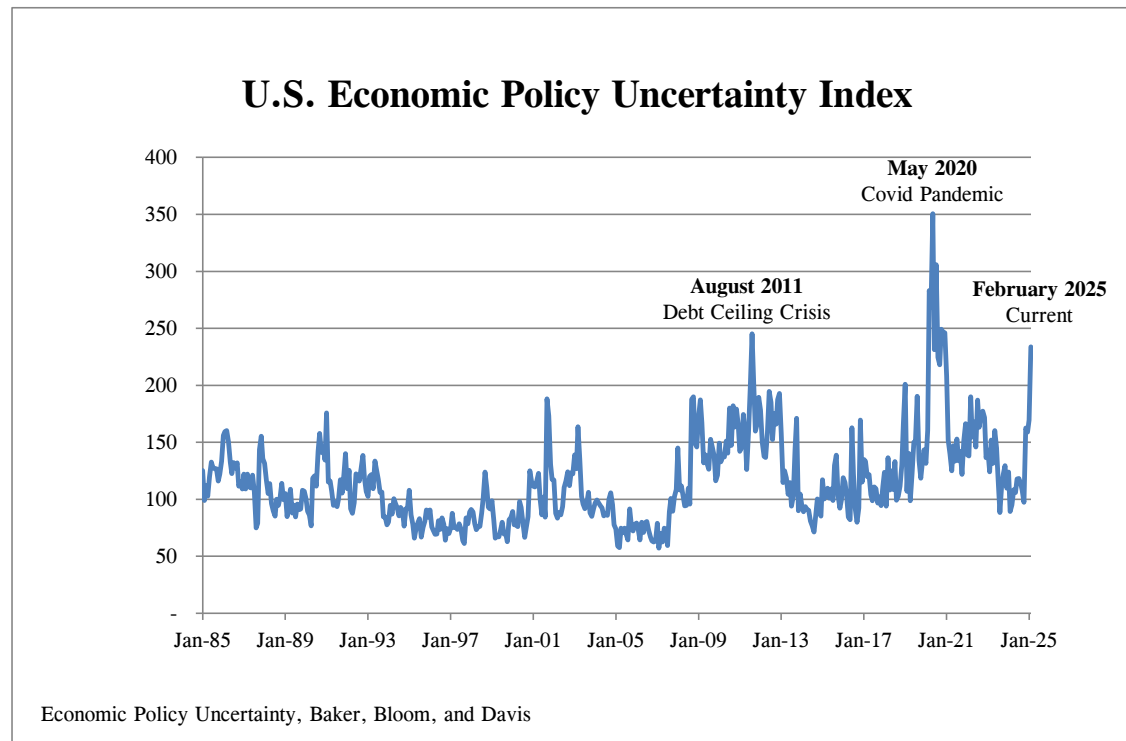
- Illinois has consistently grown at a slower rate than the U.S. as a whole.
- Since 1998, the U.S. has averaged real GDP growth of 2.4% per year, while Illinois has averaged growth of 1.4%.
- Illinois has only grown faster than the nation in three years between 1998 and 2023.
- Illinois contracted in the first quarter of 2024 (-1.8%), before rebounding in the second (2.8%) and third quarters (2.0%).
- In February, S&P Global forecasted real GDP growth for Illinois of 1.8% for 2025 and 1.7% for 2026.



Economic and Trade Policy Uncertainty

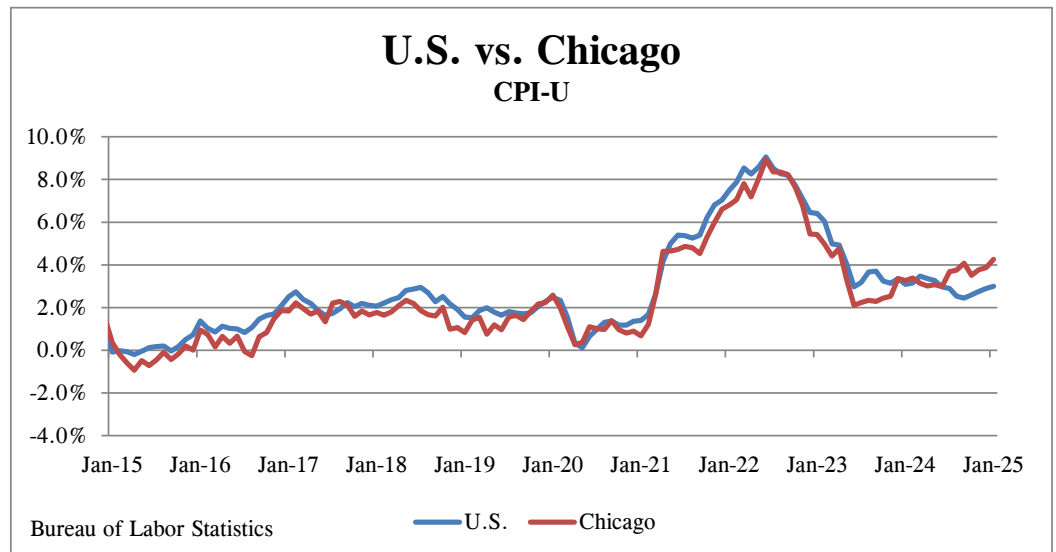
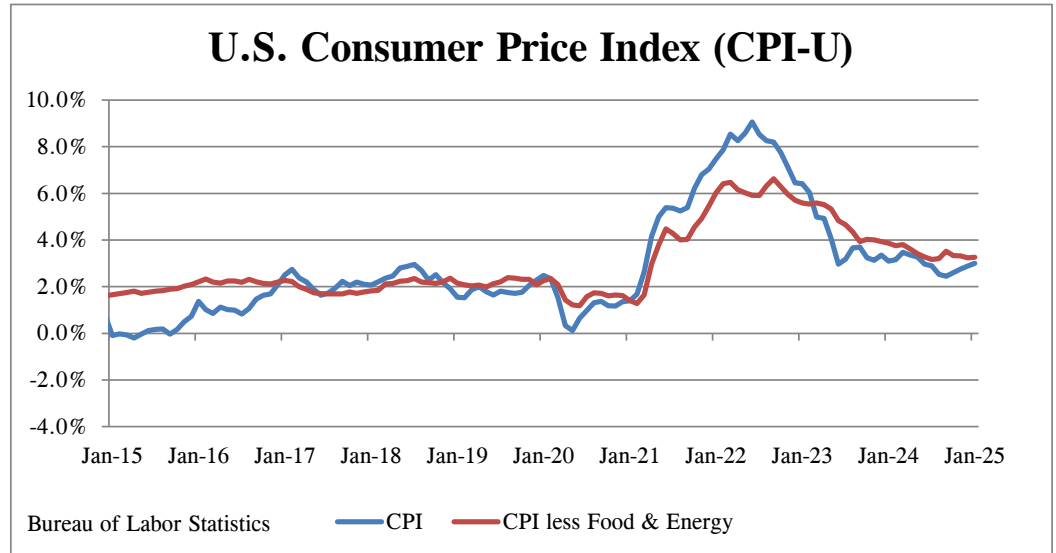
“Both trade policy and uncertainty about trade policy can impact the real economy. In our forecast, tariffs — trade policy — affect the real economy through the resulting financial fallout: a pause in the Federal Reserve’s easing cycle, higher borrowing costs, a stronger US dollar, and weaker equity values, all relative to a no-tariff counterfactual.”

S&P Global, February 2025



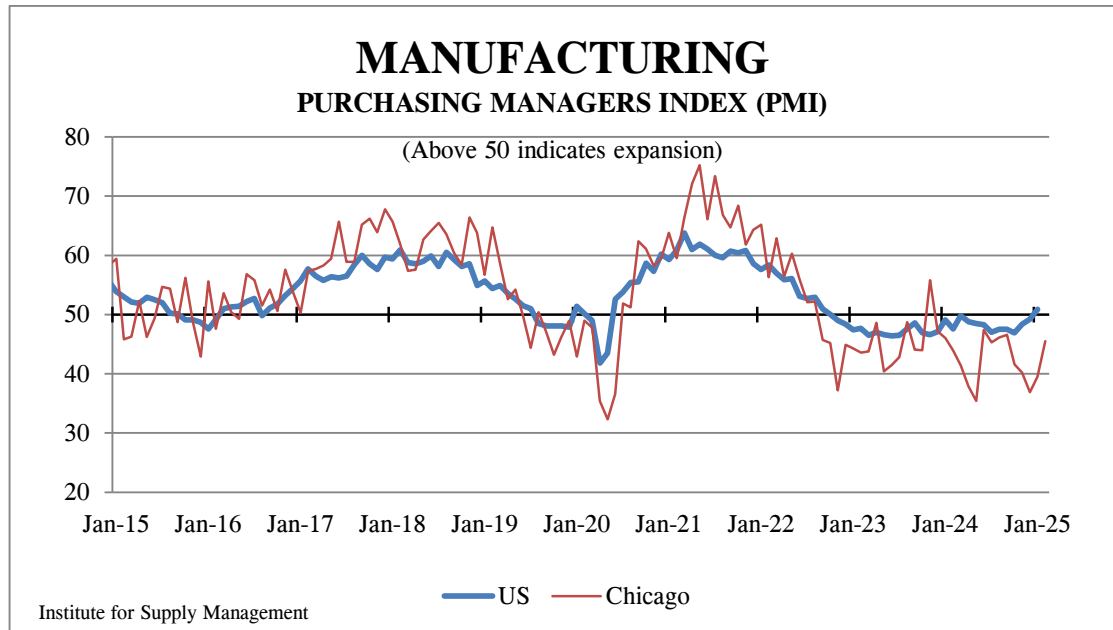
Consumer Price Index (CPI)

- The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- The first chart compares the overall U.S. CPI with Core CPI, which excludes the more volatile food and energy components.
- CPI began accelerating in April 2021 due to strong consumer demand, bolstered by government support and healthy household balance sheets. Supply chain disruptions and external shocks, such as the war in Ukraine, further drove prices upward.
- Inflation peaked in mid-2022, with CPI reaching 9.1% in June and Core CPI rising to 6.6% by September.
- While inflation had been steadily moderating over the past two years, this trend showed signs of stalling in late summer 2024.
- As of January, headline CPI stood at 3.0%, while Core CPI was slightly higher at 3.3%.
- Growing concerns over federal policy changes in 2025 have heightened inflation expectations, as potential price pressures continue to drive uncertainty.



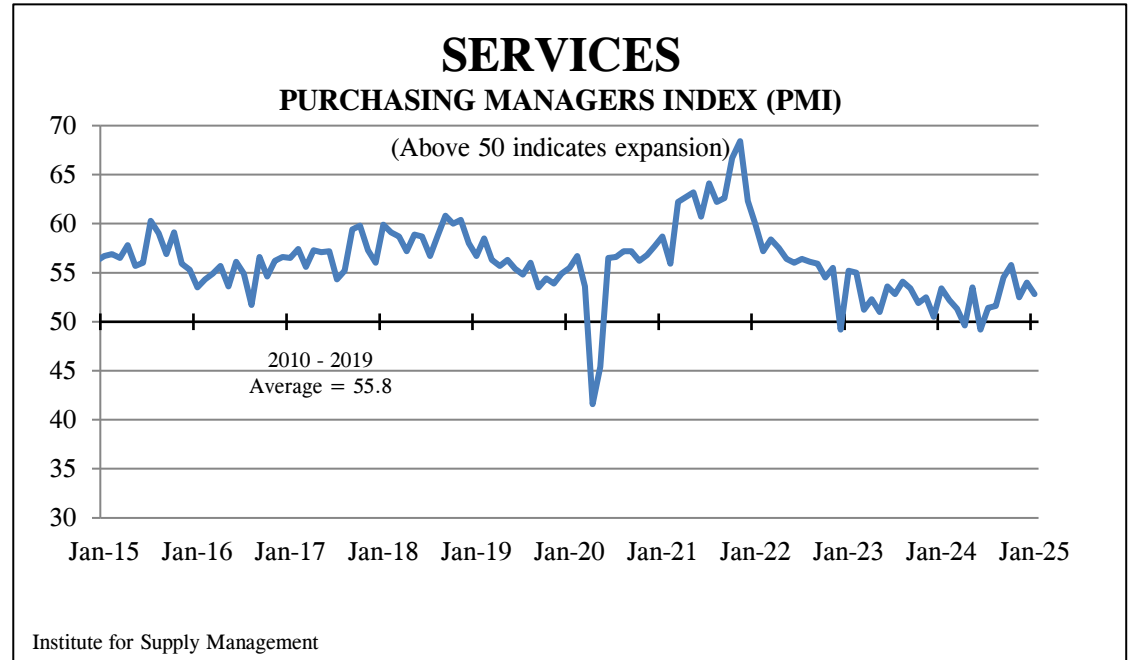
Manufacturing PMI

- This chart shows the Purchasing Managers Index (PMI) for the manufacturing sector. A value of 50 or more indicates expansion and below 50 contraction.
- The Manufacturing PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment.
- From May 2020 to October 2022 (30 consecutive months), the index indicated expansion, peaking in March 2021 at its highest level since the early 1980s.
- Since November 2022, the index has remained below 50, signaling a prolonged contraction in the manufacturing sector.
- In January, the U.S. PMI rose to 50.9, marking a return to growth at the start of the year.
- The Chicago-area manufacturing PMI rose to 45.5 in February, signaling an improvement from recent lows but remaining in contraction territory.
- While demand and production have shown some improvement in recent months, uncertainty surrounding federal trade policy continues to impact future planning.



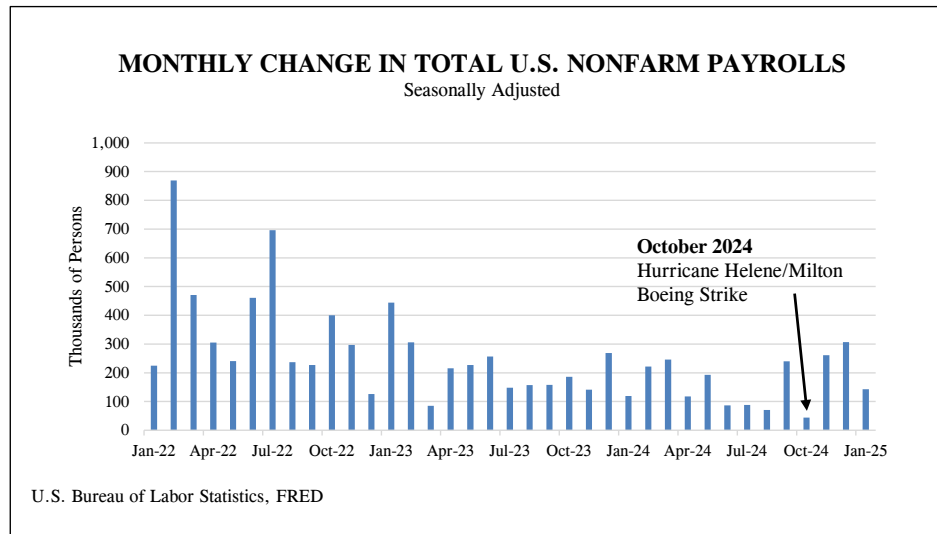
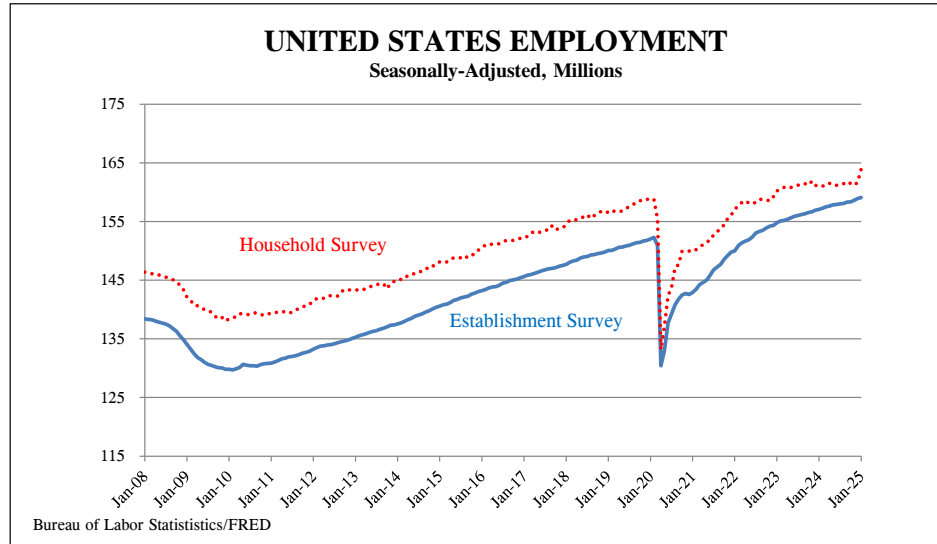
Services PMI

- The Services PMI is a composite index that is calculated as an indicator of the overall economic condition for the non-manufacturing sector, which is far larger than the manufacturing sector.
- The Services PMI is based on the diffusion indexes for four of the indicators with equal weights: business activity, new orders, and employment – all of which are seasonally adjusted – and supplier deliveries.
- The Services PMI reached a record high in November 2021 but declined to the mid-50s throughout most of 2022.
- Since early 2023, the index has indicated slow growth, averaging 52.6 per month—below the 55.8 monthly average during the 2010s.
- Although the index showed some improvement in recent months, it dropped back to 52.8 in January.



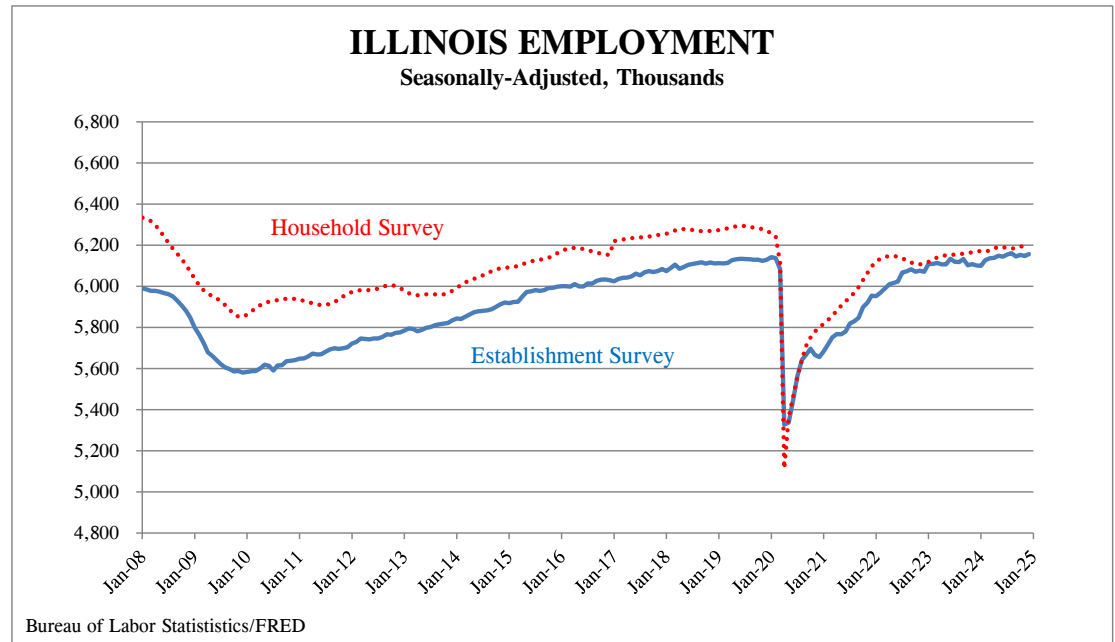
United States Employment

- After significant job losses due to the COVID-19 pandemic, employment has rebounded in recent years.
- The U.S. experienced strong job growth in the years following the outbreak, with nonfarm payrolls increasing by an average of over 600,000 jobs per month in 2021 and 380,000 per month in 2022.
- However, job growth has steadily slowed since early 2022, averaging 216,000 per month in 2023 and 166,000 per month in 2024.
- Although job growth weakened during the summer of 2024, it has shown signs of improvement in recent months.
- Payrolls increased by 261,000 in November and 307,000 in December, but hiring slowed to 143,000 in January.
- The slowdown in job growth during the mid portion of 2024 was a key factor in the Federal Reserve's decision to ease monetary policy.



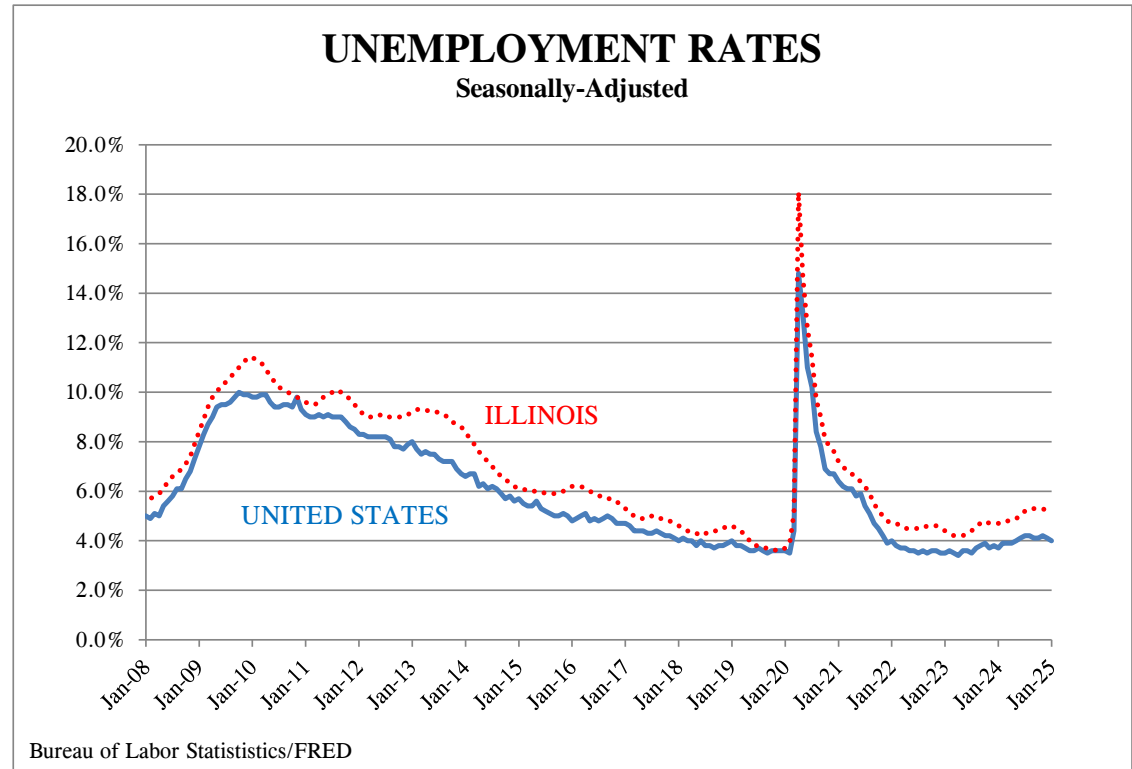
Illinois Employment

- Employment in Illinois has rebounded, though at a slower pace than the national average.
- According to the Establishment Survey, the U.S. recovered all jobs lost during the pandemic by June 2022, while Illinois reached this milestone in April 2024.
- The Household Survey indicates that Illinois has yet to recover all pandemic-related job losses, whereas the U.S. surpassed this level by the end of 2022.
- Illinois saw employment growth until the middle of 2023, when payrolls began to decline.
- Payrolls in Illinois returned to growth in February 2024, though recent results have been mixed.
- Employment gains in Illinois in 2024 were driven primarily by growth in 1) Government and 2) Education and Health Services.
- Meanwhile, the Professional & Business Services sector has seen a notable decline in employment.

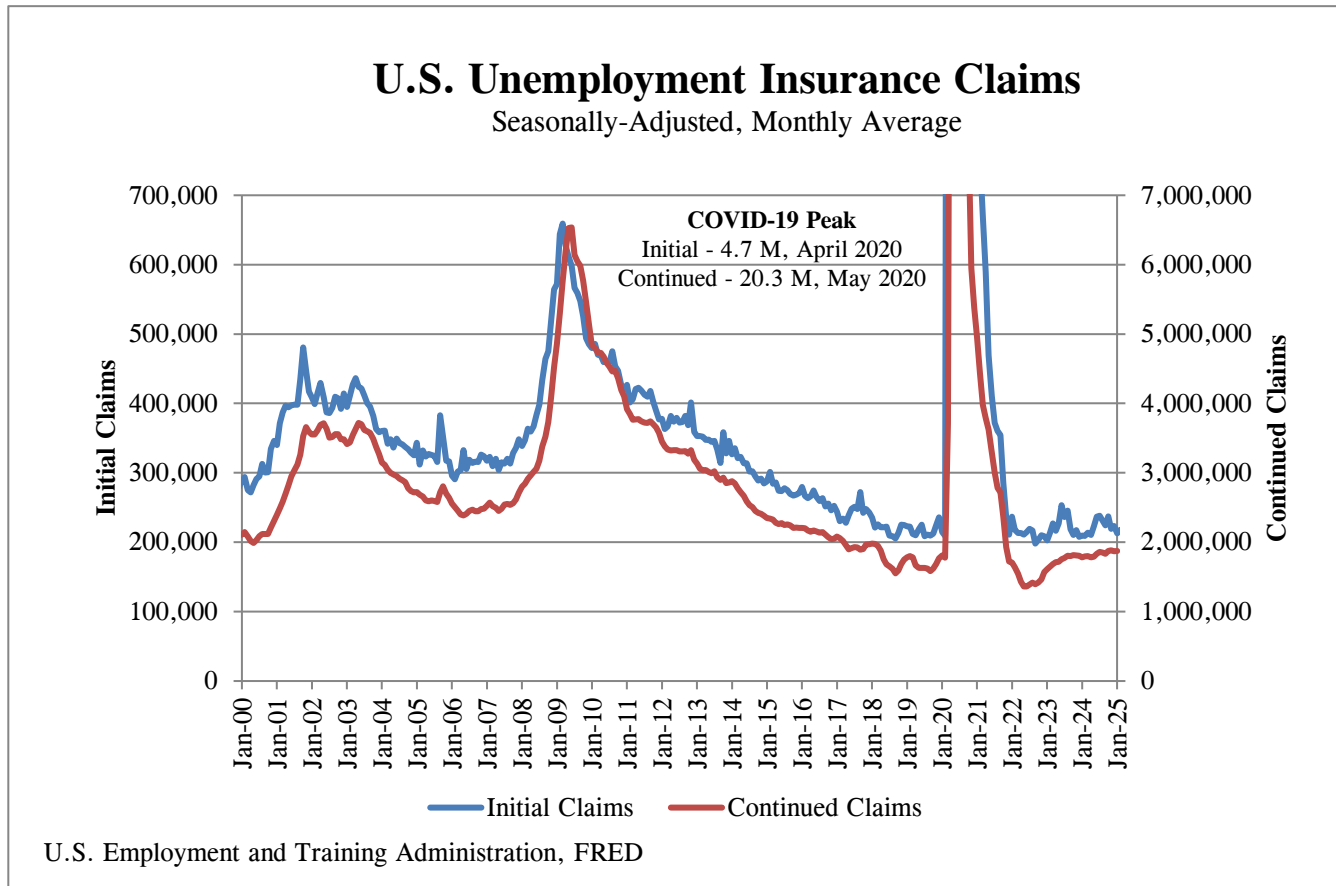


Unemployment Rates

- The chart shows that while U.S. and Illinois unemployment rates have fluctuated over time, they generally follow the same trend.
- After spiking at the onset of the COVID-19 pandemic, unemployment rates declined rapidly over the next two years.
- From early 2022 to May 2024, the U.S. unemployment rate remained below 4%, marking one of the longest stretches at this level since the late 1960s.
- In 2024, the U.S. unemployment rate gradually increased but has declined in recent months.
- While the gap between U.S. and Illinois unemployment rates had narrowed just prior to the pandemic, it has widened again during the recovery.
- In January, the U.S. unemployment rate remained historically low at 4.0%, while Illinois reported a higher rate of 5.2% in December.
- Illinois' unemployment rate increased by 0.5% in 2024, outpacing the national rise.



UNEMPLOYMENT INSURANCE CLAIMS



- Unemployment insurance claims data suggests the job market remains relatively tight, though it has loosened over the past two years.
- Both initial unemployment claims and continuing claims remain historically low, but have risen slightly since reaching 50-year lows in 2022.
- Layoffs remain relatively low, however, job openings, the quit rate, and the hire rate have all indicated a slowing labor market.

Average Employment Levels by Subsector in Illinois

Non-Seasonally Adjusted Averages: FY 2016 to FY 2025 (in thousands)

Subsector	Annual Average									
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 (TYD)
Mining and Logging	8.6	7.9	7.7	8.2	7.7	6.5	6.7	7.1	7.2	7.3
Construction	217.9	219.4	223.6	227.3	223.2	218.7	226.4	233.9	233.3	244.3
Manufacturing	580.1	573.4	583.3	590.2	572.3	552.4	562.0	576.2	579.1	577.3
Trade, Transportation, and Utilities	1,198.4	1,204.1	1,206.6	1,201.9	1,171.1	1,163.9	1,198.9	1,225.7	1,224.4	1,233.3
Information	100.0	100.3	96.1	96.0	93.2	87.7	93.5	97.3	90.1	90.0
Financial Activities	384.5	390.6	399.1	407.9	410.8	406.0	402.5	402.1	398.8	396.9
Professional and Business Services	931.5	939.2	948.6	952.3	927.8	904.0	953.8	966.1	931.8	929.6
Education and Health Services	908.8	920.2	928.4	934.8	923.6	897.7	916.6	951.1	979.7	998.0
Leisure and Hospitality	590.1	604.8	614.3	620.8	554.0	456.0	546.3	582.1	597.0	607.0
Other Services	251.8	252.0	253.6	255.2	245.5	234.5	242.7	248.8	254.8	262.6
Government	823.6	820.0	818.9	821.6	809.1	771.1	785.3	800.5	826.0	845.1
Annual Average Totals	5,995.2	6,031.8	6,080.3	6,116.1	5,938.4	5,698.7	5,934.7	6,090.9	6,122.1	6,191.4
Illinois' Annual % Change	1.2%	0.6%	0.8%	0.6%	-2.9%	-4.0%	4.1%	2.6%	0.5%	1.1%

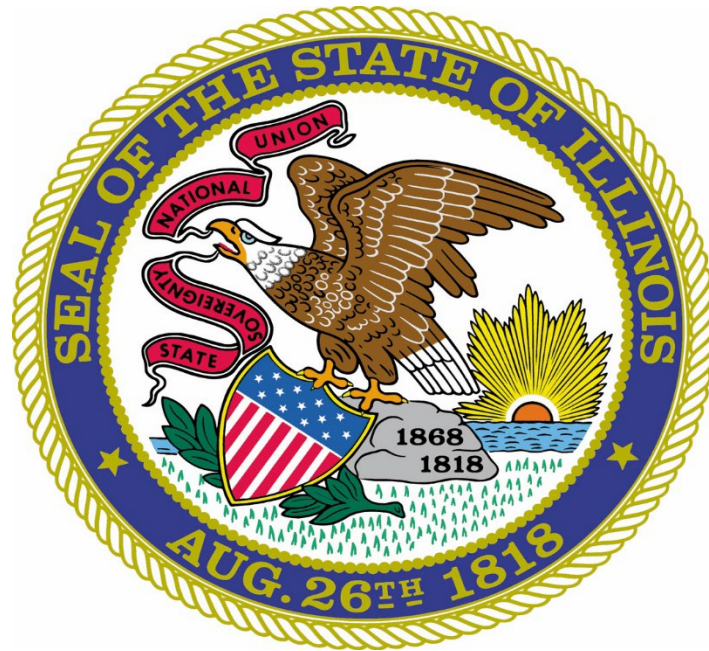
Average Weekly Earnings by Subsector in Illinois

FY 2016 to FY 2025

Subsector	Annual Average									
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 (TYD)
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,383	\$1,383	\$1,386	\$1,471	\$1,467	\$1,456	\$1,576	\$1,683	\$1,708	\$1,755
Manufacturing	\$1,044	\$1,033	\$1,064	\$1,103	\$1,135	\$1,179	\$1,201	\$1,240	\$1,246	\$1,260
Trade, Transportation, and Utilities	\$811	\$811	\$840	\$873	\$883	\$931	\$985	\$976	\$964	\$984
Information	\$1,140	\$1,149	\$1,265	\$1,392	\$1,482	\$1,517	\$1,447	\$1,540	\$1,692	\$1,858
Financial Activities	\$1,327	\$1,366	\$1,366	\$1,413	\$1,473	\$1,614	\$1,621	\$1,584	\$1,647	\$1,600
Professional and Business Services	\$1,061	\$1,081	\$1,105	\$1,155	\$1,211	\$1,268	\$1,350	\$1,347	\$1,322	\$1,337
Education and Health Services	\$813	\$802	\$805	\$820	\$839	\$871	\$937	\$978	\$968	\$984
Leisure and Hospitality	\$372	\$383	\$396	\$416	\$432	\$445	\$496	\$530	\$540	\$562
Other Services	\$852	\$857	\$845	\$884	\$976	\$1,025	\$1,052	\$1,084	\$1,161	\$1,290
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Illinois' Annual Average Weekly Earnings*	\$903	\$907	\$926	\$964	\$1,002	\$1,060	\$1,103	\$1,117	\$1,117	\$1,138
% Change in Avg. Weekly Earnings	1.7%	0.4%	2.0%	4.1%	4.0%	5.8%	4.1%	1.3%	0.0%	1.9%

* Because the Mining and Government subsectors' weekly earnings are not available from the Bureau of Labor Statistics, "Statewide Average Weekly Earnings" is calculated by using the weekly earnings of the other nine subsectors. The statewide value was calculated by multiplying each subsector's average jobs by its average earnings and dividing the sum of these figures by the total number of jobs from these nine subsectors.

ECONOMIC FORECASTS



Consensus Forecast

- The Consensus Forecasts – USA report from Consensus Economics summarizes economic outlooks for the United States from various economic forecasters monthly.

These include:

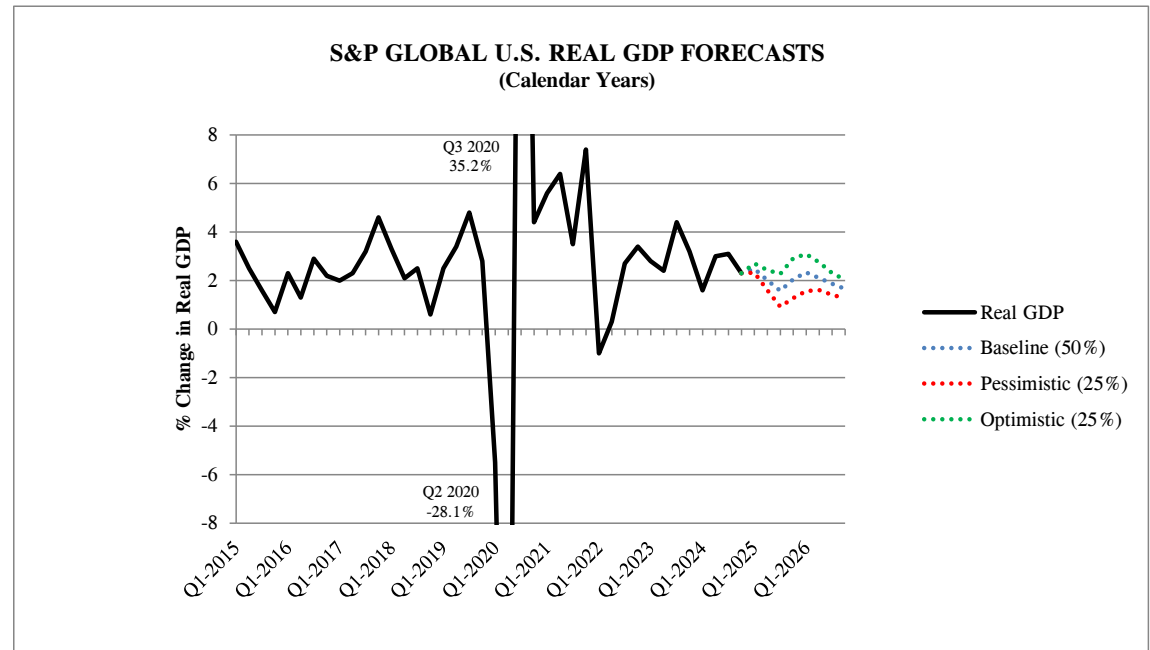
- Banks and Econometric Firms (Wells Fargo/Moody’s Analytics)
- Professional Business Associations (National Association of Home Builders)
- Academic Institutions (Univ. of Michigan/Georgia State Univ.)
- Individual Businesses (Eaton Corporation/Ford Motor Company)

The following table shows the economic forecasts along with historical data for relevant economic indicators.

U.S. ECONOMIC FORECASTS					
The forecasts presented are the mean forecast from 29 economic forecasters.					
Economic Indicator	2022 Actual	2023 Actual	2024 Actual	2025 Forecast	2026 Forecast
Real GDP*	2.5%	2.9%	2.8%	2.2%	2.0%
Nominal GDP*	9.8%	6.6%	5.3%	4.7%	4.4%
Real Disposable Personal Income*	-5.6%	5.1%	2.9%	2.2%	2.5%
Real Personal Consumption*	3.0%	2.5%	2.8%	2.7%	2.0%
Real Government Consumption and Investment*	-1.1%	3.9%	3.4%	1.9%	0.7%
Real Business Investment*	7.0%	6.0%	3.7%	2.1%	3.1%
Nominal Pre-Tax Corporate Profits*	7.8%	6.9%	6.9% ^c	2.7%	3.4%
Consumer Prices*	8.0%	4.1%	3.0%	2.7%	2.6%
Core PCE Prices (excluding Food/Energy)*	5.4%	4.1%	2.8%	2.5%	2.4%
Producer Prices*	13.4%	1.5%	1.2%	2.0%	1.7%
Employment Costs*	4.9%	4.5%	4.0%	3.6%	3.5%
Auto & Light Truck Sales (inc. imports) mn units	13.8	15.5	15.8	16.0	16.3
Housing Starts, mn units	1.55	1.42	1.36	1.37	1.42
Unemployment Rate (Ave. %)	3.6%	3.6%	4.0%	4.2%	4.2%
*average % change over previous calendar year					
^c = consensus estimate based on latest survey					
Source: Consensus Economics, February 2025					

U.S. Real GDP Forecast Scenarios

- The **BASELINE** shows the most likely scenario with a 50% chance of occurrence. The baseline forecast anticipates a transition from above-trend growth to a period of below-trend growth. Trade policy uncertainty remains a downside risk to the forecast. Real GDP is forecast to slow from 2.5% (Q4/Q4 growth rate) in 2024 to 2.0% in both 2025 and 2026. Unemployment is expected to rise to around 4.3% by the end of 2025 and 4.4% in 2026.
- A more **PESSIMISTIC** scenario (25%) forecasts strict trade/immigration policy and mild near-term financial stress holding back growth. Real GDP is expected to slow to 1.5% in 2025 and 2026. The unemployment rate slowly rises to 4.9% in 2026 under this scenario.
- A final 25% likely **OPTIMISTIC** scenario assumes continued above-trend growth based on lower tariffs across the board and less pronounced countermeasures by trading partners leading to faster moderation of inflation. Real GDP is expected to grow 2.6% in 2025 and 2.5% in 2026. The unemployment rate stays a little above 4% in this scenario.



S&P Global – February 2025

U.S. Forecast Scenarios

U.S. FORECASTS -- FEBRUARY 2025									
(Percent Change of Real 2017 \$ on Calendar Year Basis, Q4/Q4 for Annual Rates)									
	2022	2023	2024	2025			2026		
	Actual	Actual	Actual	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
Gross Domestic Product	1.3%	3.2%	2.5%	1.5%	2.0%	2.6%	1.5%	2.0%	2.5%
Personal Consumption	1.6%	3.0%	3.2%	2.0%	2.6%	3.3%	1.6%	2.3%	3.2%
Durable	-1.5%	5.8%	5.7%	1.9%	4.0%	7.0%	4.5%	6.2%	8.1%
Nondurable	-1.6%	2.2%	2.3%	1.8%	2.2%	2.7%	0.7%	1.3%	2.1%
Services	3.2%	2.8%	3.0%	2.1%	2.4%	2.9%	1.4%	2.0%	2.8%
Fixed Investment (Nonresidential)	8.5%	5.0%	2.5%	0.7%	1.6%	2.6%	0.0%	1.3%	2.3%
Exports	5.0%	2.0%	2.9%	1.1%	1.7%	2.1%	1.5%	2.3%	2.7%
Imports	2.0%	1.2%	5.8%	2.0%	3.3%	5.4%	-1.1%	1.5%	4.2%
Government	0.5%	4.3%	3.1%	0.3%	0.4%	0.3%	-0.1%	-0.1%	-0.1%
Federal	-1.0%	2.1%	4.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%
State & Local	1.4%	5.7%	2.6%	0.5%	0.5%	0.5%	-0.2%	-0.2%	-0.2%
OTHER MEASURES									
Personal Consumption (Current \$)	7.7%	5.9%	5.7%	5.4%	5.6%	5.8%	4.3%	4.9%	5.8%
Before Tax Profits (Current \$)	-0.3%	13.7%	5.4%	1.5%	2.1%	3.9%	-0.7%	1.8%	3.3%
Unemployment Rate (Average Q4)	3.6%	3.8%	4.2%	4.4%	4.3%	4.1%	4.9%	4.4%	4.2%
S&P GLOBAL									

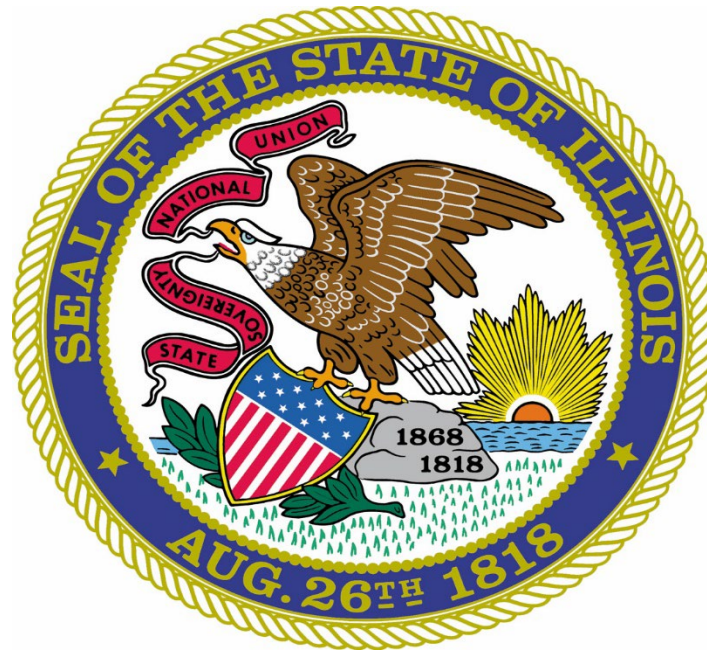
Illinois Forecast Scenarios

ILLINOIS FORECASTS -- FEBRUARY 2025

(Calendar Years, Q4/Q4 for Annual Rates)

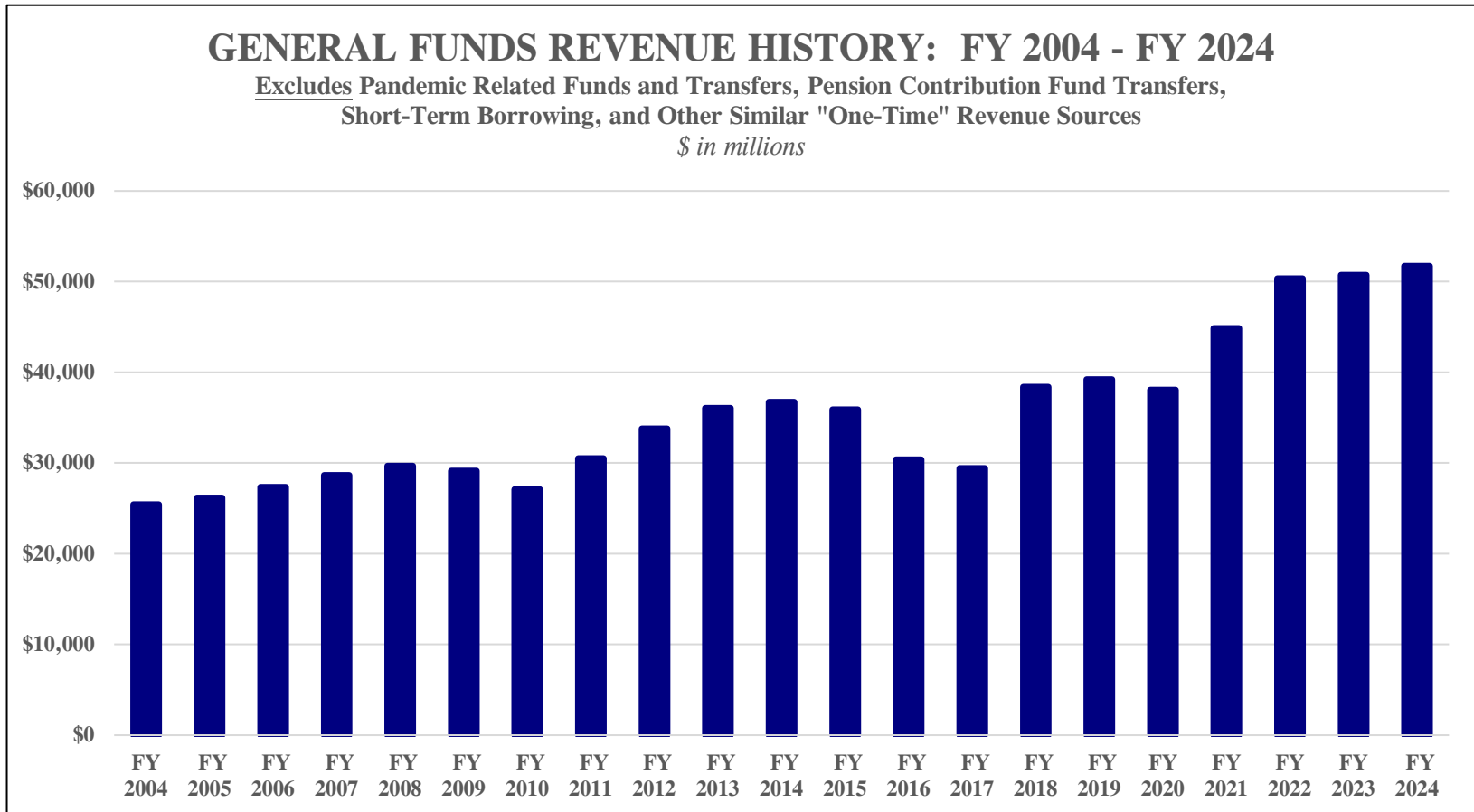
	2022	2023	2024	2025			2026		
	Actual	Actual	Est.	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
Real Gross State Product (Billions 2017\$)	879.2	891.5	902.4	913.5	918.3	923.2	924.0	933.8	943.8
% Change	1.0%	1.4%	1.2%	1.2%	1.8%	2.3%	1.1%	1.7%	2.2%
Total Employment (1,000's)	6,072.7	6,103.2	6,152.5	6,157.7	6,175.8	6,192.8	6,108.7	6,157.5	6,186.0
% Change	2.5%	0.5%	0.8%	0.1%	0.4%	0.7%	-0.8%	-0.3%	-0.1%
Population (1,000's)	12,620.5	12,674.1	12,729.4	12,704.6	12,704.6	12,704.6	12,658.4	12,658.4	12,658.4
% Change	-0.3%	0.4%	0.4%	-0.2%	-0.2%	-0.2%	-0.4%	-0.4%	-0.4%
Personal Income (Billions \$)	881.9	921.7	958.0	1,005.0	1,009.0	1,011.5	1,049.5	1,058.7	1,066.9
% Change	5.3%	4.5%	3.9%	4.9%	5.3%	5.6%	4.4%	4.9%	5.5%
Private Housing Starts (1,000's, SAAR)	19.0	17.5	19.6	16.2	17.0	18.1	15.7	17.1	18.8
% Change	-12.2%	-7.9%	12.0%	-17.1%	-13.2%	-7.8%	-3.2%	0.8%	4.2%
Unemployment Rate Average % (Q4)	4.6%	4.7%	5.3%	5.5%	5.3%	5.2%	6.0%	5.5%	5.3%
S&P Global									

GENERAL FUNDS REVENUE



General Funds Revenue History

- The State’s General Funds include the *General Revenue Fund*, the *Common School Fund*, the *General Revenue-Common School Special Account Fund*, the *Education Assistance Fund*, the *Fund for the Advancement of Education*, the *Commitment to Human Services Fund*, and the *Budget Stabilization Fund*. All state revenues, not otherwise restricted by law, including the majority of the State's major revenue sources, the income and sales taxes, are deposited into these funds to specifically fund education programs and to generally fund the rest of state government.



FY 2025 General Funds Revenue Enacted Budget Assumptions

<i>General Funds Revenues</i>				
<i>FY 2024 Actuals vs. FY 2025 Enacted Budget Revenue Assumptions*</i>				
(\$ millions)				
Revenue Sources	FY 2024 Actuals	FY 2025 Revenue Assumptions*	\$ Change	% Change
Personal Income Taxes [Net]	\$25,605	\$26,507	\$902	3.5%
Corporate Income Taxes [Net]	\$5,227	\$5,378	\$151	2.9%
Sales Tax [Net]	\$10,465	\$10,907	\$442	4.2%
All Other State Sources	\$3,968	\$3,904	(\$64)	-1.6%
Transfers In	\$2,550	\$2,561	\$11	0.4%
Federal Sources [Base]	\$3,893	\$4,024	\$131	3.4%
General Funds Subtotal [Base]	\$51,708	\$53,281	\$1,573	3.0%
Non-Base Gen Funds Revenues	\$881	\$0	(\$881)	-100.0%
Total General Funds Revenues	\$52,589	\$53,281	\$692	1.3%

*Source: GOMB: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

- The Revenue Assumptions for the FY 2025 Enacted Budget anticipated revenues totaling nearly \$53.3 billion.
- This FY 2025 figure is \$692 million above the FY 2024 actual total of \$52.589 billion or growth of approximately 1.3%.
- Base revenues were anticipated to grow 3.0% over the FY 2024 actual. The reason for the difference between the total and the base subtotal is because the FY 2025 total does not include \$881 million in one-time revenues received in FY 2024 from prior year federal matching funds [\$633 million] and a transfer of excess funds related to prior year rebates and tax suspension funding [\$248 million].

FY 2025 General Funds Performance through February

- Through two-thirds of the fiscal year, FY 2025 total receipts are slightly below last year's pace [-0.5%]. However, after removing one-time revenues from the equation, "base" receipts are up \$663 million or +2.1%.
- Personal Income Tax (PIT) receipts have grown \$1.289 billion (+7.2%) or +\$1.095 billion on a net basis. This overall growth is due to solid withholding tax receipt growth and a higher percentage of business related tax receipts flowing through the PIT distributions.
- Corporate Income Tax (CIT) receipts are approximately \$523 million (-14.8%) behind last year's pace or -\$419 million on a net basis. The decline here is in part due to fewer business related tax receipts flowing through CIT distributions.
- Sales Tax receipt growth has been slower than expected so far in FY 2025. Through February, these receipts are down \$47 million or -0.6%. When removing distributions to the Road Fund and certain transportation funds, the year-to-date change improves to a slight increase of \$52 million (+0.7%).
- All Other State Sources have combined to rise \$208 million (+8.8%) so far in FY 2025. This is primarily due to a \$107 million increase in Insurance Tax receipts (although this level of growth may be temporary due to receipt patterns) and an \$86 million increase in interest income.
- State Transfers-In have fallen \$359 million. This is mainly because the annual Income Tax Refund Fund Transfer in FY 2025 was \$302 million lower than FY 2024 levels.
- Base Federal Sources are \$86 million above last year's pace through February. However, if factoring in the "one-time" federal dollars received mostly in FY 2024, the result is a year-over-year decline of \$482 million.

GENERAL FUNDS RECEIPTS: THROUGH FEBRUARY				
<i>FY 2024 vs. FY 2025</i>				
<i>(\$ millions)</i>				
Revenue Sources	FY 2024	FY 2025	\$	%
			CHANGE	CHANGE
State Taxes				
Personal Income Tax	\$17,799	\$19,088	\$1,289	7.2%
Corporate Income Tax (regular)	3,522	2,999	(523)	-14.8%
Sales Taxes	7,860	7,813	(47)	-0.6%
Public Utility Taxes (regular)	462	485	23	5.0%
Cigarette Tax	134	127	(7)	-5.2%
Liquor Gallonage Taxes	124	120	(4)	-3.2%
Estate Tax	415	403	(12)	-2.9%
Insurance Taxes and Fees	228	335	107	46.9%
Corporate Franchise Tax & Fees	144	125	(19)	-13.2%
Interest on State Funds & Investments	433	519	86	19.9%
Cook County IGT	150	150	0	0.0%
Other Sources	263	297	34	12.9%
Total State Taxes	\$31,534	\$32,461	\$927	2.9%
Transfers In				
Lottery	\$560	\$506	(\$54)	-9.6%
Gaming	111	126	15	13.5%
Sports Wagering	0	101	101	N/A
Cannabis	73	75	2	2.7%
Refund Fund	555	253	(302)	-54.4%
Other	651	530	(121)	-18.6%
Total Transfers In	\$1,950	\$1,591	(\$359)	-18.4%
Total State Sources	\$33,484	\$34,052	\$568	1.7%
Federal Sources [base]	\$2,757	\$2,843	\$86	3.1%
Total Federal & State Sources	\$36,241	\$36,895	\$654	1.8%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$1,629)	(\$1,747)	(\$118)	7.2%
Corporate Income Tax	(493)	(420)	73	-14.8%
Local Government Distributive Fund				
Personal Income Tax	(1,046)	(1,122)	(76)	7.3%
Corporate Income Tax	(208)	(177)	31	-14.9%
Sales Tax Distributions				
Deposits into Road Fund	(389)	(473)	(84)	21.6%
Distribution to the PTF and DPTF	(407)	(224)	183	-45.0%
General Funds Subtotal [Base]	\$32,069	\$32,732	\$663	2.1%
Transfer of Excess PA 102-700 Funds to GRF	\$248	\$0	(\$248)	-100.0%
Prior Year Federal Matching Funds	\$633	\$0	(\$633)	-100.0%
ARPA Reimb. for Essential Gov't Services	\$0	\$65	\$65	N/A
Total General Funds	\$32,950	\$32,797	(\$153)	-0.5%

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

3-Mar-25

FY 2025 General Funds Performance through February

<i>Summary of Receipts</i>				
GENERAL FUNDS RECEIPTS: THROUGH FEBRUARY				
<i>FY 2024 vs. FY 2025</i>				
<i>(\$ millions)</i>				
Federal Sources [base]	FY 2024	FY 2025	\$ CHANGE	% CHANGE
Net Personal Income Tax	\$15,124	\$16,219	\$1,095	7.2%
Net Corporate Income Tax	\$2,821	\$2,402	(\$419)	-14.9%
Net Sales Tax	\$7,064	\$7,116	\$52	0.7%
All Other State Sources	\$2,353	\$2,561	\$208	8.8%
Transfers In	\$1,950	\$1,591	(\$359)	-18.4%
Federal Sources [base]	\$2,757	\$2,843	\$86	3.1%
Base General Funds	\$32,069	\$32,732	\$663	2.1%
<i>Transfer of Excess PA 102-700 Funds to GRF</i>	\$248	\$0	(\$248)	-100.0%
<i>Prior Year Federal Matching Funds</i>	\$633	\$0	(\$633)	-100.0%
<i>ARPA Reimb. for Essential Gov't Services</i>	\$0	\$65	\$65	N/A
Total General Funds	\$32,950	\$32,797	(\$153)	-0.5%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 3-Mar-25

- In summary, overall receipts are down slightly from last year’s levels [-0.5%] with four months remaining. The remaining months include the important income tax filing months of March and April.
- While year-to-date growth of -0.5% is slightly below the 1.3% anticipated by the end of the fiscal year, final tax payments and revenues from “true-up” redistributions over the last third of the fiscal year should provide the needed revenues to reach and slightly surpass the enacted budget figures, absent surprises during the volatile final tax season period.

FY 2025 CGFA General Funds Revised Estimate (Mar-25)

- The General Funds revenue estimate is being revised up from the FY 2025 Enacted Budget's assumed revenue figure of **\$53.281 billion** to **\$53.614 billion**, an increase of **\$333 million**. While the overall impact is relatively small [+0.6%], there are notable adjustments being made (both positive and negative) to individual categories.
- The Personal Income Tax (PIT) has exceeded expectations due to a combination of moderate improvement in employment and wages, along with a notable increase in the amount of business-related tax revenues flowing through the PIT line via Pass-through Entity payments. As a result, the net estimate is being revised up **+\$1.217 billion**.
- Corporate Income Tax (CIT) receipts have underperformed this fiscal year, mainly due to a larger portion of business income tax collections being diverted away from the CIT line into PIT distributions via the pass-through entity tax. While some improvement is expected in the last third of the year, the estimate is being revised down a net **-\$655 million**.
- Sales Tax receipts have also underperformed so far in FY 2025. Through February, these revenues are down -0.6%. While there has been some improvement in these tax receipts in recent months, the disappointing start to the fiscal year necessitates a downward revision of **-\$363 million** for this revenue source.
- The Commission is also making a positive adjustment to All Other State Sources [**+\$215 million**], but is lowering its outlook for Transfers In [**-\$219 million**]. CGFA will adopt GOMB's **+\$73 million** upward adjustment to Federal Sources (Base) and also account for the **+\$65 million** in one-time federal stimulus related revenue received in FY 2025.

FY 2025 Enacted Budget Revenue Assumptions vs. FY 2025 CGFA Revised [March '25]				
(\$ millions)				
Revenue Sources	FY 2025 Enacted Budget Rev Assumptions	FY 2025 CGFA Revised March '25	\$ Change	% Change
Personal Income Taxes [Net]	\$26,507	\$27,724	\$1,217	4.6%
Corporate Income Taxes [Net]	\$5,378	\$4,723	(\$655)	-12.2%
Sales Tax [Net]	\$10,907	\$10,544	(\$363)	-3.3%
All Other State Sources	\$3,904	\$4,119	\$215	5.5%
Transfers In	\$2,561	\$2,342	(\$219)	-8.6%
Federal Sources	\$4,024	\$4,097	\$73	1.8%
General Funds Subtotal [Base]	\$53,281	\$53,549	\$268	0.5%
General Funds Non-Base Subtotal	\$0	\$65	\$65	N/A
Total General Funds Revenues	\$53,281	\$53,614	\$333	0.6%

Note: Some totals may not equal, due to rounding.

FY 2025 CGFA General Funds Revised Estimate (Mar-25) cont...

FY 2025 Enacted Budget Revenue Assumptions vs. FY 2025 CGFA Revised [March '25] <i>(\$ millions)</i>				
	FY 2025 Enacted Budget Rev Assumptions	FY 2025 CGFA Revised March '25	\$ Change	% Change
Revenue Sources				
State Taxes				
Personal Income Tax	\$31,195	\$32,627	\$1,432	4.6%
Corporate Income Tax (regular)	\$6,713	\$5,895	(\$818)	-12.2%
Sales Taxes	\$12,164	\$11,742	(\$422)	-3.5%
Public Utility (regular)	\$701	\$701	\$0	0.0%
Cigarette Tax	\$195	\$197	\$2	1.0%
Liquor Gallonage Taxes	\$182	\$177	(\$5)	-2.7%
Estate Tax	\$635	\$605	(\$30)	-4.7%
Insurance Taxes & Fees	\$522	\$560	\$38	7.3%
Corporate Franchise Tax & Fees	\$208	\$190	(\$18)	-8.7%
Interest on State Funds & Investments	\$500	\$698	\$198	39.6%
Cook County Intergovernmental Transfer	\$244	\$244	\$0	0.0%
Other Sources	\$717	\$747	\$30	4.2%
Total State Taxes	\$53,976	\$54,383	\$407	0.8%
Transfers In				
Lottery	\$902	\$810	(\$92)	-10.2%
Gaming	\$177	\$180	\$3	1.7%
Sports Wagering	\$200	\$170	(\$30)	-15.0%
Cannabis	\$123	\$118	(\$5)	-4.1%
Refund Fund	\$300	\$253	(\$47)	-15.7%
Other	\$859	\$811	(\$48)	-5.6%
Total Transfers In	\$2,561	\$2,342	(\$219)	-8.6%
Total State Sources	\$56,537	\$56,725	\$188	0.3%
Federal Sources [Base]	\$4,024	\$4,097	\$73	1.8%
Total Federal & State Sources	\$60,561	\$60,822	\$261	0.4%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax [9.15% '25]	(\$2,854)	(\$2,985)	(\$131)	4.6%
Corporate Income Tax [14.0% '25]	(\$940)	(\$825)	\$115	-12.2%
Local Government Distributive Fund				
Personal Income Tax	(\$1,834)	(\$1,918)	(\$84)	4.6%
Corporate Income Tax	(\$395)	(\$347)	\$48	-12.2%
Sales Tax Distributions				
Sales Tax Deposits into Road Fund	(\$773)	(\$700)	\$73	-9.4%
Sales Tax Distribution to the PTF and DPTF	(\$484)	(\$498)	(\$14)	2.9%
General Funds Subtotal [Base]	\$53,281	\$53,549	\$268	0.5%
ARPA Reimb. For Essential Gov't Services	\$0	\$65	\$65	N/A
Total General Funds Revenues	\$53,281	\$53,614	\$333	0.6%

Note: Some totals may not equal, due to rounding.

FY 2025 Revised Estimate Comparison CGFA (Mar-25) vs GOMB (Feb-25)

In February 2025, the Governor’s Office of Management and Budget (GOMB) released its revised outlook for FY 2025 General Funds in the FY 2026 Budget Book, with a FY 2025 total estimate of \$53.900 billion. This figure is \$619 million above the FY 2025 Enacted Budget’s assumed revenue figure of \$53.281 billion.

The Commission’s March 2025 estimate of \$53.614 billion is \$286 million or -0.5% below GOMB’s February 2025 revised forecast for FY 2025. A summary of this difference is shown in the table below.

FY 2025 Revenue Estimates GOMB Feb'25 Revised vs CGFA Mar'25 Revised

(\$ millions)

<u>Revenue Sources</u>	<u>FY 2025 GOMB Revised February '25</u>	<u>FY 2025 CGFA Revised March '25</u>	<u>CGFA vs GOMB \$ Change</u>	<u>CGFA vs GOMB % Change</u>
Personal Income Taxes [Net]	\$27,746	\$27,724	(\$22)	-0.1%
Corporate Income Taxes [Net]	\$4,900	\$4,723	(\$177)	-3.6%
Sales Tax [Net]	\$10,696	\$10,544	(\$152)	-1.4%
All Other State Sources	\$4,059	\$4,119	\$60	1.5%
Transfers In	\$2,337	\$2,342	\$5	0.2%
Federal Sources	\$4,097	\$4,097	\$0	0.0%
General Funds Subtotal [Base]	\$53,835	\$53,549	(\$286)	-0.5%
ARPA Reimb. For Essential Gov't Services	\$65	\$65	\$0	0.0%
Total General Funds Revenues	\$53,900	\$53,614	(\$286)	-0.5%

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

FY 2025 Detailed Comparison CGFA (Mar-25) vs GOMB (Feb-25)

- Both CGFA and GOMB made a significant increase to the Personal Income Tax forecast given recent growth. While CGFA's adjustment is \$26 million lower than GOMB [-\$22M net], given the size of this revenue source, the difference [-0.1%] is negligible.
- The Commission's revised outlook for the Corporate Income Tax is \$222 million below GOMB [-\$177M net]. The difference here is likely due to the Commission's ability to include the notable declines from January and February actuals into the estimate.
- The Commission and GOMB also both revised down their Sales Tax estimate due to year-to-date subpar performance. The Commission is not as optimistic as GOMB in its expected improvement in the 2nd half of FY 2025, resulting in the CGFA estimate being \$136 million lower [-\$152M net] than GOMB.
- The Commission is a combined \$60 million above GOMB in its estimate for All Other State Sources, mainly due to higher interest income, insurance tax, and corporate franchise tax projections.
- The downward adjustments for Transfers In are nearly the same, with CGFA's revised forecast just \$5 million higher than GOMB.
- The Commission is adopting the GOMB's FY 2025 Federal Sources figure at this time. Both agencies include the one-time deposit of \$65 million in ARPA federal dollars in its overall total.

FY 2025 Revenue Estimates				
GOMB Feb'25 Revised vs CGFA Mar'25 Revised				
(\$ millions)				
Revenue Sources	FY 2025 GOMB Revised February '25	FY 2025 CGFA Revised March '25	CGFA vs GOMB \$ Change	CGFA vs GOMB % Change
State Taxes				
Personal Income Tax	\$32,653	\$32,627	(\$26)	-0.1%
Corporate Income Tax (regular)	\$6,117	\$5,895	(\$222)	-3.6%
Sales Taxes	\$11,878	\$11,742	(\$136)	-1.1%
Public Utility (regular)	\$691	\$701	\$10	1.4%
Cigarette Tax	\$200	\$197	(\$3)	-1.5%
Liquor Gallonage Taxes	\$178	\$177	(\$1)	-0.6%
Estate Tax	\$635	\$605	(\$30)	-4.7%
Insurance Taxes & Fees	\$542	\$560	\$18	3.3%
Corporate Franchise Tax & Fees	\$176	\$190	\$14	8.0%
Interest on State Funds & Investments	\$650	\$698	\$48	7.4%
Cook County Intergovernmental Transfer	\$244	\$244	\$0	0.0%
Other Sources	<u>\$743</u>	<u>\$747</u>	<u>\$4</u>	<u>0.5%</u>
Total State Taxes	\$54,707	\$54,383	(\$324)	-0.6%
Transfers In				
Lottery	\$795	\$810	\$15	1.9%
Gaming	\$177	\$180	\$3	1.7%
Sports Wagering	\$175	\$170	(\$5)	-2.9%
Cannabis	\$123	\$118	(\$5)	-4.1%
Refund Fund	\$253	\$253	\$0	0.0%
Other	\$814	\$811	(\$3)	-0.4%
Total Transfers In	\$2,337	\$2,342	\$5	0.2%
Total State Sources	\$57,044	\$56,725	(\$319)	-0.6%
Federal Sources [Base]	\$4,097	\$4,097	\$0	0.0%
Total Federal & State Sources	\$61,141	\$60,822	(\$319)	-0.5%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax [9.15% '25]	(\$2,988)	(\$2,985)	\$3	-0.1%
Corporate Income Tax [14.0% '25]	(\$856)	(\$825)	\$31	-3.7%
Local Government Distributive Fund				
Personal Income Tax	(\$1,919)	(\$1,918)	\$1	-0.1%
Corporate Income Tax	(\$360)	(\$347)	\$13	-3.7%
Sales Tax Distributions				
Sales Tax Deposits into Road Fund	(\$694)	(\$700)	(\$6)	0.9%
Sales Tax Distribution to the PTF and DPTF	(\$488)	(\$498)	(\$10)	2.0%
General Funds Subtotal [Base]	\$53,835	\$53,549	(\$286)	-0.5%
ARPA Reimb. For Essential Gov't Services	\$65	\$65	\$0	0.0%
Total General Funds Revenues	\$53,900	\$53,614	(\$286)	-0.5%

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

CGFA FY 2026 Revenue Outlook – Factors Considered

- The Personal Income Tax is Illinois’ most important revenue source, generating nearly half of all General Funds revenues. When including Corporate Income Tax revenues, income tax revenues are projected to make up over 60% of the State’s General Funds, which is double the 30% composition that occurred just 20 years ago.

Income Taxes (Net) as a Percentage of State Sources and Total General Funds					
<i>\$ in millions</i>					
Fiscal Year	Net Income Taxes	State Sources	Total General Funds	Income Tax % of State Sources	Income Tax % of Total General Funds
2000	\$8,923	\$17,999	\$23,249	49.6%	38.4%
2001	\$9,032	\$18,373	\$24,106	49.2%	37.5%
2002	\$8,274	\$17,642	\$23,605	46.9%	35.1%
2003	\$8,079	\$18,838	\$24,987	42.9%	32.3%
2004	\$8,208	\$17,982	\$27,049	45.6%	30.3%
2005	\$9,151	\$20,155	\$28,183	45.4%	32.5%
2006	\$10,063	\$21,533	\$28,635	46.7%	35.1%
2007	\$11,158	\$22,591	\$30,272	49.4%	36.9%
2008	\$12,180	\$25,344	\$33,838	48.1%	36.0%
2009	\$10,933	\$23,384	\$32,120	46.8%	34.0%
2010	\$9,871	\$20,584	\$30,329	48.0%	32.5%
2011	\$13,076	\$24,220	\$33,797	54.0%	38.7%
2012	\$17,973	\$28,250	\$34,145	63.6%	52.6%
2013	\$19,715	\$29,721	\$36,603	66.3%	53.9%
2014	\$19,806	\$30,713	\$37,043	64.5%	53.5%
2015	\$18,119	\$29,576	\$36,617	61.3%	49.5%
2016	\$14,862	\$26,127	\$30,498	56.9%	48.7%
2017	\$14,065	\$25,380	\$29,405	55.4%	47.8%
2018	\$19,742	\$31,003	\$41,451	63.7%	47.6%
2019	\$21,625	\$33,560	\$40,195	64.4%	53.8%
2020	\$20,552	\$33,275	\$40,119	61.8%	51.2%
2021	\$26,088	\$38,558	\$47,250	67.7%	55.2%
2022	\$30,246	\$43,658	\$51,070	69.3%	59.2%
2023	\$29,578	\$43,657	\$53,134	67.8%	55.7%
2024	\$30,833	\$45,266	\$52,589	68.1%	58.6%
2025 (est)	\$32,446	\$47,078	\$53,582	68.9%	60.6%

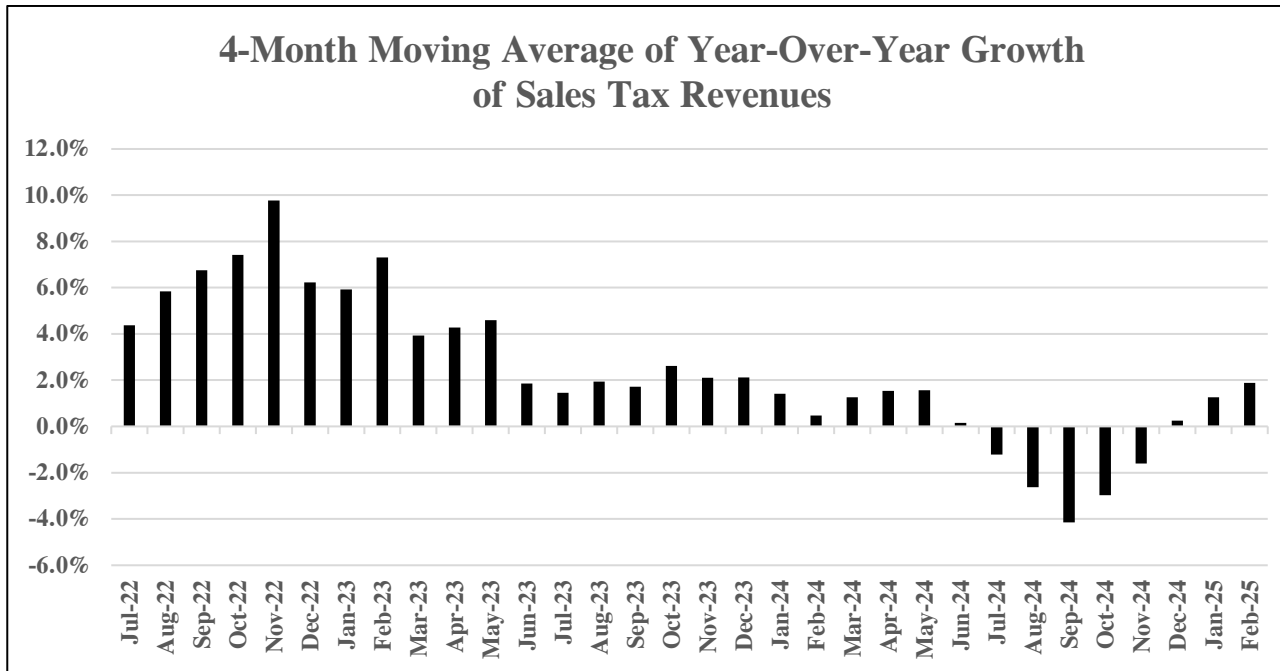
Note: Actuals through FY24 are amounts shown in the Comptroller's Traditional Budgetary Financial Report. "Net Income Taxes" exclude non-General Funds distributions such as to the Income Tax Refund Fund or the LGDF. "State Sources" refers to revenues derived from Income, Sales, Public Utility, Cigarette, Inheritance, Corporate Franchise, Liquor, Investment, and Other taxes, but does not include Transfers and Federal Sources.

General Funds Revenue Outlook – Factors Considered

- After experiencing strong growth in the months coming out of the pandemic, Sales Tax performance slowed during 2024 with many months of declining revenues. While there are recent signs of improvement (see graph below), year-to-date totals through February results in a decline of -0.6%.

Possible reasons for this include:

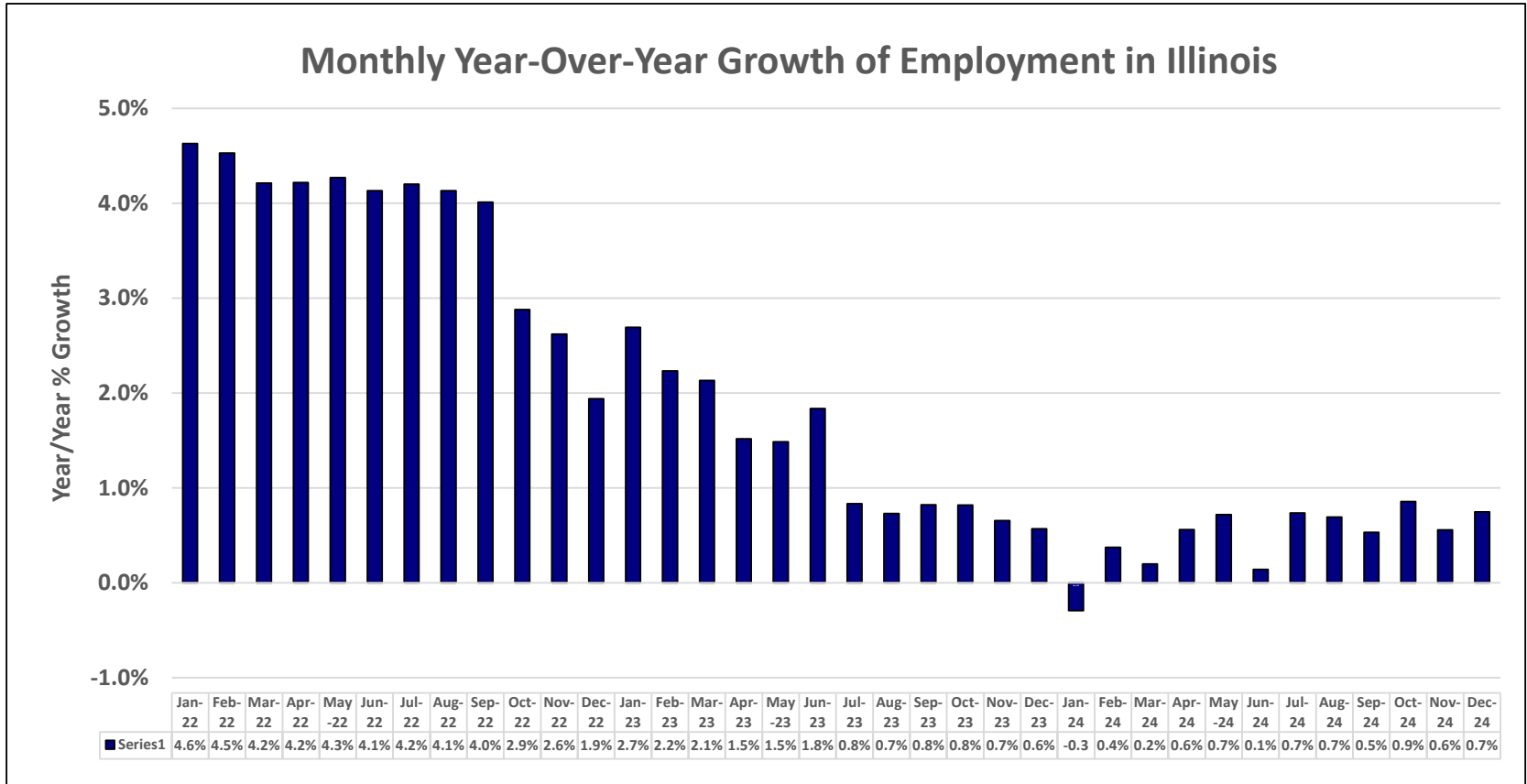
- Below-average “big item” purchases (homes, cars, etc.) due to higher interest rates.
 - Lower gas prices. (Retail prices were roughly 7.5% lower than the first half of FY 24).
 - No additional federal stimulus to help boost spending.
- Weaker sales tax performance is important to watch as this could lead to reduced corporate profits and job cuts, thereby negatively affecting tax receipts from the State’s largest revenue sources: the sales tax, personal income tax, and the corporate income tax.



General Funds Revenue Outlook – Factors Considered

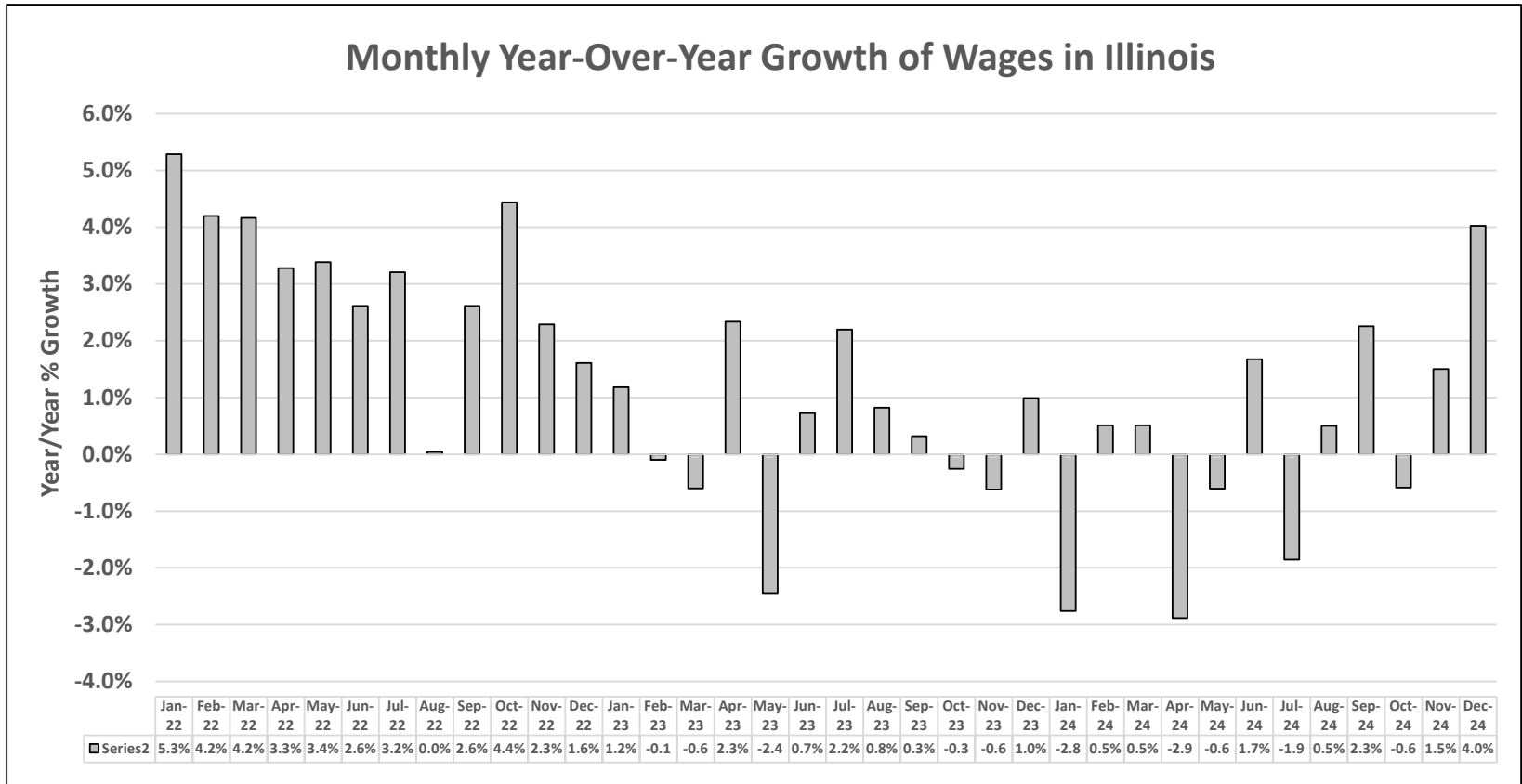
- **Change in Employment Levels**

- Monthly year-over-year percentage change values for Illinois employment have noticeably slowed from previous elevated levels (see below), but still remain positive.
- Unemployment rates remain at relatively low levels (5.2% in December 2024) despite slower growth, though the levels have crept up over the past year (4.7% in December 2023).
- If employment levels were to continue to slow and/or decline, this would have a direct impact on income tax revenues.



CGFA Revenue Outlook – Factors Considered (cont...)

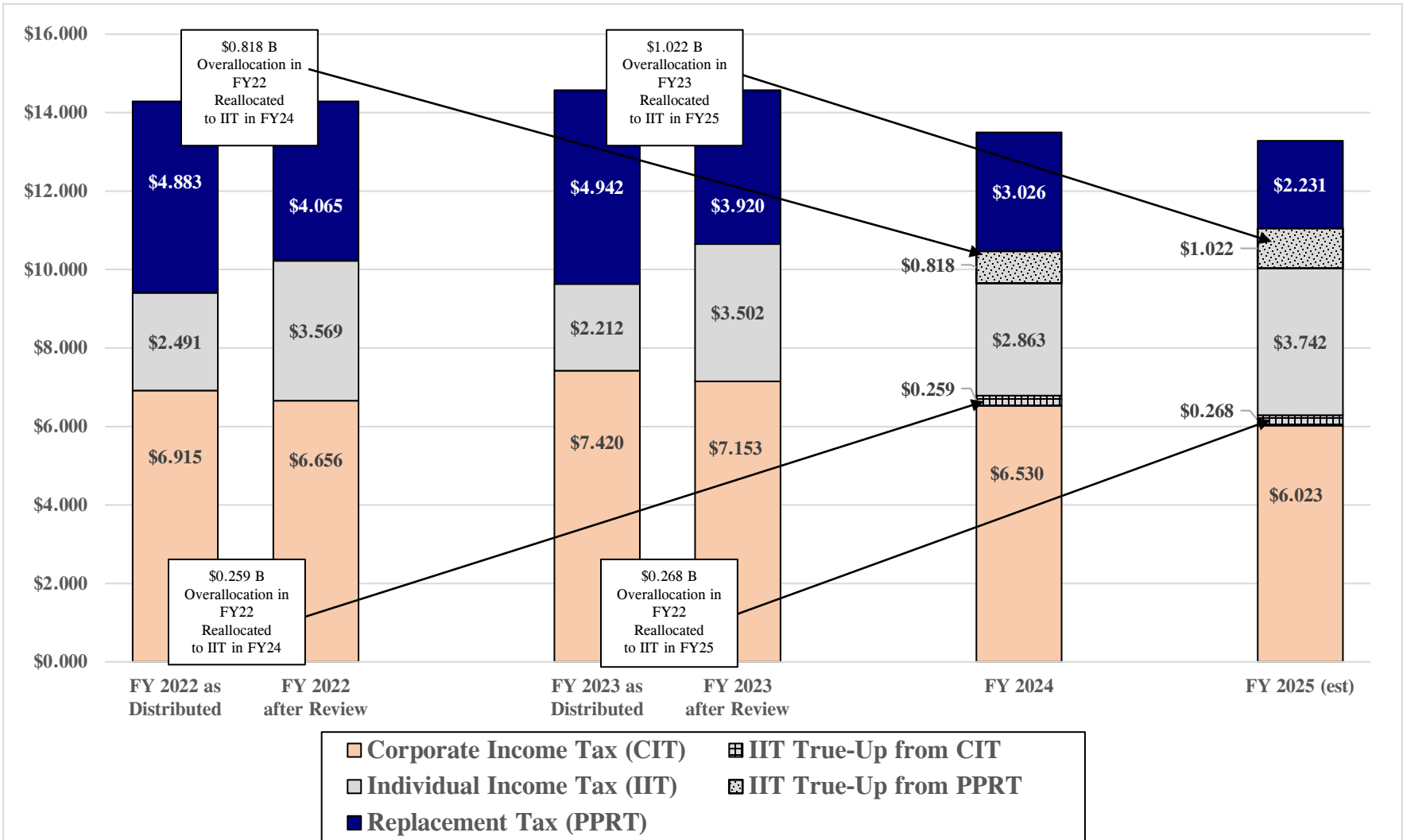
- **Change in Wage Levels**
 - Monthly year-over-year percentage change values for Illinois wages had slowed from the high growth rates experienced right after the pandemic, but have trended higher in recent months (see below).
 - The post-pandemic rise in wages was beneficial to income tax receipts.
 - While the weakening of wage growth helped restrain inflation pressures, a slow down in wage growth can stymie income tax revenue growth.



Composition of Business Income Taxes in Illinois

[FY 2024 & FY 2025 Includes Impact of DoR "True Up" Reallocations]

\$ in billions



Note: The Department of Revenue has stated that the magnitude of the true-up reallocations “was most likely caused by policy changes, such as the federal government enacting the State and Local Tax (SALT) deduction cap, the State of Illinois creation of the Pass-Through Entity Tax (PTE), and large increases in business income tax receipts” during FY 2022 and FY 2023.

FY 2026 CGFA General Funds Estimate

- The Commission estimates that FY 2026 General Funds revenues will total approximately \$54.224 billion. This figure is \$610 million above CGFA’s revised FY 2025 forecast of \$53.614 billion. When removing the approximate \$65 million in non-base revenue sources in FY 2025 from the equation, base revenues are expected to have a slightly higher gain of \$675 million in FY 2026.
- The combination of modest levels of employment growth with higher expected wages, should provide a solid level of base growth in FY 2026, Personal Income Tax revenues are only expected to rise \$614 million [+ \$521 million net] or +1.9% overall. This is largely because the revenues anticipated from “true-up” receipts (related to the reallocation of business-related tax receipts) in FY 2026 are expected to be roughly \$500 million less than the FY 2025 amounts, offsetting a portion of the base gains.
- A slight gain of \$74 million [+ \$58 million net] in Corporate Income Tax receipts is anticipated in FY 2026. While base growth is expected to be relatively stagnant, fewer business-related tax receipts being reallocated away from the Corporate Income Tax line in FY 2026 should allow for this slight year-over-year level of improvement.

CGFA Revenue Estimates for FY 2025 and FY 2026				
[March 2025]				
<i>(\$ millions)</i>				
<u>Revenue Sources</u>	FY 2025 CGFA March '25	FY 2026 CGFA March '25	\$ Change	% Change
Personal Income Taxes [Net]	\$27,724	\$28,245	\$521	1.9%
Corporate Income Taxes [Net]	\$4,723	\$4,781	\$58	1.2%
Sales Tax [Net]	\$10,544	\$10,459	(\$85)	-0.8%
All Other State Sources	\$4,119	\$3,999	(\$120)	-2.9%
Transfers In	\$2,342	\$2,470	\$128	5.5%
Federal Sources	\$4,097	\$4,270	\$173	4.2%
General Funds Subtotal [Base]	\$53,549	\$54,224	\$675	1.3%
General Funds Non-Base Subtotal	\$65	\$0	(\$65)	N/A
Total General Funds Revenues	\$53,614	\$54,224	\$610	1.1%

Note: Some totals may not equal, due to rounding.

FY 2026 CGFA General Funds Estimate (cont.)

Sales Tax revenue growth has trended higher in recent months, which should lead to an improvement over the subpar performance of FY 2025 by an estimated \$297 million. However, with more sales taxes being statutorily diverted to the Road Fund and to certain transportation funds in FY 2026, an overall net decrease of -\$85 million results.

The remaining State sources are projected to decline a combined \$120 million in FY 2026. Potential drops in interest rates should weaken revenue totals recently seen from Interest on State Funds & Investments. Corporate Franchise Taxes are also expected to slip in FY 2026 due to the full implementation of an increased exemption level. Insurance Taxes are expected to fall back from its erratic FY 2025 patterns. Continued historic declines in Public Utility and Cigarette Tax distributions are also expected. These declines are expected to be only partially offset by growth in the Estate Tax and Other Sources.

Transfers In are expected to rise a combined \$128 million in FY 2026. While improvement is expected from all of the primary sources, the most significant growth is expected from the full implementation of the higher tax on Sports Wagering and its resulting transfers into the State's General Funds, as well as the expected increase in Gaming Transfer amounts from newer casinos.

At this time, the Commission is adopting GOMB's FY 2026 Federal Sources estimate and its \$173 million growth projection as this figure is based on anticipated spending in federal matching areas.

CGFA does not include any "one-time" revenues in its FY 2026 forecast.

CGFA Revenue Estimates for FY 2025 and FY 2026				
[March 2025]				
(\$ millions)				
Revenue Sources	FY 2025 CGFA	FY 2026 CGFA	\$	%
	March '25	March '25	Change	Change
State Taxes				
Personal Income Tax	\$32,627	\$33,241	\$614	1.9%
Corporate Income Tax (regular)	\$5,895	\$5,969	\$74	1.3%
Sales Taxes	\$11,742	\$12,039	\$297	2.5%
Public Utility (regular)	\$701	\$691	(\$10)	-1.4%
Cigarette Tax	\$197	\$185	(\$12)	-6.1%
Liquor Gallonage Taxes	\$177	\$176	(\$1)	-0.6%
Estate Tax	\$605	\$620	\$15	2.5%
Insurance Taxes & Fees	\$560	\$525	(\$35)	-6.3%
Corporate Franchise Tax & Fees	\$190	\$170	(\$20)	-10.5%
Interest on State Funds & Investments	\$698	\$610	(\$88)	-12.6%
Cook County Intergovernmental Transfer	\$244	\$244	\$0	0.0%
Other Sources	\$747	\$778	\$31	4.1%
Total State Taxes	\$54,383	\$55,248	\$865	1.6%
Transfers In				
Lottery	\$810	\$820	\$10	1.2%
Gaming	\$180	\$190	\$10	5.6%
Sports Wagering	\$170	\$210	\$40	23.5%
Cannabis	\$118	\$122	\$4	3.4%
Refund Fund	\$253	\$300	\$47	18.6%
Other	\$811	\$828	\$17	2.1%
Total Transfers In	\$2,342	\$2,470	\$128	5.5%
Total State Sources	\$56,725	\$57,718	\$993	1.8%
Federal Sources [Base]	\$4,097	\$4,270	\$173	4.2%
Total Federal & State Sources	\$60,822	\$61,988	\$1,166	1.9%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax [9.15% '25 & '26 (est.)]	(\$2,985)	(\$3,042)	(\$57)	1.9%
Corporate Income Tax [14.0% '25 & '26 (est.)]	(\$825)	(\$836)	(\$11)	1.3%
Local Government Distributive Fund				
Personal Income Tax	(\$1,918)	(\$1,954)	(\$36)	1.9%
Corporate Income Tax	(\$347)	(\$352)	(\$5)	1.4%
Sales Tax Distributions				
Sales Tax Deposits into Road Fund	(\$700)	(\$866)	(\$166)	23.7%
Sales Tax Distribution to the PTF and DPTF	(\$498)	(\$714)	(\$216)	43.4%
General Funds Subtotal [Base]	\$53,549	\$54,224	\$675	1.3%
ARPA Reimb. For Essential Gov't Services	\$65	\$0	(\$65)	-100.0%
Total General Funds Revenues	\$53,614	\$54,224	\$610	1.1%

Note: Some totals may not equal, due to rounding.

FY 2026 Revised Estimate Comparison CGFA (Mar-25) vs GOMB (Feb-25)

- In the FY 2026 Budget Book, GOMB projects a FY 2026 General Funds revenue total of \$55.453 billion. The Commission's FY 2026 estimate of \$54.224 billion is \$1.229 billion lower than this figure.
- **However, it should be stressed the Commission's revenue estimate is based on current law. The FY 2026 revenue projection from GOMB includes approximately \$492 million in net revenue adjustments in its calculation that would require changes to State law. As discussed on page 39, the Commission's FY 2026 estimate would be \$737 million lower when removing these adjustments from GOMB's estimate.**
- These proposed adjustments are listed on the following page.

FY 2026 Revenue Estimates CGFA's Current Law Estimate [Mar'25] vs. GOMB Estimate [Feb'25] <u>including</u> Proposed Revenue Changes				
<i>\$ in millions</i>				
<u>Revenue Sources</u>	FY 2026 GOMB February '25	FY 2026 CGFA March '25	CGFA vs GOMB \$ Change	CGFA vs GOMB % Change
Personal Income Taxes [Net]	\$28,726	\$28,245	(\$481)	-1.7%
Corporate Income Taxes [Net]	\$5,253	\$4,781	(\$472)	-9.0%
Sales Tax [Net]	\$10,867	\$10,459	(\$408)	-3.8%
All Other State Sources	\$3,806	\$3,999	\$193	5.1%
Transfers In	\$2,531	\$2,470	(\$61)	-2.4%
Federal Sources	\$4,270	\$4,270	\$0	0.0%
Total General Funds Revenues	\$55,453	\$54,224	(\$1,229)	-2.2%

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

Revenue Adjustments Assumed in GOMB's FY 2026 Forecast

The net value of the revenue adjustments included in GOMB's FY 2026 forecast is approximately \$492 million. Below is a breakdown of these proposals that would require a change to State law.

- **+\$67 million** net increase in the personal income tax. This comes from:
 - +\$50 million net revenue increase from a proposed delinquent tax payment incentive program (tax amnesty period).
 - +\$17 million net revenue increase (\$20 million gross) by eliminating an income tax deduction for “cannabis industry businesses to realign their tax treatment with the federal government”.
- **+\$102 million** net increase from the anticipated increase in corporate income tax revenues as a result of the proposed delinquent tax payment incentive program.
- **+\$221 million** increase in available sales tax revenues. This comes from:
 - +\$50 million from the proposed delinquent tax payment incentive program.
 - +\$171 million from pausing the statutory increase of the shift in State sales taxes on motor fuel and gasohol that are scheduled to be deposited into the Road Fund. This would retain this money for the General Funds.
- **+\$2 million** increase in public utility tax revenues from the proposed delinquent tax payment incentive program.
- **+\$100 million** increase by modifying the graduated tax structure for 15 of the 16 casinos in Illinois to be similar to the tax structure imposed prior to recent gaming expansion. This proposed change would reportedly not affect the tax structure of the Chicago Casino.

FY 2026 “Current Law” Estimate Comparison CGFA (Mar-25) vs GOMB (Feb-25) without Adjustments

- By removing the estimated \$492 million in revenue adjustments proposed in the FY 2026 Budget Book, GOMB’s FY 2026 General Funds revenue forecast would be reduced from \$55.453 billion to approximately \$54.961 billion. However, the Commission’s FY 2026 estimate of \$54.224 billion would still be \$737 million lower than this “current law” adjusted figure, a difference of -1.3%.
- The primary differences between the adjusted GOMB estimate and the CGFA estimate are in the “big three” revenue sources. The Commission is taking a more cautious approach in its outlook for the Personal Income Tax [\$414 million lower], the Corporate Income Tax [\$370 million lower], and the Sales Tax [\$187 million lower] in FY 2026 given the economic uncertainty related to potential federal changes, potential tariffs, and the volatile geopolitical climate.
- CGFA is slightly more optimistic in its outlook for All Other State Sources [\$195 million higher] and Transfers In [\$39 million higher]. CGFA adopts GOMB’s Federal Sources estimate due to its tie to anticipated spending.

FY 2026 General Funds Revenues: CGFA [Mar'25] vs GOMB [Feb '25]							
with & without Proposed Revenue Adjustments							
<i>(\$ millions)</i>							
		Without Revenue Adjustments (Current Law)				Including Revenue Adjustments (Budget Book Values)	
Revenue Sources	FY 2026 CGFA March '25	FY 2026 GOMB February '25	FY 2025 vs FY 2026 Difference	Value of Proposed Adjustments	FY 2026 GOMB February '25	FY 2025 vs FY 2026 Difference	
Personal Income Taxes [Net]	\$28,245	\$28,659	(\$414)	\$67	\$28,726	(\$481)	
Corporate Income Taxes [Net]	\$4,781	\$5,151	(\$370)	\$102	\$5,253	(\$472)	
Sales Tax [Net]	\$10,459	\$10,646	(\$187)	\$221	\$10,867	(\$408)	
All Other State Sources	\$3,999	\$3,804	\$195	\$2	\$3,806	\$193	
Transfers In	\$2,470	\$2,431	\$39	\$100	\$2,531	(\$61)	
Federal Sources	\$4,270	\$4,270	\$0	\$0	\$4,270	\$0	
Total General Funds Revenues	\$54,224	\$54,961	(\$737)	\$492	\$55,453	(\$1,229)	

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

General Funds Revenues
CGFA FY 2026 [Mar'25] vs GOMB FY 2026 Estimate [Feb'25]

(\$ millions)

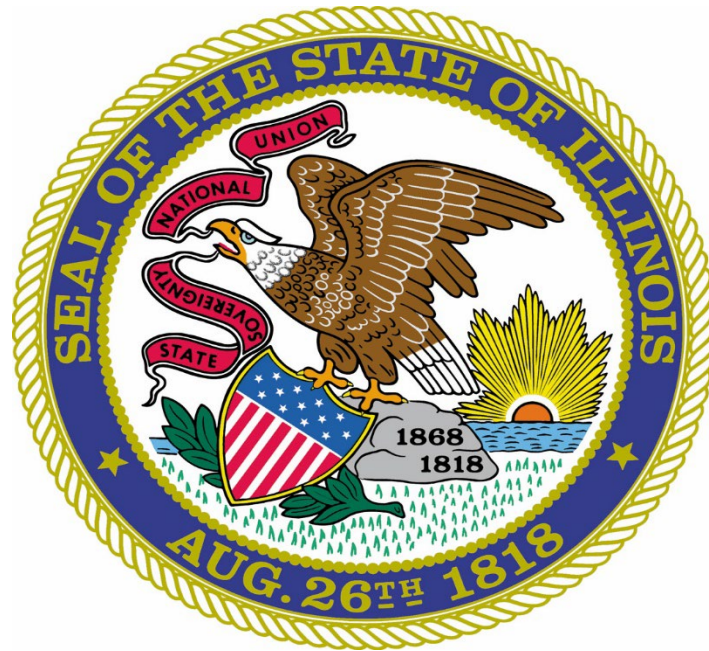
	FY 2026 CGFA March '25	FY 2026 GOMB February '25	CGFA vs GOMB Difference	Value of Proposed Adjustments	FY 2026 GOMB February '25	CGFA vs GOMB Difference
Revenue Sources						
State Taxes						
Personal Income Tax	\$33,241	\$33,728	(\$487)	\$79	\$33,807	(\$566)
Corporate Income Tax (regular)	\$5,969	\$6,430	(\$461)	\$127	\$6,557	(\$588)
Sales Taxes	\$12,039	\$12,212	(\$173)	\$50	\$12,262	(\$223)
Public Utility (regular)	\$691	\$684	\$7	\$2	\$686	\$5
Cigarette Tax	\$185	\$190	(\$5)	\$0	\$190	(\$5)
Liquor Gallonage Taxes	\$176	\$178	(\$2)	\$0	\$178	(\$2)
Estate Tax	\$620	\$600	\$20	\$0	\$600	\$20
Insurance Taxes & Fees	\$525	\$475	\$50	\$0	\$475	\$50
Corporate Franchise Tax & Fees	\$170	\$153	\$17	\$0	\$153	\$17
Interest on State Funds & Investments	\$610	\$475	\$135	\$0	\$475	\$135
Cook County Intergovernmental Transfer	\$244	\$244	\$0	\$0	\$244	\$0
Other Sources	<u>\$778</u>	<u>\$805</u>	<u>(\$27)</u>	<u>\$0</u>	<u>\$805</u>	<u>(\$27)</u>
Total State Taxes	\$55,248	\$56,174	(\$926)	\$258	\$56,432	(\$1,184)
Transfers In						
Lottery	\$820	\$802	\$18	\$0	\$802	\$18
Gaming	\$190	\$143	\$47	\$100	\$243	(\$53)
Sports Wagering	\$210	\$220	(\$10)	\$0	\$220	(\$10)
Cannabis	\$122	\$126	(\$4)	\$0	\$126	(\$4)
Refund Fund	\$300	\$300	\$0	\$0	\$300	\$0
Other	<u>\$828</u>	<u>\$840</u>	<u>(\$12)</u>	<u>\$0</u>	<u>\$840</u>	<u>(\$12)</u>
Total Transfers In	\$2,470	\$2,431	\$39	\$100	\$2,531	(\$61)
Total State Sources	\$57,718	\$58,605	(\$887)	\$358	\$58,963	(\$1,245)
Federal Sources [Base]	<u>\$4,270</u>	<u>\$4,270</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,270</u>	<u>\$0</u>
Total Federal & State Sources	\$61,988	\$62,875	(\$887)	\$358	\$63,233	(\$1,245)
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax [9.15% '26 (est.)]	(\$3,042)	(\$3,086)	\$44	(\$7)	(\$3,093)	\$51
Corporate Income Tax [14.0% '26 (est.)]	(\$836)	(\$900)	\$64	(\$18)	(\$918)	\$82
Local Government Distributive Fund						
Personal Income Tax	(\$1,954)	(\$1,983)	\$29	(\$5)	(\$1,987)	\$33
Corporate Income Tax	(\$352)	(\$379)	\$27	(\$7)	(\$386)	\$34
Sales Tax Distributions						
Sales Tax Deposits into Road Fund	(\$866)	(\$849)	(\$18)	\$171	(\$678)	(\$189)
Sales Tax Distribution to the PTF and DPTF	(\$714)	(\$718)	\$4	\$0	(\$718)	\$4
General Funds Subtotal [Base]	\$54,224	\$54,961	(\$737)	\$492	\$55,453	(\$1,229)
General Funds Non-Base Subtotal	\$0	\$0	\$0	\$0	\$0	\$0
Total General Funds Revenues	\$54,224	\$54,961	(\$737)	\$492	\$55,453	(\$1,229)

Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

Estimate Overview

- The Commission estimates that the State of Illinois is on pace to reach and slightly surpass the \$53.281 billion assumed revenue total for the enacted FY 2025 General Funds budget.
- While the Commission's \$333 million upward adjustment in FY 2025 to \$53.614 billion is below GOMB's recently revised increase of \$619 million to \$53.900 billion, the \$286 million difference between the two forecasts is only 0.5% apart.
- If income tax revenues come in strong during the upcoming final tax period, and if other revenue sources, such as the sales tax, continue to improve, the Commission could potentially make another upward revision in May.
- In February, GOMB announced a revenue projection of \$55.453 billion for FY 2026. Included in this total is approximately \$492 million in revenue adjustments that would require a change to current law. Removing these adjustments from the total, the estimated "current law" projection would be approximately \$54.961 billion.
- The Commission, based on current law, projects a FY 2026 General Funds revenue total of \$54.224 billion. While this figure is \$1.229 billion below GOMB's Budget Book forecast, when compared to their estimate without the proposed revenue changes, the difference between the two forecasts is \$737 million. While this difference is noteworthy, it is still a difference of only 1.3%.
- As compared to GOMB, the Commission is not as optimistic in its projections for some of the economically-tied resources such as the sales tax and the income taxes. At this time, the Commission feels that a more cautious approach is warranted given the economic uncertainties related to the current volatile geopolitical climate, potential tariffs, changes in the federal workforce, and outcomes of other potential policy changes at the federal level.
- The Commission will continue to monitor revenue trends, economic developments, and other related forecasts over the next couple of months. If a revision is warranted, this will occur in early May.

APPENDIX



DETAILED GENERAL FUNDS REVENUE HISTORY FY 2017 - FY 2026 est.

(\$ millions)

Revenue Sources	Actual Receipts FY 2017	Actual Receipts FY 2018	Actual Receipts FY 2019	Actual Receipts FY 2020	Actual Receipts FY 2021	Actual Receipts FY 2022	Actual Receipts FY 2023	Actual Receipts FY 2024	Mar '25 Estimate FY 2025	Mar '25 Estimate FY 2026
State Taxes										
Personal Income Tax	\$15,385	\$20,784	\$22,604	\$21,657	\$26,350	\$29,137	\$27,889	\$30,134	\$32,627	\$33,241
Corporate Income Tax (regular)	1,610	2,607	3,026	2,596	4,450	6,831	7,318	6,525	5,895	5,969
Sales Taxes	8,043	8,256	8,897	8,691	9,799	10,984	11,589	11,710	11,742	12,039
Public Utility Taxes (regular)	884	896	863	831	752	750	751	695	701	691
Cigarette Tax	353	344	361	267	281	254	235	204	197	185
Liquor Gallonage Taxes	171	172	172	177	177	183	181	179	177	176
Inheritance Tax (Gross)	261	358	388	283	450	603	503	627	605	620
Insurance Taxes and Fees	391	432	396	361	480	455	492	486	560	525
Corporate Franchise Tax & Fees	207	207	247	210	322	216	225	202	190	170
Interest on State Funds & Investments	36	79	145	137	57	30	407	654	698	610
Cook County Intergovernmental Transfer	244	244	244	244	244	244	244	244	244	244
Other Sources	725	679	710	761	339	443	590	677	747	778
Total State Taxes	\$28,310	\$35,058	\$38,053	\$36,215	\$43,701	\$50,130	\$50,424	\$52,337	\$54,383	\$55,248
Transfers In										
Lottery	720	719	731	630	777	820	726	877	810	820
Gaming	270	272	269	195	0	140	157	158	180	190
Sports Wagering	0	0	0	0	0	0	0	0	170	210
Cannabis	0	0	0	18	71	115	111	114	118	122
Refund Fund	4	1	327	617	282	242	1,481	555	253	300
Other	548	1,185	708	971	420	775	773	846	811	828
Total Transfers In	\$1,542	\$2,177	\$2,035	\$2,431	\$1,550	\$2,092	\$3,248	\$2,550	\$2,342	\$2,470
Total State Sources	\$29,852	\$37,235	\$40,088	\$38,646	\$45,251	\$52,222	\$53,672	\$54,887	\$56,725	\$57,718
Federal Sources	\$2,483	\$5,238	\$3,600	\$3,551	\$4,744	\$4,584	\$3,802	\$3,893	\$4,097	\$4,270
Total Federal & State Sources	\$32,335	\$42,473	\$43,688	\$42,197	\$49,995	\$56,806	\$57,474	\$58,780	\$60,822	\$61,988
Nongeneral Funds Distribution:										
Refund Fund										
Personal Income Tax	(\$1,724)	(\$2,037)	(\$2,193)	(\$2,058)	(\$2,372)	(\$2,696)	(\$2,580)	(\$2,758)	(\$2,985)	(\$3,042)
Corporate Income Tax	(278)	(457)	(470)	(370)	(625)	(1,026)	(1,062)	(914)	(825)	(836)
Direct Deposits										
Fund for Advancement of Education	(464)	0	0	0	0	0	0	0	0	0
Commitment to Human Services Fund	(464)	0	0	0	0	0	0	0	0	0
Local Government Distributive Fund										
Personal Income Tax	0	(1,022)	(1,175)	(1,128)	(1,453)	(1,602)	(1,559)	(1,771)	(1,918)	(1,954)
Corporate Income Tax	0	(133)	(167)	(145)	(262)	(398)	(429)	(384)	(347)	(352)
Sales Tax Distributions										
Deposits into Road Fund	0	0	0	0	0	(132)	(484)	(570)	(700)	(866)
Distribution to the PTF and DPTF	0	(446)	(488)	(436)	(431)	(618)	(654)	(675)	(498)	(714)
General Funds Subtotal [Base]	\$29,405	\$38,378	\$39,195	\$38,060	\$44,852	\$50,334	\$50,707	\$51,708	\$53,549	\$54,224
Change from Prior Year	(\$968)	\$8,973	\$817	(\$1,135)	\$6,792	\$5,482	\$373	\$1,001	\$1,841	\$675
Percent Change	-3.2%	30.5%	2.1%	-2.9%	17.8%	12.2%	0.7%	2.0%	3.6%	1.3%
Transfer of Excess PA 102-700 Funds to GRF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$248	\$0	\$0
Prior Year Federal Matching Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$633	\$0	\$0
SLFRF Allocation Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$1,363	\$0	\$0	\$0
ARPA Reimb. for Essential Gov't Services	\$0	\$0	\$0	\$0	\$0	\$736	\$1,064	\$0	\$65	\$0
Short-Term Borrowing/MLF	\$0	\$0	\$0	\$1,198	\$1,998	\$0	\$0	\$0	\$0	\$0
Treasurer's Investments	\$0	\$0	\$750	\$400	\$400	\$0	\$0	\$0	\$0	\$0
Interfund Borrowing	\$0	\$533	\$250	\$462	\$0	\$0	\$0	\$0	\$0	\$0
Income Tax Bond Fund Transfer	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total General Funds	\$29,405	\$41,451	\$40,195	\$40,120	\$47,250	\$51,070	\$53,134	\$52,589	\$53,614	\$54,224
Change from Prior Year	(\$1,093)	\$12,046	(\$1,256)	(\$75)	\$7,130	\$3,820	\$2,064	(\$545)	\$1,025	\$610
Percent Change	-3.6%	41.0%	-3.0%	-0.2%	17.8%	8.1%	4.0%	-1.0%	1.9%	1.1%

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

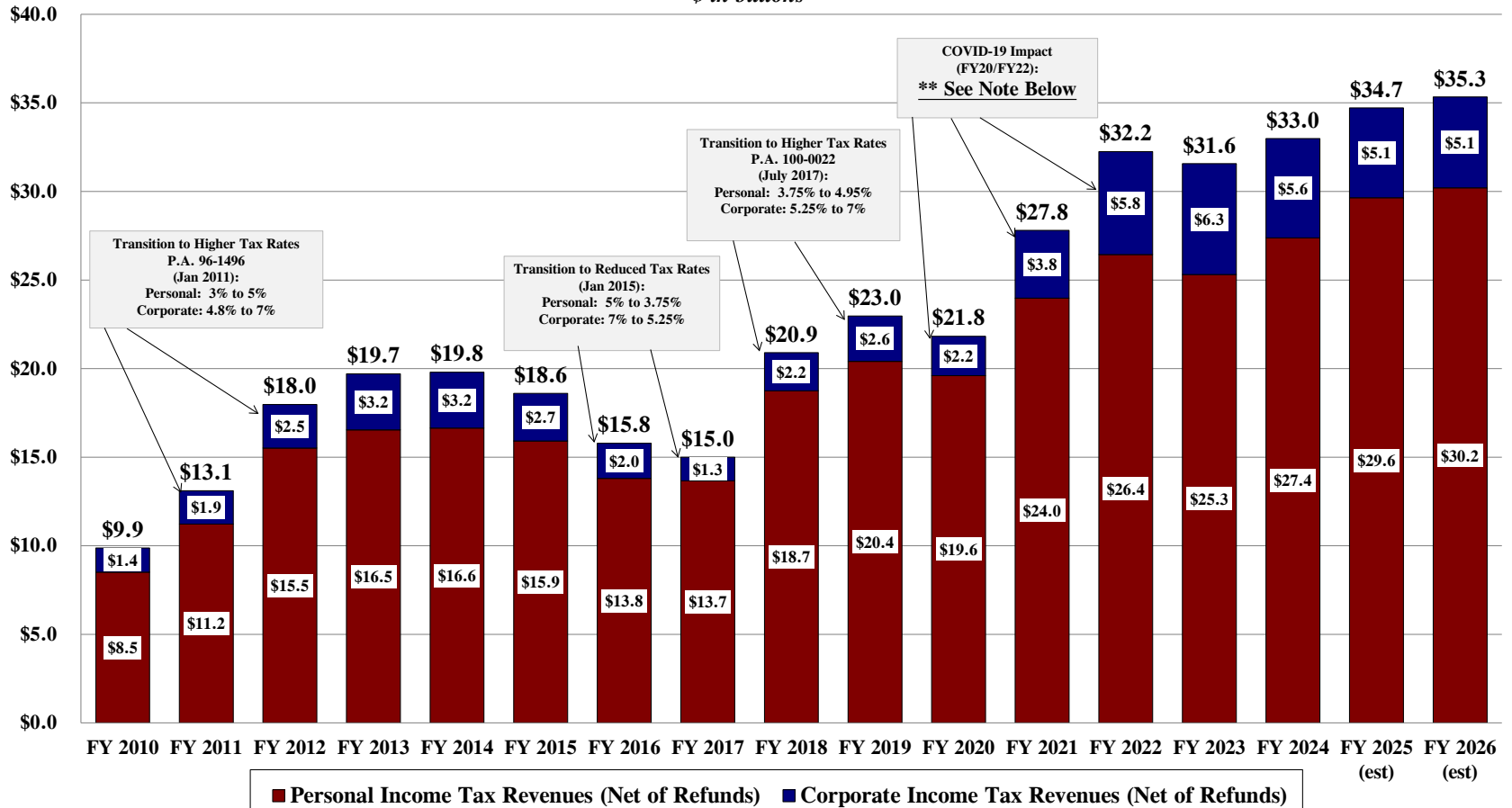
ALL APPROPRIATED FUNDS REVENUE
ACTUALS [FY 2017 to FY 2024] & CURRENT LAW ESTIMATES [FY 2025 to FY 2026]

(\$ millions)

	ACTUAL RECEIPTS FY 2017	ACTUAL RECEIPTS FY 2018	ACTUAL RECEIPTS FY 2019	ACTUAL RECEIPTS FY 2020	ACTUAL RECEIPTS FY 2021	ACTUAL RECEIPTS FY 2022	ACTUAL RECEIPTS FY 2023	ACTUAL RECEIPTS FY 2024	Current Law Estimate FY 2025	Current Law Estimate FY 2026
REVENUE SOURCES										
State Sources										
CASH RECEIPTS:										
Personal Income Tax (gross)	\$15,385	\$20,785	\$22,604	\$21,658	\$26,352	\$29,137	\$27,890	\$30,136	\$32,629	\$33,243
Corporate Income Tax (gross)	\$1,614	\$2,610	\$3,029	\$2,599	\$4,456	\$6,833	\$7,320	\$6,527	\$5,897	\$5,971
Sales Taxes	\$9,053	\$9,297	\$10,094	\$9,937	\$11,374	\$12,332	\$13,105	\$13,168	\$13,190	\$13,526
Short-Term Borrowing	\$0	\$0	\$0	\$1,198	\$0	\$0	\$0	\$0	\$0	\$0
Fund Transfers	\$849	\$3,413	\$4,236	\$4,176	\$3,697	\$5,219	\$5,050	\$6,546	\$6,295	\$7,263
State Employees Retirement System	\$0	\$2,607	\$2,774	\$0	\$0	\$0	\$3,154	\$0	\$0	\$0
Corporate Personal Property Replacement Taxes	\$1,922	\$1,790	\$1,935	\$1,881	\$2,761	\$5,243	\$5,220	\$3,406	\$2,462	\$2,977
Health Care Provider Assessment Fees & Taxes	\$2,238	\$2,343	\$2,496	\$3,590	\$3,918	\$3,834	\$4,361	\$4,641	\$5,453	\$6,177
Public Utility Taxes	\$1,423	\$1,409	\$1,415	\$1,347	\$1,262	\$1,260	\$1,280	\$1,273	\$1,273	\$1,260
Motor Vehicle & Operators Licenses	\$1,585	\$1,483	\$1,599	\$1,458	\$1,691	\$1,596	\$1,606	\$1,646	\$1,654	\$1,662
Lottery Tickets & Licenses	\$1,341	\$1,510	\$1,330	\$1,164	\$1,528	\$1,397	\$2,322	\$1,867	\$1,528	\$1,574
Motor Fuel Tax (gross)	\$1,348	\$1,368	\$1,351	\$2,319	\$2,380	\$2,523	\$2,565	\$2,817	\$2,940	\$3,028
Cigarette Taxes	\$782	\$764	\$769	\$851	\$917	\$841	\$785	\$708	\$690	\$660
Casino Taxes & Fees	\$489	\$482	\$469	\$370	\$225	\$411	\$465	\$597	\$528	\$544
Revolving Funds	\$678	\$533	\$666	\$579	\$614	\$821	\$998	\$1,028	\$860	\$880
Insurance Tax & Fees	\$519	\$552	\$512	\$470	\$625	\$609	\$648	\$644	\$750	\$715
Estate Tax	\$278	\$381	\$413	\$301	\$479	\$642	\$535	\$668	\$644	\$660
Liquor Gallonage Taxes	\$294	\$296	\$297	\$303	\$312	\$320	\$316	\$311	\$309	\$308
Optional Health Insurance Deductions	\$340	\$332	\$340	\$345	\$409	\$429	\$455	\$445	\$464	\$471
County Intergovernmental Transfers	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244
Hotel Tax	\$273	\$281	\$296	\$251	\$94	\$228	\$311	\$325	\$343	\$350
Corporate Franchise Tax & Fees	\$215	\$216	\$257	\$219	\$332	\$224	\$234	\$211	\$200	\$190
Tobacco Settlement	\$105	\$227	\$138	\$128	\$145	\$663	\$167	\$267	\$258	\$256
Investment Income	\$83	\$163	\$256	\$237	\$101	\$81	\$715	\$1,186	\$1,257	\$1,101
Recreational Cannabis	\$0	\$0	\$0	\$67	\$199	\$276	\$263	\$281	\$287	\$297
Sports Wagering	\$0	\$0	\$0	\$7	\$113	\$111	\$149	\$201	\$345	\$390
Video Gaming Tax	\$356	\$417	\$474	\$444	\$593	\$901	\$961	\$1,002	\$1,065	\$1,095
Other Taxes, Licenses, Fees & Earnings	\$4,583	\$4,757	\$4,322	\$4,535	\$5,651	\$6,291	\$6,878	\$8,021	\$7,489	\$7,676
Total, State Source Cash Receipts	\$45,997	\$58,260	\$62,316	\$60,678	\$70,472	\$82,466	\$87,997	\$88,166	\$89,054	\$92,518
Transfers in from Other State Funds:	\$219	\$339	\$456	\$324	\$370	\$284	\$308	\$234	\$283	\$284
TOTAL, STATE SOURCES	\$46,216	\$58,599	\$62,772	\$61,002	\$70,842	\$82,750	\$88,305	\$88,400	\$89,337	\$92,802
Federal Sources	\$18,523	\$20,940	\$19,468	\$25,410	\$28,731	\$40,723	\$33,724	\$34,374	\$35,683	\$37,165
Sale of Bonds	\$2,977	\$8,342	\$2,005	\$1,975	\$4,500	\$3,054	\$3,545	\$3,542	\$2,586	\$3,353
TOTAL, REVENUES - APPROPRIATED FUNDS	\$67,716	\$87,881	\$84,245	\$88,387	\$104,073	\$126,527	\$125,574	\$126,316	\$127,606	\$133,320
Short Term Borrowing	\$0	\$0	\$0	\$1,198	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL BASE REVENUE - ALL APPROPRIATED	\$67,716	\$87,881	\$84,245	\$87,189	\$104,073	\$126,527	\$125,574	\$126,316	\$127,606	\$133,320

COMPOSITION OF INCOME TAX NET REVENUES

FY 2010 - FY 2026 (est.)*
\$ in billions



* The figures shown above are gross receipts less distributions to the Income Tax Refund Fund. Nongeneral fund distribution subtractions to the Fund for Advancement of Education (thru FY17), Commitment to Human Services Fund (thru FY17), and the Local Government Distributive Fund (FY18+) are not applied to these figures so that an "apples to apples" comparison for all years shown can be made.

** Due to the COVID-19 pandemic, the Tax Year 2020 tax deadline was moved from April 2020 to July 2020, thereby causing an estimated \$1.3 billion in net final tax payments typically received in FY 2020 to instead fall into FY 2021 (giving FY 2021 two periods of final payments). In addition, in anticipation of lower tax liability due to the uncertainties of the pandemic, estimated tax payments during Tax Year 2020 were lower than normal. As revenues outpaced expectations, higher than normal final payments were necessary to make up for these shorted estimated payments. The combination of these factors resulted in FY 2021 income tax receipts being abnormally high. FY 2022 revenues again surpassed expectations due to a combination of revenue enhancing factors including an influx of pandemic-related federal stimulus dollars to the nation's economy and strong market conditions as a result of this activity. This created elevated levels of taxable income from corporate profits and capital gains, thereby providing another significant increase in tax revenues.

DEVELOPMENT OF CGFA ESTIMATES

Econometric Firms—The Commission utilizes the services of IHS Markit, Moody’s Analytics, and Consensus Economics Inc. 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. Additionally, tax collection data reports prepared by the IDoR, 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. A clear example of this was seen during the pandemic as a one-time delay in the tax deadline date resulted in tax receipts shifting to other fiscal years. Also, as has been the case in recent years, 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 re-examined 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.