

Commission on Government Forecasting and Accountability

# FY 2025 Economic Forecast and FY 2024 Revenue Estimate Update



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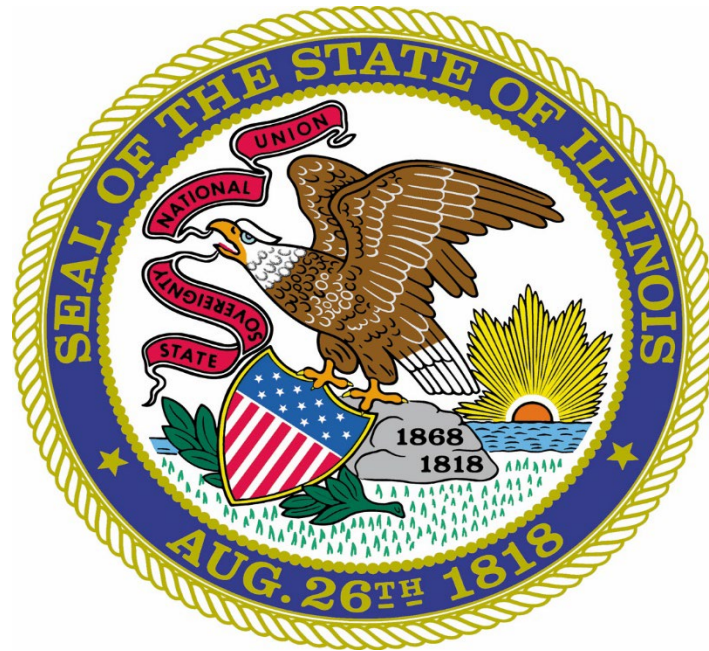
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## **CGFA Background & Responsibilities**

- 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 of 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;

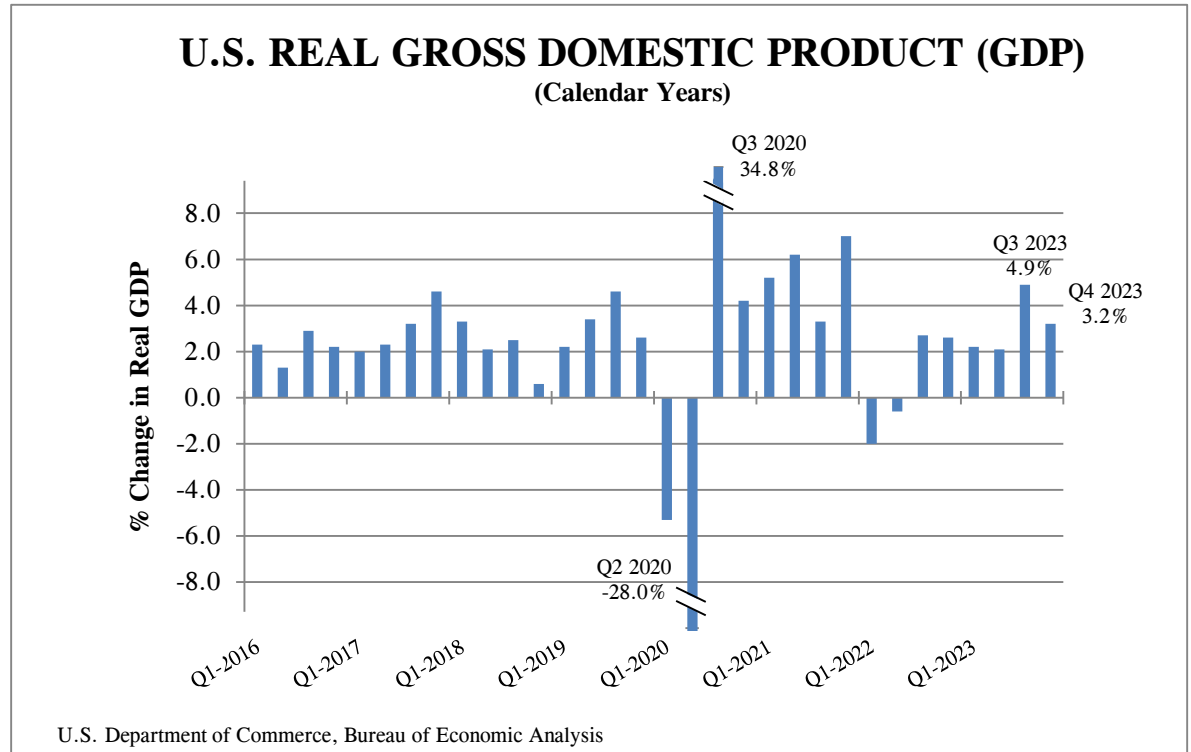
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# THE ECONOMY



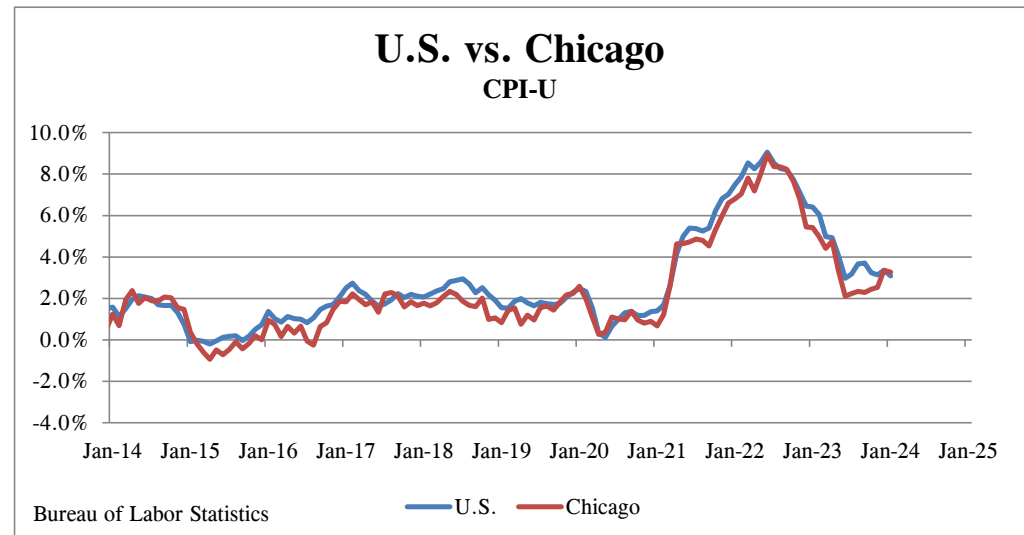
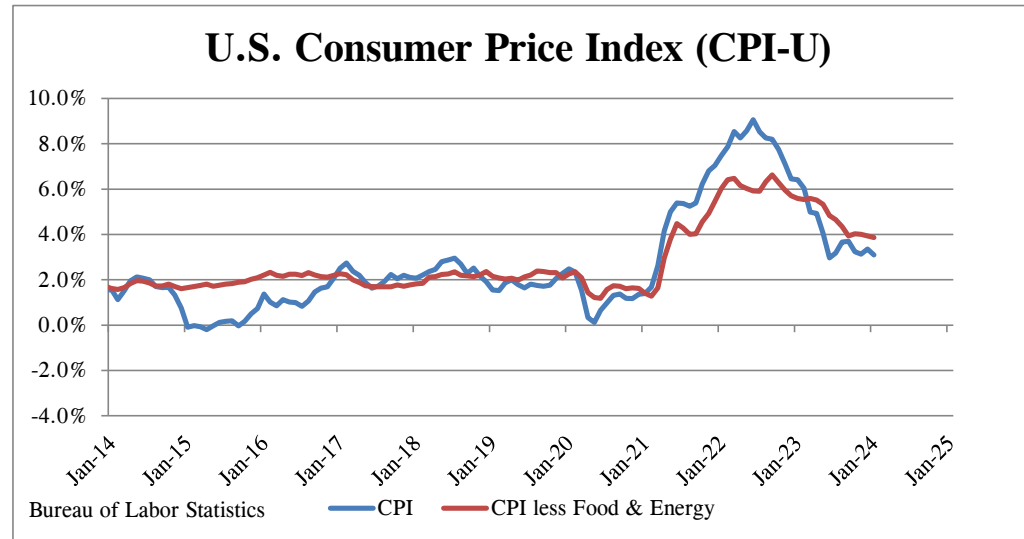
# Real Gross Domestic Product (GDP)

- Real GDP is a comprehensive measure of U.S. economic activity that measures the value of the final goods and services produced in the United States adjusted for inflation.
- After strong growth in 2021, the economy contracted in the first two quarters of 2022.
- This was followed by four quarters of steady but slowing growth above 2%.
- Economic growth spiked (4.9%) in the third quarter of 2023. This was followed by healthy growth of 3.2% in the 4<sup>th</sup> quarter.
- An aggregation of economic forecasts in February have a mean estimate for real GDP growth of 2.1% for 2024 and 1.7% for 2025.



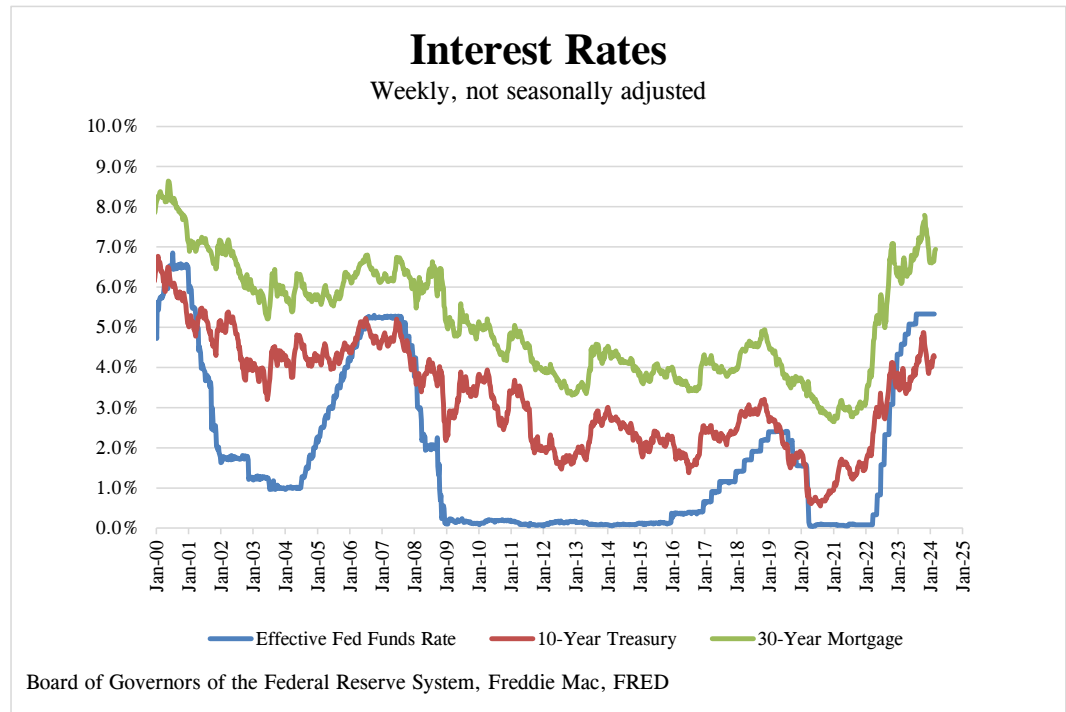
# Consumer Price Index (CPI)

- 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 shows the CPI for the U.S. as well as the Core CPI which excludes food and energy, which are two of the more volatile components of the index. Data for Chicago is included in the second chart.
- Inflation was mostly steady between 1.5% to 2.0% between 2012 and 2019, especially when food and energy were removed.
- In April of 2021, the CPI began to accelerate due to high consumer demand buoyed by healthy household balance sheets augmented by government support. Supply chain issues and supply shocks such as the war in Ukraine also put upward pressure on prices.
- CPI reached a high of 9.1% in June of 2022. Core CPI grew to 6.6% in September of 2022.
- Since then headline CPI has fallen to 3.1%, despite a small spike in recent months, while Core CPI which excludes Food and Energy has remained a little higher at 3.9% in January.
- Expectations are for inflation to continue to slowly moderate though individual months may see surges in inflation.



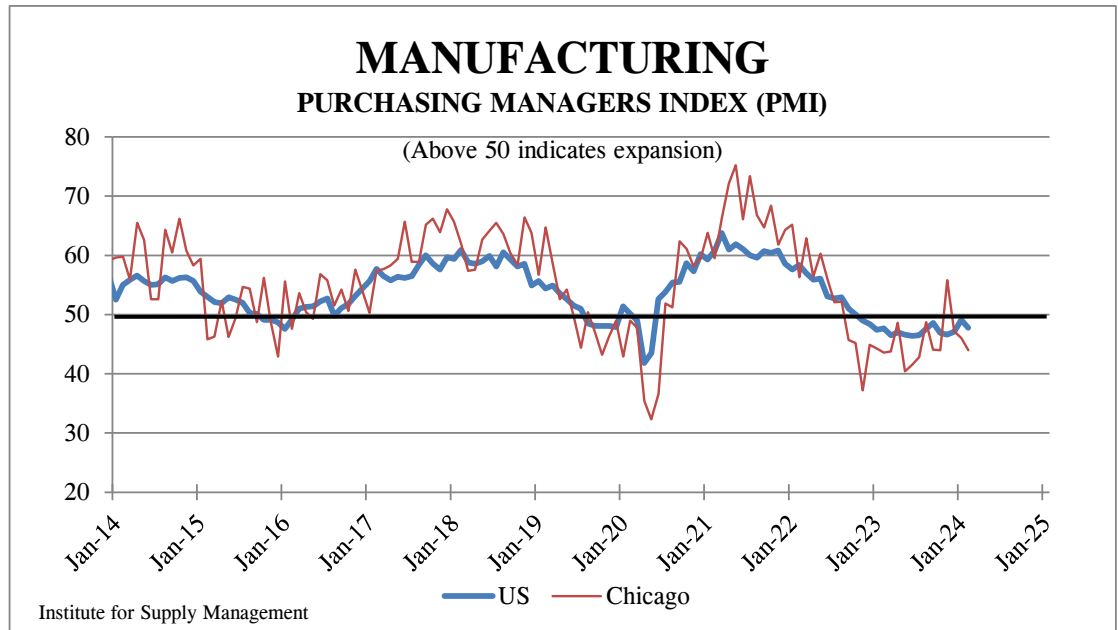
# Interest Rates

- The federal funds rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight. The effective federal funds rate is essentially determined by the market but is influenced by the Federal Reserve through open market operations to reach the federal funds rate target.
- The 10-year Treasury rate is a key interest rate related to many transactions, particularly home mortgages, and is considered as an indicator of investor sentiment about the U.S. economy.
- The 30-Year Mortgage rate is the average rate for a 30-Year fixed rate mortgage in the United States as reported by Freddie Mac.
- In an attempt to fight inflation and slow the economy, the Fed began increasing short-term interest rates in the spring of 2022.
- Interest rates climbed to the highest levels since the early 2000s in the fall of 2023.
- Interest rates fell at the end of 2023 based on the perception that interest rate cuts were being contemplated by the Fed. However, rates climbed early in 2024 as the market reassessed the Fed's intentions.
- At the end of February, the 10-year treasury rate was at 4.3%. The 30-year mortgage rate stood at 6.9%.



# Manufacturing PMI

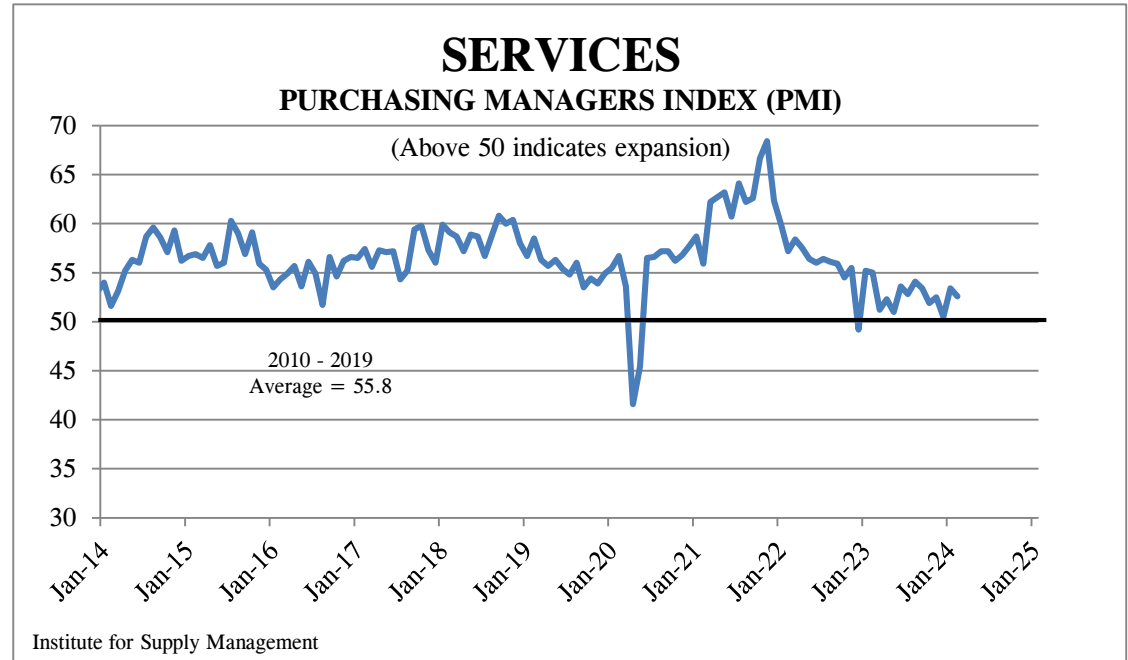
- This chart shows the Purchasing Managers Index (PMI) for the manufacturing sector. A value of 50 or more indicates expansion and below 50 contraction.
- The Manufacturing PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.
- From May of 2020 through October of 2022 (30 consecutive months) the index had been indicating expansion. The index had its highest level since the early 1980s in March of 2021.
- Beginning in November of 2022, the index has been below 50, indicating a 16-month period of contraction in the manufacturing sector. In February, the PMI for the U.S. stood at 47.8.
- The manufacturing PMI for the Chicago area, which is more volatile than the U.S. measure, has followed a similar pattern and stood at 44.0.
- Continued softness in demand is an ongoing concern though prior supply chain constraints appear to have eased.





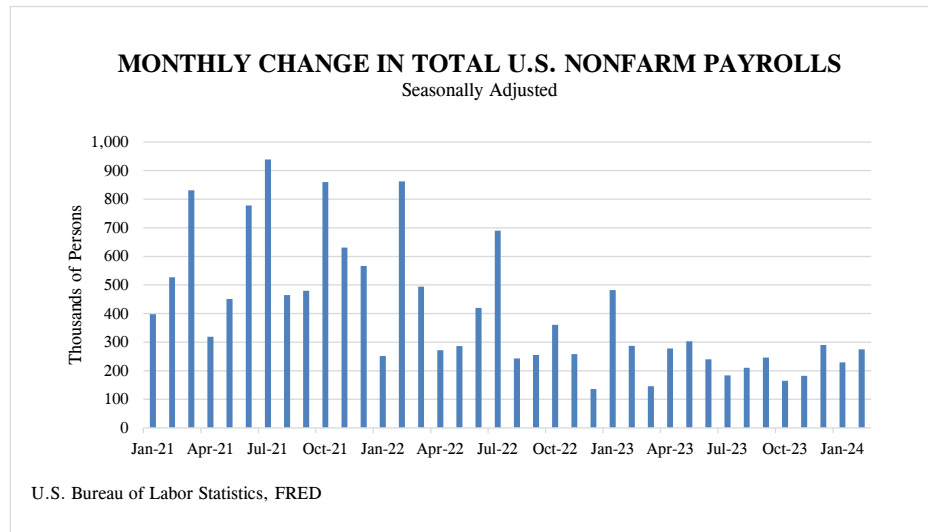
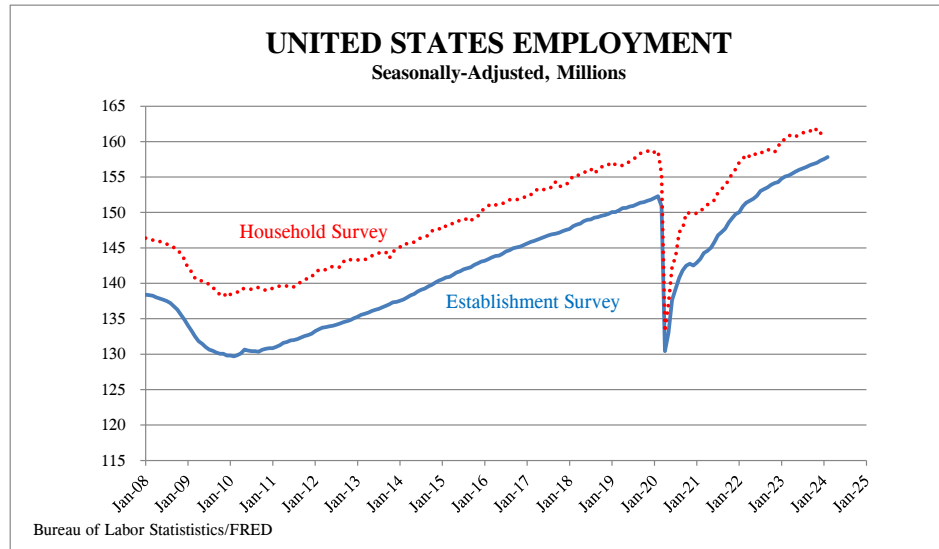
# Services PMI

- 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 diffusion indexes for four indicators with equal weights: business activity, new orders, and employment – all of which are seasonally adjusted – and supplier deliveries.
- An all-time high was registered in November of 2021 but slipped to the mid 50s throughout most of 2022.
- The Services PMI indicated slow growth during 2023 as the average monthly PMI was only 52.8 compared to the 55.8 monthly average between 2010 and 2019.
- In February, the Services PMI stood at 52.6.



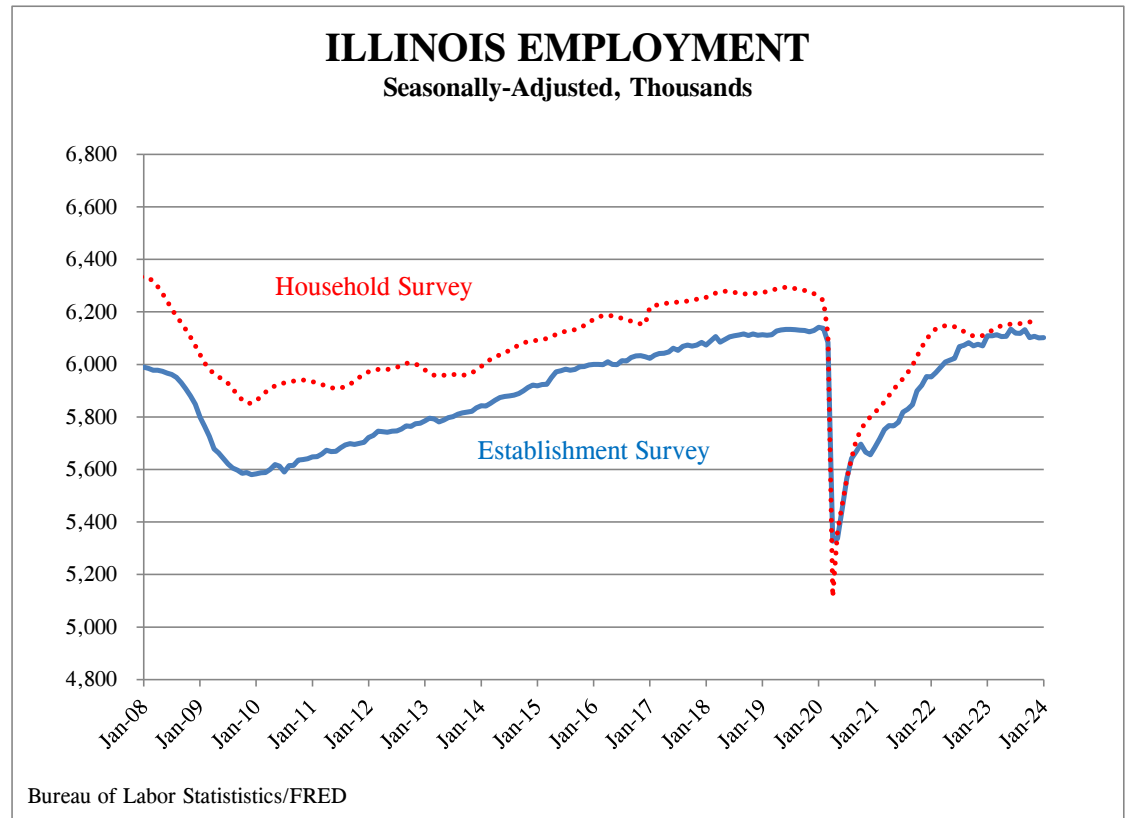
# United States Employment

- After losing around 9 million jobs in 2020 due to the COVID-19 pandemic, the U.S. rebounded in 2021 and 2022.
- Depending upon which survey is utilized (Household or Establishment,) U.S. employment grew between 6.1 million to 7.2 million in 2021.
- This was followed up by another strong year in 2022 with growth of 3.2 million to 4.5 million.
- In 2023, the Establishment survey was up 3.0 million, while the household survey shows growth of 1.9 million.
- Monthly increases in employment have steadily slowed since the beginning of 2022.
- However, the last three months (Dec.-Feb.) have averaged a more than solid 265,000 jobs per month.
- Job growth in 2023 was driven by health care, government, and education which had somewhat lagged other industries during the current expansion.

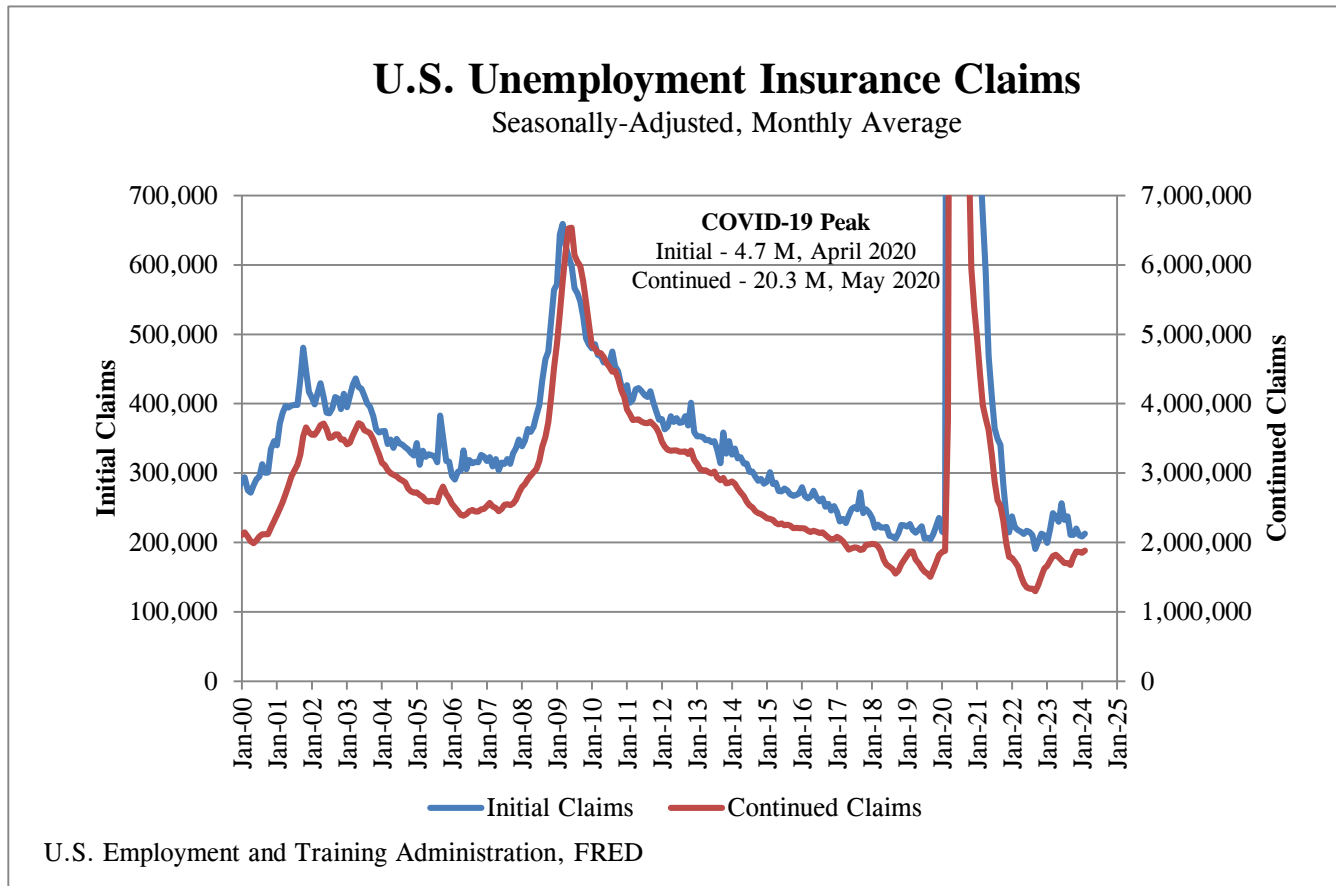


# Illinois Employment

- Employment in Illinois has also rebounded but not as much as the country as a whole.
- Based on the Establishment Survey, the U.S. had recovered all the jobs lost due to the pandemic by June of 2022. Based on recent revisions, Illinois came close to this point in June of 2023 but has fallen some since then.
- Illinois has not reached this point based on the Household survey, while the U.S. has been well above it since the end of 2022.
- Some weakness was noted in the Household Survey for Illinois during the summer of 2022.
- This weakening had not been evident in the payroll survey data as the Establishment Survey continued to show growth until recently. However, last week, benchmark revisions lowered payroll growth and now shows declines in the fall of 2023.
- Since the beginning of 2023, large increases in education, health, and government employment have been more than countered by declines in other sectors especially the Professional and Business Services sector.



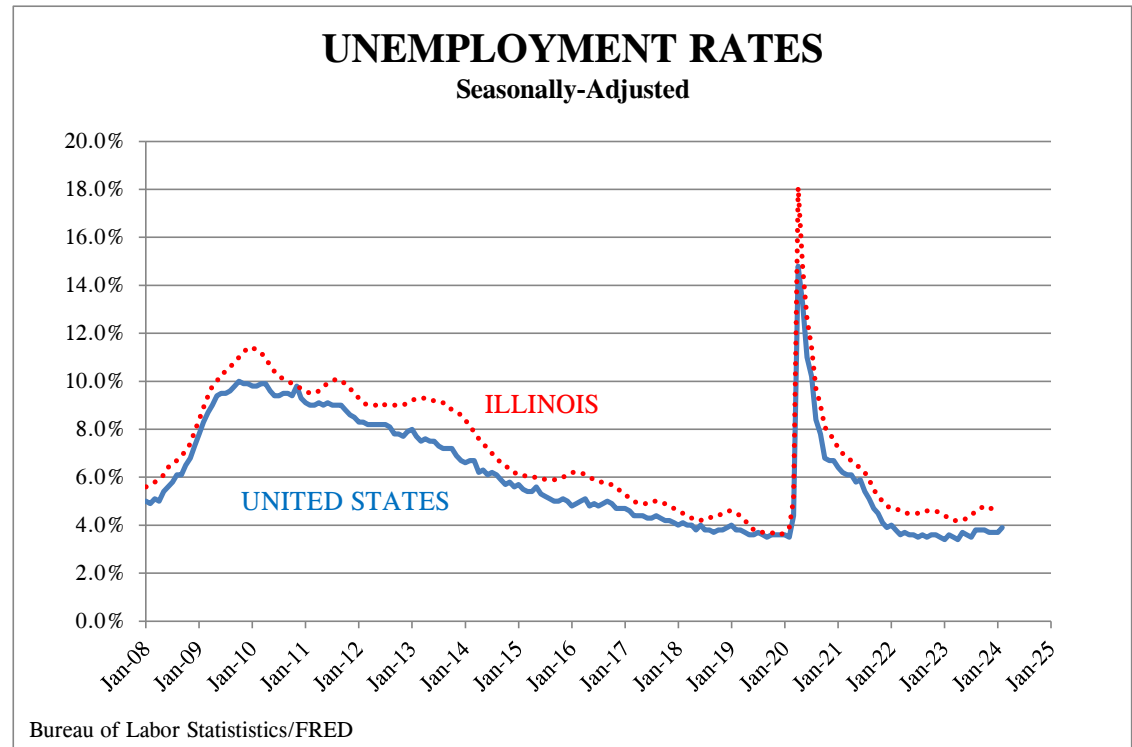
# UNEMPLOYMENT INSURANCE CLAIMS



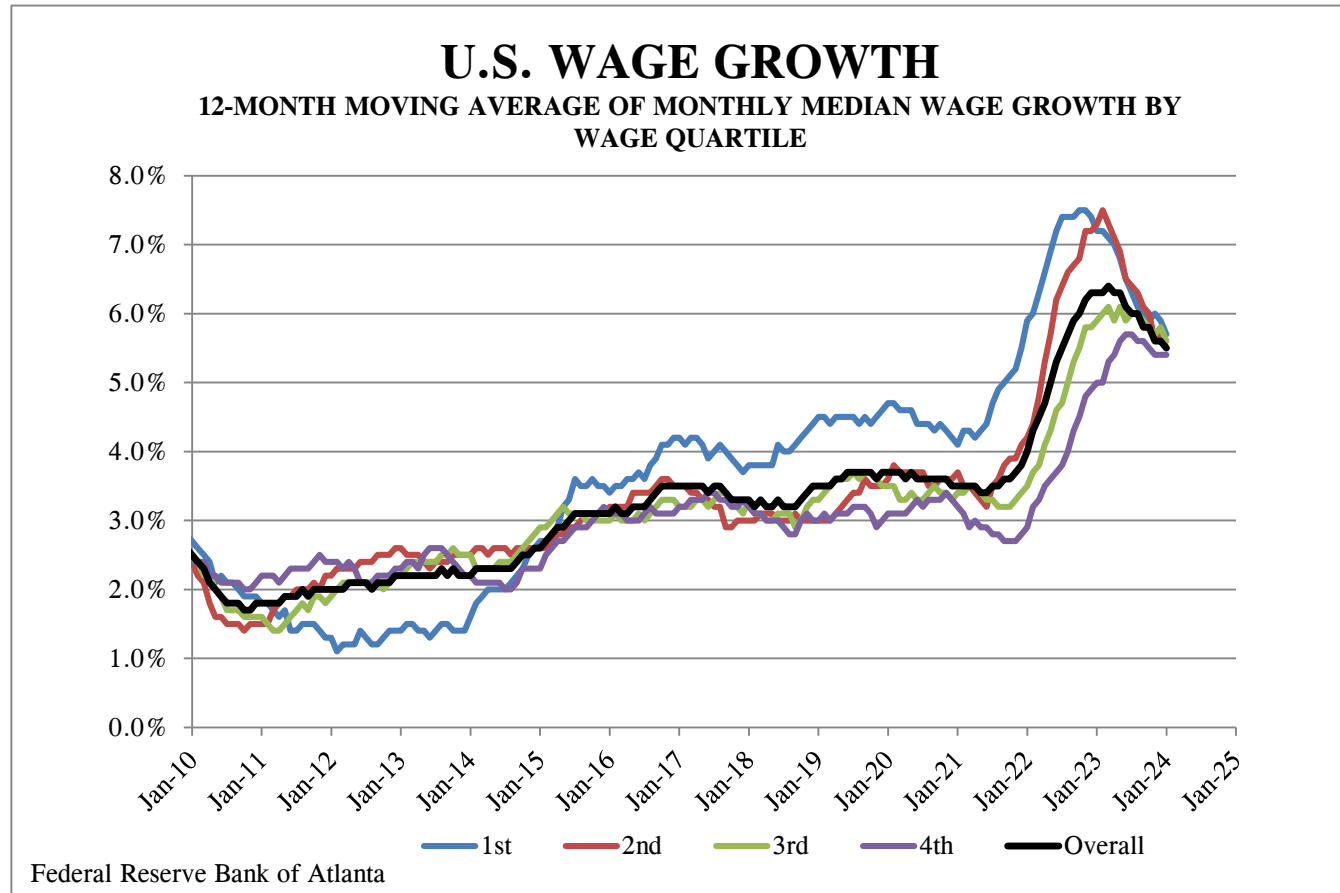
- Unemployment insurance claim data indicates that the job market remains relatively tight but has slackened some over the last two years.
- Initial Unemployment Claims remain historically low and have slowed in recent months.
- Continuing claims remain low but have increased a bit since hitting a 50-year low in September of 2022.

# Unemployment Rates

- As shown in the chart, the gap between the nation's unemployment rate and that in Illinois has fluctuated over time, but they usually move in the same direction.
- After unemployment rates skyrocketed at the outbreak of the COVID-19 pandemic, they fell swiftly over the next two years.
- Since the beginning of 2022, the unemployment rate for the U.S. has been below 4% which is the longest stretch since the late 1960s.
- While the gap between U.S. and Illinois unemployment rates that lasted for a decade finally closed just prior to the pandemic, it has reappeared during the recovery.
- As of February, the U.S. unemployment rate was 3.9%. The Illinois rate was at 4.7% in January which was up from the 4.2% rate seen over the spring of 2023.

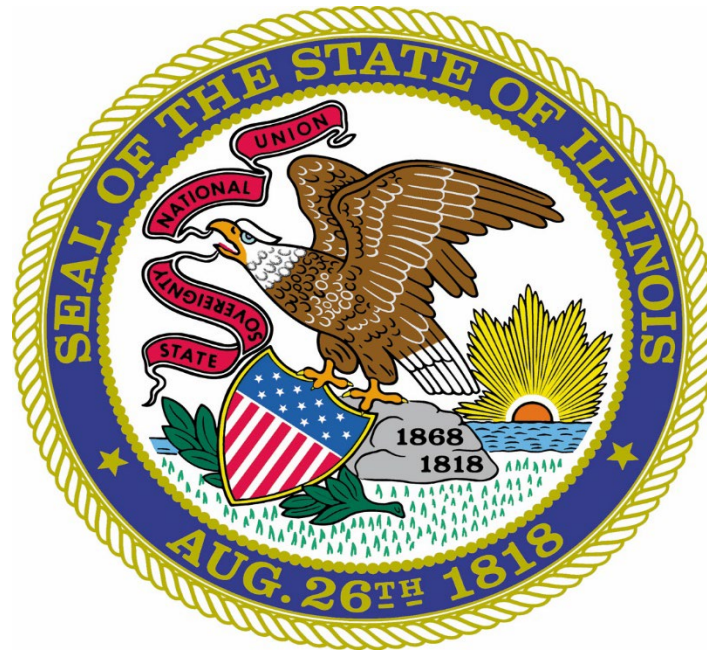


# Wages



- The lower quartile wage earners saw larger growth in wages in recent years. The lowest quartile has been the fastest growing group since the middle of 2015, while the 25%-50% quartile began to accelerate at the beginning of 2022 to match the lowest quartile.
- The higher wage earners also began to accelerate in 2022, but not quite as high as the lower wage earners.
- Wage growth appears to be heading lower as all quartiles showed a slow-down as 2023 progressed.

# 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)

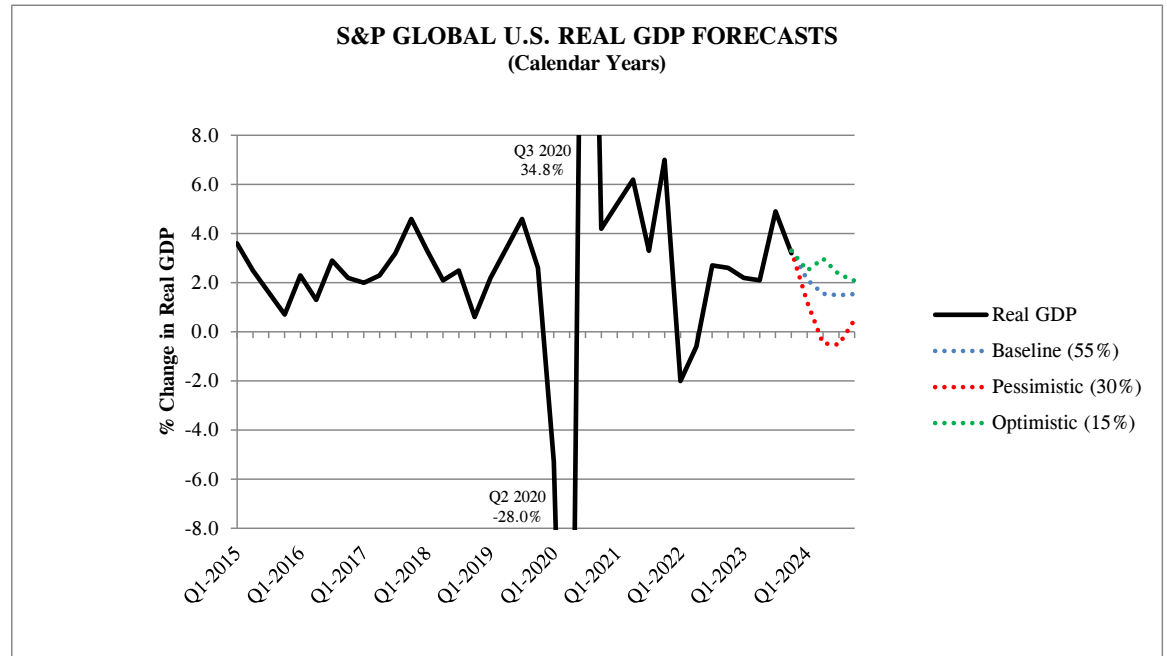
The following table shows the economic forecasts along with historical data for relevant economic indicators.

<b>U.S. ECONOMIC FORECASTS</b>					
The forecasts presented are the mean forecast from 29 economic forecasters.					
Economic Indicator	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2025 Forecast
Real GDP*	5.8%	1.9%	2.5%	2.1%	1.7%
Nominal GDP*	10.7%	9.1%	6.3%	4.3%	3.8%
Real Disposable Personal Income*	3.2%	-6.0%	4.2%	2.2%	2.3%
Real Personal Consumption*	8.4%	2.5%	2.2%	1.9%	1.6%
Real Government Consumption and Investment*	-0.3%	-0.9%	4.0%	2.1%	0.9%
Real Business Investment*	5.9%	5.2%	4.4%	1.7%	2.5%
Nominal Pre-Tax Corporate Profits*	22.6%	9.8%	0.8% e	2.9%	3.6%
Consumer Prices*	4.7%	8.0%	4.1%	2.6%	2.2%
Core PCE Prices (excluding Food/Energy)*	3.6%	5.2%	4.1%	2.3%	2.1%
Producer Prices*	8.9%	13.4%	1.5%	0.5%	1.3%
Employment Costs*	3.3%	4.9%	4.5%	3.7%	3.3%
Auto & Light Truck Sales (inc. imports) mn	14.9	13.8	15.5	15.7	16.3
Housing Starts, mn units	1.61	1.55	1.41	1.40	1.46
Unemployment Rate (Ave. %)	5.4%	3.6%	3.6%	4.0%	4.1%
*average % change over previous calendar year					
e = consensus estimate based on latest survey					
Source: Consensus Economics, February 2024					



# U.S. Real GDP Forecast Scenarios

- The **BASELINE** shows the most likely scenario with a 55% chance of occurrence. The baseline forecast anticipates continued momentum in 2024 with firm but slowing growth. Any potential easing in labor market conditions is not expected until the end of 2024. Real GDP is forecast to slow from 3.1% in 2023 to 1.7% in 2024 and 1.6% in 2025.
- A more **PESSIMISTIC** scenario, with a 30% probability, has a shallow recession hitting as tightening lending standards curtail credit expansion and restrain spending. Real GDP is expected to be basically flat in 2024, before returning to slow growth of 1.5% in 2025. The unemployment rate rises to around 6.0% under this scenario.
- A final 15% likely **OPTIMISTIC** scenario is characterized by stronger consumer demand and a resilient banking sector funding robust growth. Real GDP is expected to grow 2.5% in 2024 and 2.0% in 2025. The unemployment rate stays a little below 4%.



S&P Global – February 2024

# GENERAL FUNDS REVENUE



## FY 2024 General Funds Revenue Enacted Budget Assumptions

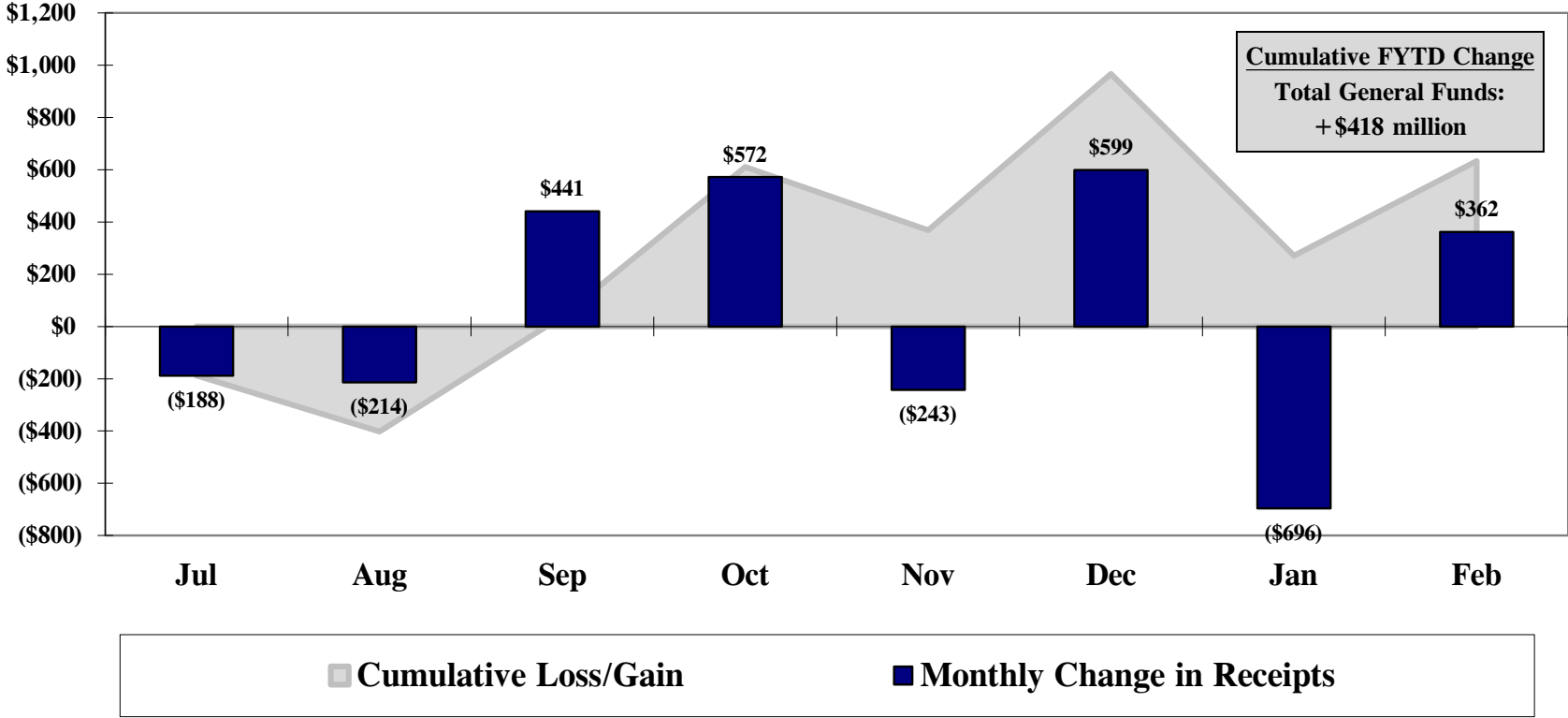
<b>FY 2023 General Funds Actuals vs. FY 2024 Enacted Budget Revenue Assumptions</b>			
<i>(\$ millions)</i>			
<u>Revenue Sources</u>	<u>ACTUAL FY 2023</u>	<u>FY 2024 Enacted Budget Revenue Assumptions</u>	<u>Difference from Actuals</u>
Personal Income Taxes [Net]	\$23,750	\$25,711	\$1,961
Corporate Income Taxes [Net]	\$5,828	\$5,116	(\$712)
Sales Tax [Net]	\$10,451	\$10,415	(\$36)
All Other State Sources	\$3,628	\$3,337	(\$291)
Transfers In	\$3,248	\$2,150	(\$1,098)
Federal Sources [Base]	\$3,802	\$3,883	\$81
<b>General Funds Subtotal [Base]</b>	<b>\$50,707</b>	<b>\$50,611</b>	<b>(\$96)</b>
ARPA Reimb. for Essential Gov't Services	\$1,064	\$0	(\$1,064)
SLFRF Allocation Transfer (State CURE)	\$1,363	\$0	(\$1,363)
<b>Total General Funds Revenues</b>	<b>\$53,134</b>	<b>\$50,611</b>	<b>(\$2,523)</b>

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

- **The Revenue Assumptions for the FY 2024 Enacted Budget anticipated revenues over \$2.5 billion less than FY 2023. This notable decline is mainly due to three items:**
  - \$1.064 billion that the State received from the ARPA Reimbursement for Essential Government Services in FY 2023 is not expected to repeat.
  - \$1.363 billion was transferred from the State Coronavirus Urgent Remediation Emergency (CURE) Fund to the General Revenue Fund in FY 2023. This too will not repeat in FY 2024.
  - Higher-than-normal State income tax collections in Tax Year 2021 (receipted in FY 22), created a sizeable balance in the Income Tax Refund Fund (\$1.481 billion) that was transferred to the State's General Fund in FY 2023. The amount of this transfer was projected to be significantly lower in FY 2024, thereby lowering revenue expectations in the "Transfers In" line.

# FY 2024 General Funds Performance through February

**FY 2024 Total General Funds Cumulative Annual Change in Revenue**  
*\$ in millions*



# FY 2024 General Funds Performance thru February

- Through February, base receipts are up \$301 million. This comparative level of growth rises to \$418 million when accounting for several one-time items (see pages 23 & 24).
- Personal Income Tax (PIT) receipts have grown \$925 million (+5.5%) or \$755 million (+5.3%) on a net basis. These revenues have benefitted from modest improvement in wages coupled with stable employment numbers. However, the extent of the increase is due to a reallocation of business-related income tax revenues via “true-up” deposits.
- Corporate Income Tax (CIT) receipts are currently \$225 million (-6.0%) behind last year’s pace or -\$163 million (-5.5%) on a net basis. While the reallocations mentioned above have helped PIT totals, CIT revenues are approximately \$200 million lower (through Feb) because of this adjustment. Otherwise, CIT revenues would essentially be flat FYTD.
- Sales Tax receipt growth has continued to slow throughout FY 2024. However, first half gains have created a \$115 million (+1.5%) increase through February. When removing distributions to the road fund and certain transportation funds, the growth weakens to +\$45 million (+0.6%).
- All other State sources have combined to grow \$150 million (+6.8%), led by a \$229 million increase in interest income due to higher interest rates.
- State Transfers-In have fallen \$667 million (-25.5%). This notable decline was expected as the Income Tax Refund Fund Transfer was anticipated to be much lower in FY 2024.
- Base Federal Sources are \$181 million ahead of last year’s pace. This calculation, however, does not include FY 2023’s ARPA monies or this year’s prior year matching funds, which are explained on page 23.

GENERAL FUNDS RECEIPTS: THROUGH FEBRUARY				
FY 2023 vs. FY 2024				
(\$ millions)				
Revenue Sources	FY 2023	FY 2024	\$ CHANGE	% CHANGE
<b>State Taxes</b>				
Personal Income Tax	\$16,874	\$17,799	\$925	5.5%
Corporate Income Tax (regular)	3,747	3,522	(225)	-6.0%
Sales Taxes	7,745	7,860	115	1.5%
Public Utility Taxes (regular)	502	462	(40)	-8.0%
Cigarette Tax	153	134	(19)	-12.4%
Liquor Gallonage Taxes	125	124	(1)	-0.8%
Inheritance Tax	344	415	71	20.6%
Insurance Taxes and Fees	284	228	(56)	-19.7%
Corporate Franchise Tax & Fees	155	144	(11)	-7.1%
Interest on State Funds & Investments	204	433	229	112.3%
Cook County IGT	150	150	0	0.0%
Other Sources	286	263	(23)	-8.0%
<b>Total State Taxes</b>	<b>\$30,569</b>	<b>\$31,534</b>	<b>\$965</b>	<b>3.2%</b>
<b>Transfers In</b>				
Lottery	\$400	\$560	\$160	40.0%
Gaming	116	111	(5)	-4.3%
Cannabis	74	73	(1)	-1.4%
Refund Fund	1,481	555	(926)	-62.5%
Other	546	651	105	19.2%
<b>Total Transfers In</b>	<b>\$2,617</b>	<b>\$1,950</b>	<b>(\$667)</b>	<b>-25.5%</b>
<b>Total State Sources</b>	<b>\$33,186</b>	<b>\$33,484</b>	<b>\$298</b>	<b>0.9%</b>
<b>Federal Sources [base]</b>				
<b>Total Federal &amp; State Sources</b>	<b>\$35,762</b>	<b>\$36,241</b>	<b>\$479</b>	<b>1.3%</b>
<b>Nongeneral Funds Distributions/Direct Receipts:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$1,561)	(\$1,629)	(\$68)	4.4%
Corporate Income Tax	(544)	(493)	51	-9.4%
<b>Local Government Distributive Fund</b>				
Personal Income Tax	(944)	(1,046)	(102)	10.8%
Corporate Income Tax	(219)	(208)	11	-5.0%
<b>Sales Tax Distributions</b>				
Deposits into Road Fund	(329)	(389)	(60)	18.2%
Distribution to the PTF and DPTF	(397)	(407)	(10)	2.5%
<b>General Funds Subtotal [Base]</b>	<b>\$31,768</b>	<b>\$32,069</b>	<b>\$301</b>	<b>0.9%</b>
Transfer of Excess PA 102-700 Funds to GRF	\$0	\$248	\$248	N/A
Prior Year Federal Matching Funds	\$0	\$633	\$633	N/A
ARPA Reimb. for Essential Gov't Services	\$764	\$0	(\$764)	-100.0%
<b>Total General Funds</b>	<b>\$32,532</b>	<b>\$32,950</b>	<b>\$418</b>	<b>1.3%</b>

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

4-Mar-24

# FY 2024 General Funds Performance thru February (cont.)

*Summary of Receipts*

## **GENERAL FUNDS RECEIPTS: THROUGH FEBRUARY**

**FY 2023 vs. FY 2024**

(\$ millions)

<b>Revenue Sources</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>\$ CHANGE</b>	<b>% CHANGE</b>
Net Personal Income Tax	\$14,369	\$15,124	\$755	5.3%
Net Corporate Income Tax	\$2,984	\$2,821	(\$163)	-5.5%
Net Sales Tax	\$7,019	\$7,064	\$45	0.6%
All Other State Sources	\$2,203	\$2,353	\$150	6.8%
Transfers In	\$2,617	\$1,950	(\$667)	-25.5%
Federal Sources [base]	\$2,576	\$2,757	\$181	7.0%
<b>Base General Funds</b>	<b>\$31,768</b>	<b>\$32,069</b>	<b>\$301</b>	<b>0.9%</b>
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4-Mar-24

## Factors Impacting FY 2024 Revenue Expectations

- Several factors have provided upward pressure on revenue expectations for FY 2024, above what was already accounted for in the enacted budget:
  - **Interest Income** – The series of interest rate hikes from the Federal Reserve in 2023 has allowed State revenue generated from Interest Income to be notably higher than last fiscal year. While the monthly growth from these higher rates should soften in the remaining months of FY 2024 as the difference in comparative rates narrow, revenues from this area should easily exceed budgeted levels for FY 2024.
  - **Inheritance Tax** – Revenues from the Inheritance Tax (Estate Tax) have come in above expected amounts through the first two-thirds of the FY 2024, likely as a result of improved market conditions. An upward revision is therefore necessary.
  - **Income Tax Refund Fund** – The annual transfer of excess funds from the Income Tax Refund Fund to the General Revenue Fund was at an all-time high in FY 2023 (\$1.481 billion). In FY 2024, this transfer amount was budgeted to return to more typical levels (\$300 million). While a significant decline did occur, the FY 2024 transfer of \$555 million was **\$255 million** higher than budgeted expectations.
  - **Federal Sources** – Following an internal review of federal revenue reimbursements in the State’s Medicaid related programs, HFS and IDHS identified a programming error that led to incomplete federal Medicaid match claims. The State was able to retroactively process these prior-year claims in October, providing the General Funds with an additional **\$633 million** in receipts for FY 2024 that were not anticipated in the enacted budget’s revenue forecast. *Note: CGFA shows these as one-time revenues in its revenue tables. GOMB includes these revenues in their federal total.*

## Factors Impacting FY 2024 Revenue Expectations (cont...)

- **Transfer of Excess Funds to GRF** – At the end of the 102<sup>nd</sup> General Assembly, P.A.102-0700 was passed which made several tax/spending related changes. To fund some of these items, revenues were transferred out of the General Revenue Fund (GRF) to specific funds. By statute, anything remaining in these funds at a certain point are to be transferred back to the GRF in FY 2024. The amount of these transfers are shown below. These transfers were not assumed in the enacted budget forecast, thereby providing additional one-time revenues for FY 2024.
  - P.A. 102-0700 suspended the 1% sales tax on groceries during FY 2023. To offset the loss of sales tax revenue to local governments, \$400 million was transferred from the GRF to the Grocery Tax Replacement Fund. At the end of the fiscal year, there was approximately **\$148 million** remaining in this fund, which was transferred back to GRF on December 1, 2023.
  - P.A. 102-0700 also transferred money from GRF to the Income Tax Refund Fund to pay for one-time rebates (Income Tax: \$685 million; Prop Tax: \$520 million). In January 2024, **\$100 million** was transferred back to the GRF.
  - Combined, these two items total **\$248 million**. In GOMB's latest revision, only \$148 million is mentioned, which is why CGFA is \$100 million higher.
  - *Note: GOMB includes these items in "Other Transfers". The Commission places these items "below the line" in our tables due to the one-time nature of these funds.*



## Factors Impacting FY 2024 Revenue Expectations (cont...)

### *The Personal Income Tax*

- Through February, Personal Income Tax receipts have performed near budgetary expectations.
  - PIT revenues are currently up +5.3% net.
  - Revenue projections include additional “true-up” deposits of nearly \$650 million over the final four months of FY 2024.
- There is potential for improvement in the revenue picture during the upcoming final tax period due to a couple factors:
  - Strong market conditions in Tax Year (TY) 2023 could create above average tax collections from dividends and capital gains.
  - Higher interest rates have created elevated interest income totals in TY 2023 that will require an increase in tax payments as this income often does not have income tax withheld from it during the course of the tax year.
- However, similar to GOMB, the Commission will not be making an adjustment to the Personal Income Tax revenue forecast in FY 2024 at this time due to:
  - Historic volatility (both good and bad) of final tax payments necessitates caution.
  - Uncertainty regarding the cost impact of recent tax changes that take effect during this final tax period including the expansion of the earned income tax credit and the classroom expense tax credit.
  - The weakening of employment and wage growth, especially over recent months, suggests a cautious approach to tax revenue expectations in the near-term.

## FY 2024 CGFA General Funds Revised Estimate (Mar-24)

- The General Funds revenue estimate is being revised up from the FY 2024 Enacted Budget's assumed revenue figure of \$50.611 billion to \$52.590 billion, an increase of \$1.979 billion. A significant portion of this increase comes from \$981 million in one-time revenues (see pages 23 and 24).
- The Personal Income Tax revenue estimate is not being adjusted at this time as the Commission will monitor the volatile final tax payment season before making any upward adjustment (see previous page). While revenues from the Corporate Income Tax and the Sales Tax have trended lower throughout much of FY 2024, their year-to-date performance is slightly above original expectations, resulting in modest net increases of \$267 million and \$72 million, respectively.
- The largest revenue increases come from a \$575 million upward adjustment in All Other State Sources, mainly due to increases in Interest on State Funds & Investments and Inheritance Tax projections because of YTD performance. Transfers In is also being revised up \$392 million thanks to a higher-than-anticipated Income Tax Refund Fund Transfer.
- The Commission will adopt GOMB's Federal Source (Base) estimate, and its -\$208 million downward adjustment.

### **FY 2024 Enacted Budget Revenue Assumptions vs. FY 2024 CGFA Revised [March '24]**

(\$ millions)

<u>Revenue Sources</u>	<u>FY 2024 Enacted Budget Revenue Assumptions</u>	<u>FY 2024 CGFA Revised March '24</u>	<u>Difference from Enacted Budget</u>
Personal Income Taxes [Net]	\$25,711	\$25,711	\$0
Corporate Income Taxes [Net]	\$5,116	\$5,383	\$267
Sales Tax [Net]	\$10,415	\$10,487	\$72
All Other State Sources	\$3,337	\$3,912	\$575
Transfers In	\$2,150	\$2,542	\$392
Federal Sources [Base]	\$3,883	\$3,675	(\$208)
<b>General Funds Subtotal [Base]</b>	<b>\$50,611</b>	<b>\$51,709</b>	<b>\$1,098</b>
Transfer of Excess P.A. 102-700 Funds to GRF	\$0	\$248	\$248
Prior Year Federal Matching Funds	\$0	\$633	\$633
<b>Total General Funds Revenues</b>	<b>\$50,611</b>	<b>\$52,590</b>	<b>\$1,979</b>

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

# FY 2024 CGFA General Funds Revised Estimate (Mar-24) cont...

FY 2024 Enacted Budget Revenue Assumptions vs. FY 2024 CGFA Revised [March '24] <i>(\$ millions)</i>			
	FY 2024 Enacted Budget Revenue Assumptions	FY 2024 CGFA Revised March '24	Difference from Enacted Budget
<b>Revenue Sources</b>			
<b>State Taxes</b>			
Personal Income Tax	\$30,258	\$30,258	\$0
Corporate Income Tax (regular)	\$6,386	\$6,720	\$334
Sales Taxes	\$11,690	\$11,752	\$62
Public Utility (regular)	\$721	\$700	(\$21)
Cigarette Tax	\$230	\$211	(\$19)
Liquor Gallonage Taxes	\$184	\$180	(\$4)
Inheritance Tax	\$400	\$590	\$190
Insurance Taxes & Fees	\$472	\$487	\$15
Corporate Franchise Tax & Fees	\$178	\$210	\$32
Interest on State Funds & Investments	\$300	\$650	\$350
Cook County Intergovernmental Transfer	\$244	\$244	\$0
Other Sources	<u>\$608</u>	<u>\$640</u>	<u>\$32</u>
<b>Total State Taxes</b>	<b>\$51,671</b>	<b>\$52,642</b>	<b>\$971</b>
<b>Transfers In</b>			
Lottery	\$759	\$870	\$111
Gaming	\$175	\$175	\$0
Cannabis	\$116	\$110	(\$6)
Refund Fund	\$300	\$555	\$255
Other	<u>\$800</u>	<u>\$832</u>	<u>\$32</u>
<b>Total Transfers In</b>	<b>\$2,150</b>	<b>\$2,542</b>	<b>\$392</b>
<b>Total State Sources</b>	<b>\$53,821</b>	<b>\$55,184</b>	<b>\$1,363</b>
<b>Federal Sources [Base]</b>	<b><u>\$3,883</u></b>	<b><u>\$3,675</u></b>	<b><u>(\$208)</u></b>
<b>Total Federal &amp; State Sources</b>	<b>\$57,704</b>	<b>\$58,859</b>	<b>\$1,155</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [9.15% '24]	(\$2,769)	(\$2,769)	\$0
Corporate Income Tax [14.0% '24]	(\$894)	(\$941)	(\$47)
<b>Local Government Distributive Fund</b>			
Personal Income Tax	(\$1,779)	(\$1,779)	\$0
Corporate Income Tax	(\$376)	(\$396)	(\$20)
<b>Sales Tax Distributions</b>			
Sales Tax Deposits into Road Fund	(\$605)	(\$596)	\$9
Sales Tax Distribution to the PTF and DPTF	(\$670)	(\$669)	\$1
<b>General Funds Subtotal [Base]</b>	<b><u>\$50,611</u></b>	<b><u>\$51,709</u></b>	<b><u>\$1,098</u></b>
Transfer of Excess PA 102-700 Funds to GRF	\$0	\$248	\$248
Prior Year Federal Matching Funds	\$0	\$633	\$633
<b>Total General Funds Revenues</b>	<b>\$50,611</b>	<b>\$52,590</b>	<b>\$1,979</b>

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

## FY 2024 Revised Estimate Comparison CGFA (Mar-24) vs GOMB (Feb-24)

In February 2024, the Governor’s Office of Management and Budget (GOMB) released their revised outlook for FY 2024 General Funds in the FY 2024 Budget Book, with a FY 2024 total of **\$52.216 billion**. This figure is \$1.605 billion above the FY 2024 Enacted Budget’s assumed revenue figure of \$50.611 billion and \$199 million above their November 2023 estimate of \$52.017 billion.

The Commission’s March 2024 estimate of **\$52.590 billion** is \$374 million above GOMB’s February 2024 revised forecast for FY 2024. A summary of this differential is shown below.

<b>FY 2024 General Funds Revenues</b>			
<b>CGFA Revised [Mar'24] vs GOMB Revised [Feb'24]</b>			
<i>(\$ millions)</i>			
<u>Revenue Sources</u>	<b>FY 2024 CGFA Revised March '24</b>	<b>FY 2024 GOMB Revised February '24</b>	<b>CGFA vs GOMB Difference</b>
Personal Income Taxes [Net]	\$25,711	\$25,711	\$0
Corporate Income Taxes [Net]	\$5,383	\$5,169	\$214
Sales Tax [Net]	\$10,487	\$10,531	(\$44)
All Other State Sources	\$3,912	\$3,854	\$58
Transfers In	\$2,542	\$2,494	\$48
Federal Sources [Base]	\$3,675	\$3,675	\$0
<b>General Funds Subtotal [Base]</b>	<b>\$51,709</b>	<b>\$51,435</b>	<b>\$274</b>
Transfer of Excess P.A. 102-700 Funds to GRF	\$248	\$148	\$100
Prior Year Federal Matching Funds	\$633	\$633	\$0
<b>General Funds Non-Base Subtotal</b>	<b>\$881</b>	<b>\$781</b>	<b>\$100</b>
<b>Total General Funds Revenues</b>	<b>\$52,590</b>	<b>\$52,216</b>	<b>\$374</b>

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

# FY 2024 Detailed Comparison CGFA (Mar-24) vs GOMB (Feb-24)

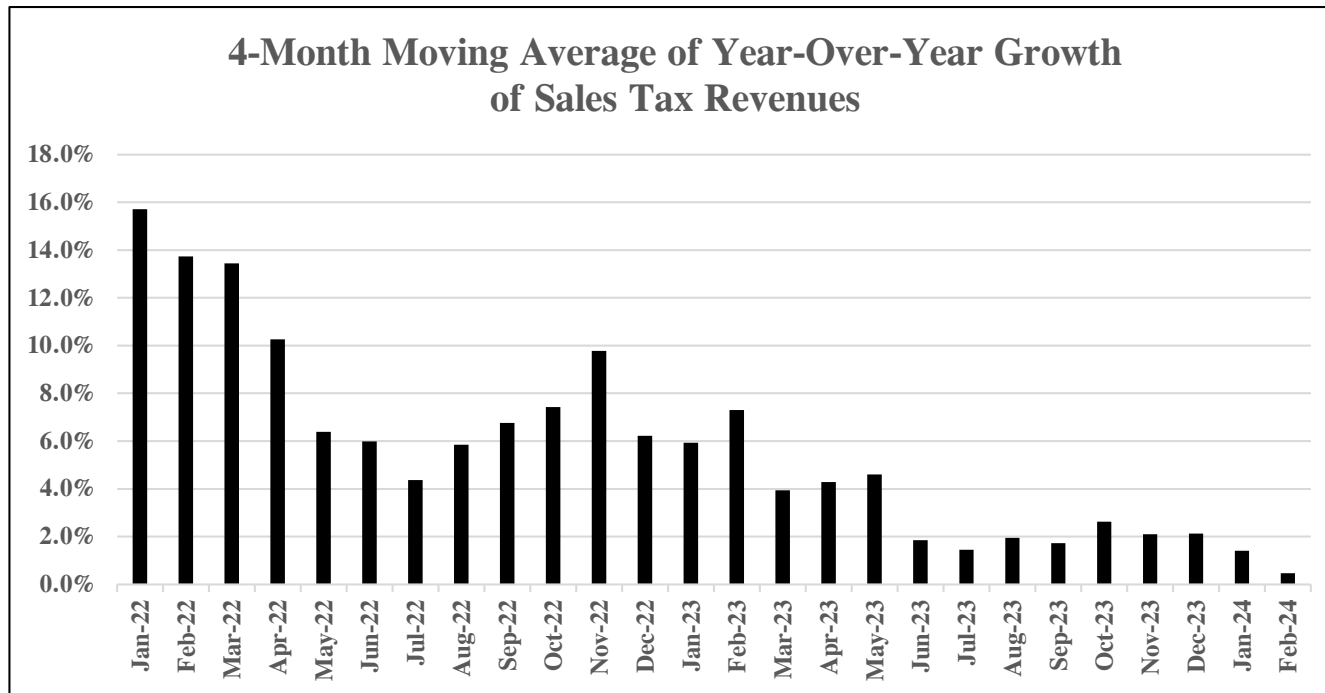
- Both CGFA and GOMB are not making a revision to the Personal Income Tax revenue forecast at this time as these revenues are currently on track to hit the budgeted estimate of \$30.258 billion.
- The Commission is \$267 million above GOMB in its estimate for Corporate Income Taxes or \$214 million higher on a net basis. CGFA is likely higher due to its ability to account for recent solid revenue performance [growth of +19% in February].
- CGFA is \$46 million lower in its Sales Tax projection [-\$44 million net]. Again, this is likely due to the Commission's ability to reflect January and February actuals (and its weaker performance) into the numbers.
- The Commission is a combined \$58 million above GOMB in All Other State Sources, mainly due to higher interest income projections.
- CGFA is \$49 million higher than GOMB in combined Transfers In [Base], as the Commission reflects a more optimistic view of Lottery, Gaming, and Other Transfers, offsetting its more pessimistic view of Cannabis Transfers.
- As noted previously, the Commission is adopting the GOMB's Federal Sources figure at this time.
- As shown at the bottom of this table, it appears that GOMB does not include \$100 million in excess P.A. 102-700 funds from tax rebates that were transferred back to the GRF in January.

FY 2024 General Funds Revenues			
CGFA Revised [Mar'24] vs GOMB Revised [Feb'24]			
(\$ millions)			
Revenue Sources	FY 2024 CGFA Revised March '24	FY 2024 GOMB Revised February '24	CGFA vs GOMB Difference
<b>State Taxes</b>			
Personal Income Tax	\$30,258	\$30,258	\$0
Corporate Income Tax (regular)	\$6,720	\$6,453	\$267
Sales Taxes	\$11,752	\$11,798	(\$46)
Public Utility (regular)	\$700	\$700	\$0
Cigarette Tax	\$211	\$208	\$3
Liquor Gallonage Taxes	\$180	\$184	(\$4)
Inheritance Tax	\$590	\$575	\$15
Insurance Taxes & Fees	\$487	\$514	(\$27)
Corporate Franchise Tax & Fees	\$210	\$228	(\$18)
Interest on State Funds & Investments	\$650	\$548	\$102
Cook County Intergovernmental Transfer	\$244	\$244	\$0
Other Sources	<u>\$640</u>	<u>\$653</u>	<u>(\$13)</u>
<b>Total State Taxes</b>	\$52,642	\$52,363	\$279
<b>Transfers In</b>			
Lottery	\$870	\$850	\$20
Gaming	\$175	\$155	\$20
Cannabis	\$110	\$116	(\$6)
Refund Fund	\$555	\$555	\$0
Other	<u>\$832</u>	<u>\$817</u>	<u>\$15</u>
<b>Total Transfers In</b>	\$2,542	\$2,493	\$49
<b>Total State Sources</b>	\$55,184	\$54,856	\$328
<b>Federal Sources [Base]</b>	<u>\$3,675</u>	<u>\$3,675</u>	<u>\$0</u>
<b>Total Federal &amp; State Sources</b>	\$58,859	\$58,531	\$328
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [9.15% '24]	(\$2,769)	(\$2,769)	\$0
Corporate Income Tax [14.0% '24]	(\$941)	(\$903)	(\$38)
<b>Local Government Distributive Fund</b>			
Personal Income Tax	(\$1,779)	(\$1,779)	\$0
Corporate Income Tax	(\$396)	(\$380)	(\$16)
<b>Sales Tax Distributions</b>			
Sales Tax Deposits into Road Fund	(\$596)	(\$596)	\$0
Sales Tax Distribution to the PTF and DPTF	(\$669)	(\$671)	\$2
<b>General Funds Subtotal [Base]</b>	<b>\$51,709</b>	<b>\$51,435</b>	<b>\$274</b>
Transfer of Excess PA 102-700 Funds to GRF	\$248	\$148	\$100
Prior Year Federal Matching Funds	\$633	\$633	\$0
<b>Total General Funds Revenues</b>	<b>\$52,590</b>	<b>\$52,216</b>	<b>\$374</b>

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

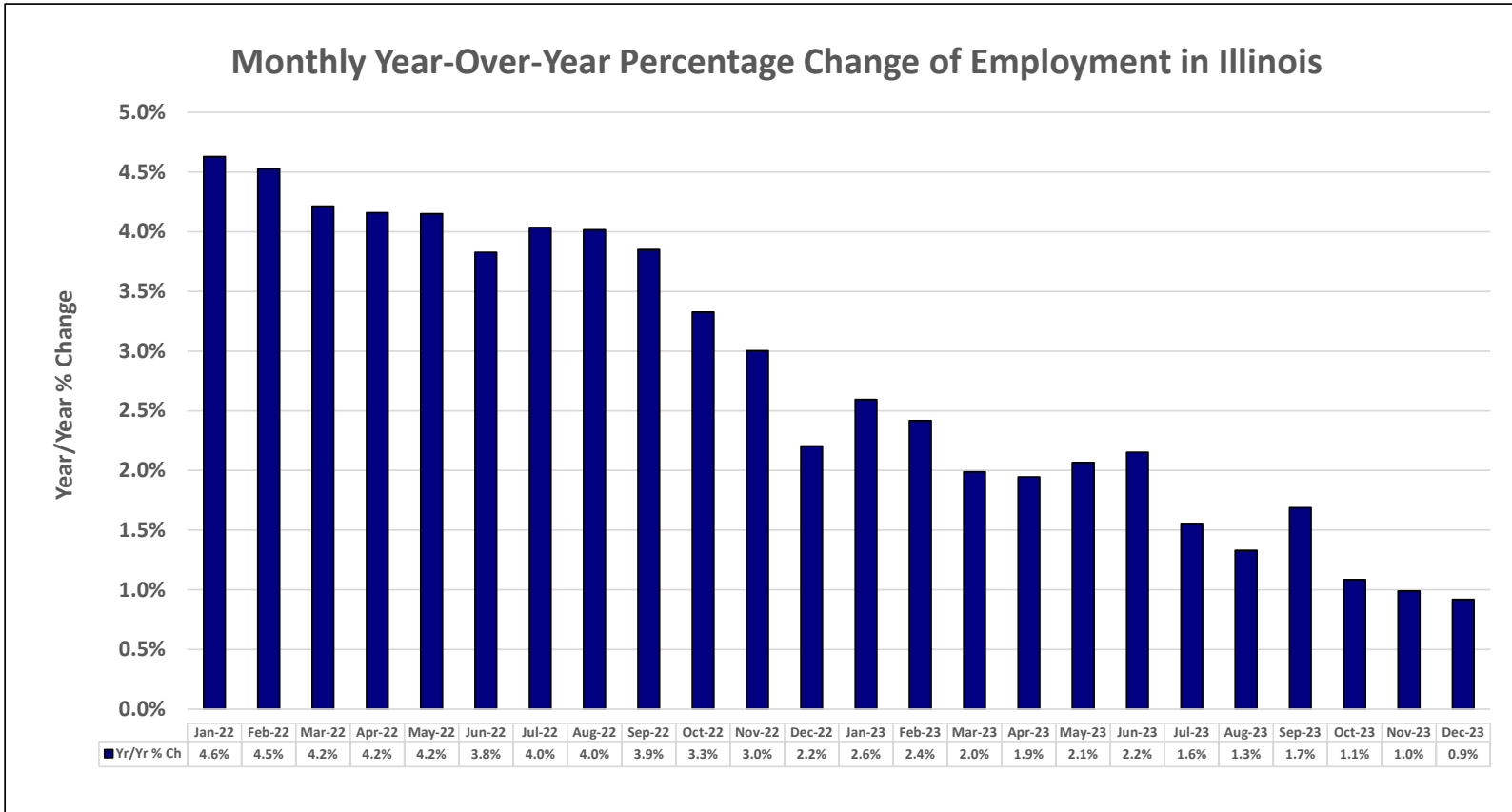
## CGFA FY 2025 Revenue Outlook – Factors Considered

- After experiencing strong growth in the months coming out of the pandemic, Sales Tax performance has moderated considerably, and has averaged growth of only +0.5% over the past four months. Factors for this include:
  - Relatively low consumer confidence and purchasing power erosion due to inflation.
  - Below-average “big item” purchases (homes, cars, etc.) due to high interest rates.
  - Continuing trend of shift from taxable goods to non-taxable service sectors.
  - No planned 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.



# CGFA FY 2025 Revenue Outlook – Factors Considered (cont...)

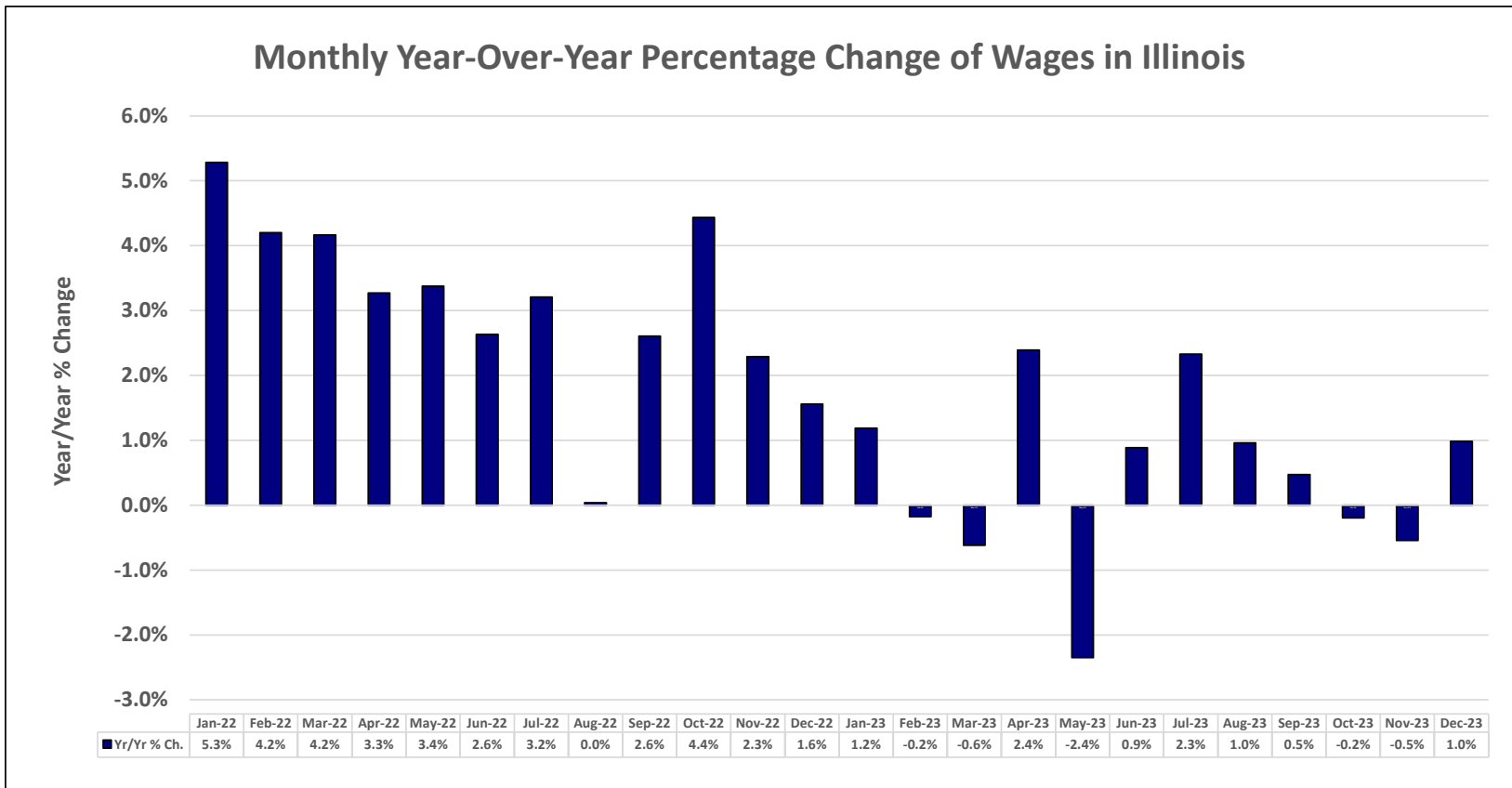
- **Change in Employment Levels**
  - Monthly year-over-year percentage change values for Illinois employment are noticeably slowing from previous elevated levels (see below).
  - Still, unemployment rates remain at relatively low levels despite slower growth.
  - If employment levels were to continue to slow towards negative growth, this would have a direct impact on income tax revenues.



# CGFA FY 2025 Revenue Outlook – Factors Considered (cont...)

- **Change in Wage Levels**

- Monthly year-over-year percentage change values for Illinois wages have also slowed from the high growth rates experienced right after the pandemic (see below).
- The post-pandemic rise in wages has been beneficial to income tax receipts.
- A continued weakening of wage growth may help restrain inflation pressures.
- However, this weakening could stymie income tax revenue growth unless employment levels were to offset this slowdown.





## FY 2025 CGFA General Funds Estimate

- The Commission estimates that FY 2025 General Funds revenues will total approximately \$52.077 billion. This figure is \$513 million below CGFA’s revised FY 2024 forecast of \$52.590 billion. A major reason for this decline is the absence of \$881 million in one-time revenues that were receipted in FY 2024 and will not repeat in FY 2025. When removing these non-base sources from the equation, base revenues are expected to have a modest gain of \$368 million in FY 2025.
- Although employment and wage growth is expected to wane in FY 2025, Personal Income Tax net revenues are projected to still rise \$847 million in FY 2025. Another notable “true-up” is expected to boost PIT revenues in FY 2025, helping to offset the impacts of weaker growth in taxable income.
- A significant falloff in Corporate Income Tax revenues of \$545 million (net) is anticipated in FY 2025. This reduction is due to several factors: corporate profits are expected to slow from its recent strong levels due to a growing trend of stagnant sales; the Net Operating Loss (NOL) deduction returns without a cap, which means built up losses from past years will be able to be deducted in FY 2025; another “true-up” reallocation of businesses-related income tax payments is expected in FY 2025, which will negatively impact CIT revenues.

General Funds Revenues			
CGFA FY 2024 Revised vs FY 2025 Estimate [March '24]			
(\$ millions)			
<u>Revenue Sources</u>	FY 2024 CGFA Revised March '24	FY 2025 CGFA March '24	FY 2024 vs FY 2025 Difference
Personal Income Taxes [Net]	\$25,711	\$26,558	\$847
Corporate Income Taxes [Net]	\$5,383	\$4,838	(\$545)
Sales Tax [Net]	\$10,487	\$10,512	\$25
All Other State Sources	\$3,912	\$3,842	(\$70)
Transfers In	\$2,542	\$2,359	(\$183)
Federal Sources [Base]	\$3,675	\$3,969	\$294
<b>General Funds Subtotal [Base]</b>	<b>\$51,709</b>	<b>\$52,077</b>	<b>\$368</b>
Transfer of Excess P.A. 102-700 Funds to GRF	\$248	\$0	(\$248)
Prior Year Federal Matching Funds	\$633	\$0	(\$633)
<b>General Funds Non-Base Subtotal</b>	<b>\$881</b>	<b>\$0</b>	<b>(\$881)</b>
<b>Total General Funds Revenues</b>	<b>\$52,590</b>	<b>\$52,077</b>	<b>(\$513)</b>

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

## FY 2025 CGFA General Funds Estimate (cont.)

- Sales tax revenue growth has trended slower in recent months. However, if inflation continues to slow as hoped, this could lead to lower interest rates, which may spur some growth in big-ticket item purchases. Although gross gains are expected to be approximately \$235 million [+2.0%], with more sales taxes being statutorily diverted to the Road Fund in FY 2025, an overall net increase of only \$25 million results.
- The remaining State sources are projected to decline a combined \$70 million in FY 2025. If interest rates fall as expected, Interest on State Funds & Investments would see a weakening from its recent high levels. Corporate Franchise Taxes are also expected to slip in FY 2025 due the full implementation of an increased exemption level. Continued declines in Public Utility and Cigarette Tax distributions are also expected. These declines are expected to be partially offset by notable growth in the Inheritance Tax and Insurance Taxes.
- Transfers In are expected to fall a combined \$183 million in FY 2025, mainly due to lower transfers from the Income Tax Refund Fund and Other Transfers. Modest growth is expected from Lottery, Gaming, and Cannabis Transfers.
- At this time, the Commission is adopting GOMB's FY 2025 Federal Sources estimate and its \$294 million growth as this figure is based on anticipated spending in Federal matching areas.
- Again, CGFA does not anticipate any "one-time" revenues in FY 2025 from federal sources (\$633M) or State transfers (\$248M) that were part of FY 2024's revenue total, resulting in an \$881 million reduction.

General Funds Revenues			
CGFA FY 2024 Revised vs FY 2025 Estimate [March '24]			
(\$ millions)			
	FY 2024 CGFA Revised March '24	FY 2025 CGFA March '24	FY 2024 vs FY 2025 Difference
<b>Revenue Sources</b>			
<b>State Taxes</b>			
Personal Income Tax	\$30,258	\$31,254	\$996
Corporate Income Tax (regular)	\$6,720	\$6,040	(\$680)
Sales Taxes	\$11,752	\$11,987	\$235
Public Utility (regular)	\$700	\$691	(\$9)
Cigarette Tax	\$211	\$193	(\$18)
Liquor Gallonage Taxes	\$180	\$182	\$2
Inheritance Tax	\$590	\$610	\$20
Insurance Taxes & Fees	\$487	\$501	\$14
Corporate Franchise Tax & Fees	\$210	\$195	(\$15)
Interest on State Funds & Investments	\$650	\$534	(\$116)
Cook County Intergovernmental Transfer	\$244	\$244	\$0
Other Sources	<u>\$640</u>	<u>\$692</u>	<u>\$52</u>
<b>Total State Taxes</b>	<b>\$52,642</b>	<b>\$53,123</b>	<b>\$481</b>
<b>Transfers In</b>			
Lottery	\$870	\$880	\$10
Gaming	\$175	\$190	\$15
Cannabis	\$110	\$111	\$1
Refund Fund	\$555	\$400	(\$155)
Other	<u>\$832</u>	<u>\$778</u>	<u>(\$54)</u>
<b>Total Transfers In</b>	<b>\$2,542</b>	<b>\$2,359</b>	<b>(\$183)</b>
<b>Total State Sources</b>	<b>\$55,184</b>	<b>\$55,482</b>	<b>\$298</b>
<b>Federal Sources [Base]</b>	<b>\$3,675</b>	<b>\$3,969</b>	<b>\$294</b>
<b>Total Federal &amp; State Sources</b>	<b>\$58,859</b>	<b>\$59,451</b>	<b>\$592</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [9.15% '24 & '25]	(\$2,769)	(\$2,860)	(\$91)
Corporate Income Tax [14.0% '24 & '25]	(\$941)	(\$846)	\$95
<b>Local Government Distributive Fund</b>			
Personal Income Tax	(\$1,779)	(\$1,837)	(\$58)
Corporate Income Tax	(\$396)	(\$356)	\$40
<b>Sales Tax Distributions</b>			
Sales Tax Deposits into Road Fund	(\$596)	(\$793)	(\$197)
Sales Tax Distribution to the PTF and DPTF	(\$669)	(\$682)	(\$13)
<b>General Funds Subtotal [Base]</b>	<b>\$51,709</b>	<b>\$52,077</b>	<b>\$368</b>
Transfer of Excess PA 102-700 Funds to GRF	\$248	\$0	(\$248)
Prior Year Federal Matching Funds	\$633	\$0	(\$633)
<b>Total General Funds Revenues</b>	<b>\$52,590</b>	<b>\$52,077</b>	<b>(\$513)</b>

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

## FY 2025 Revised Estimate Comparison CGFA (Mar-24) vs GOMB (Feb-24)

- In the FY 2025 Budget Book, GOMB projects a FY 2025 General Funds revenue total of \$52.993 billion. The Commission's FY 2025 estimate of \$52.077 billion is \$916 million lower than this figure.
- **However, it should be stressed the Commission's revenue estimate is based on current law. The FY 2025 revenue projection from GOMB includes a number of revenue adjustments in its calculation that would require changes to State law. The net value of these revenue adjustments is approximately \$1.098 billion.**
- These proposed adjustments are listed on the following page.

### FY 2025 General Funds Revenues CGFA's Current Law Estimate [Mar'24] vs. GOMB including Proposed Revenue Changes [Feb'24] *(\$ millions)*

<u>Revenue Sources</u>	FY 2025 CGFA March '24 <i>(Current Law)</i>	FY 2025 GOMB February '24 <u>with Proposed Revenue Changes</u>	CGFA vs GOMB <u>Difference</u>
Personal Income Taxes [Net]	\$26,558	\$26,691	(\$133)
Corporate Income Taxes [Net]	\$4,838	\$5,476	(\$638)
Sales Tax [Net]	\$10,512	\$10,874	(\$362)
All Other State Sources	\$3,842	\$3,623	\$219
Transfers In	\$2,359	\$2,361	(\$2)
Federal Sources [Base]	\$3,969	\$3,969	\$0
<b>Total General Funds Revenues</b>	<b>\$52,077</b>	<b>\$52,993</b>	<b>(\$916)</b>

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

## Revenue Adjustments Assumed in GOMB's FY 2025 Forecast

The net value of the revenue adjustments included in GOMB's FY 2025 forecast is approximately **\$1.098 billion**. Below is a breakdown of these proposals that would require a change to State law.

- **+\$81 million** net increase in the personal income tax. This comes from:
  - +\$93 million revenue increase by adjusting the standard deduction amount to a lower level than would be used under current law.
  - -\$12 million revenue decrease from a new refundable child tax credit.
- **+\$526 million** increase in the corporate income tax by proposing a continuation of the net operating loss deduction limitation (that is set to expire), but at a new threshold limit of \$500,000 (rather than \$100,000).
- **+\$276 million** increase in available sales tax revenues. This comes from:
  - +\$175 million Road Fund offset for deposit into the Public Transportation Fund (in addition to the current \$150 million deposit), reducing the need for general funds.
  - +\$101 million from a proposed \$1,000 per month cap on the Retailers Discount.
- **-\$10 million** impact from raising the corporate franchise tax exemption to \$10,000.
- **+\$25 million** increase by distributing a portion of the Real Estate Transfer Tax to the GRF instead of the Open Space Lands Acquisition and Development Fund (in FY 2025 only).
- **+\$200 million** increase in "Transfers In" by way of an increase in the Sports Wagering Tax from 15% to 35%.

# FY 2025 Detailed Comparison CGFA (Mar-24) vs GOMB (Feb-24)

- The Commission is \$156 million lower than GOMB in its gross Personal Income Tax estimate and \$133 million lower on a net basis. CGFA does not assume GOMB's implementation of the proposed child tax credit or the reduced standard exemption.
- CGFA's Corporate Income Tax estimate is \$796 million less than GOMB on a gross basis and \$638 million lower on a net basis. The extent of this difference is because the Commission assumes the current law return of the NOL Deduction without limitations.
- CGFA is \$150 million lower than GOMB in the Sales Tax estimate and \$362 million lower on a net basis as the Commission does not assume the passage of the Retailer's Discount cap and a change in the distribution of funds away from certain transportation funds.
- The Commission is a combined \$219 million above GOMB in All Other State Sources, primarily due to a more aggressive forecast for Interest on State Funds & Investments.
- CGFA is only \$2 million below GOMB's combined forecast for Transfers In. However, removing the \$200 million increase from a proposed tax increase on sports wagering, and CGFA is actually notably higher, mainly due to a higher Refund Fund transfer estimate.

FY 2025 General Funds Revenues CGFA's Current Law Estimate [Mar'24] vs. GOMB <u>including</u> Proposed Revenue Changes [Feb'24]			
(\$ millions)			
	FY 2025 CGFA March '24 <i>(Current Law)</i>	FY 2025 GOMB February '24 <b>with Proposed Revenue Changes</b>	CGFA vs GOMB <b>Difference</b>
<b>Revenue Sources</b>			
<b>State Taxes</b>			
Personal Income Tax	\$31,254	\$31,410	(\$156)
Corporate Income Tax (regular)	\$6,040	\$6,836	(\$796)
Sales Taxes	\$11,987	\$12,137	(\$150)
Public Utility (regular)	\$691	\$701	(\$10)
Cigarette Tax	\$193	\$200	(\$7)
Liquor Gallonage Taxes	\$182	\$182	\$0
Inheritance Tax	\$610	\$525	\$85
Insurance Taxes & Fees	\$501	\$522	(\$21)
Corporate Franchise Tax & Fees	\$195	\$208	(\$13)
Interest on State Funds & Investments	\$534	\$300	\$234
Cook County Intergovernmental Transfer	\$244	\$244	\$0
Other Sources	<u>\$692</u>	<u>\$741</u>	<u>(\$49)</u>
<b>Total State Taxes</b>	<b>\$53,123</b>	<b>\$54,006</b>	<b>(\$883)</b>
<b>Transfers In</b>			
Lottery	\$880	\$902	(\$22)
Gaming	\$190	\$177	\$13
Cannabis	\$111	\$123	(\$12)
Refund Fund	\$400	\$150	\$250
Other	<u>\$778</u>	<u>\$1,009</u>	<u>(\$231)</u>
<b>Total Transfers In</b>	<b>\$2,359</b>	<b>\$2,361</b>	<b>(\$2)</b>
<b>Total State Sources</b>	<b>\$55,482</b>	<b>\$56,367</b>	<b>(\$885)</b>
<b>Federal Sources [Base]</b>	<b><u>\$3,969</u></b>	<b><u>\$3,969</u></b>	<b><u>\$0</u></b>
<b>Total Federal &amp; State Sources</b>	<b>\$59,451</b>	<b>\$60,336</b>	<b>(\$885)</b>
<b>Nongeneral Funds Distribution:</b>			
<b>Refund Fund</b>			
Personal Income Tax [9.15% '25]	(\$2,860)	(\$2,874)	\$14
Corporate Income Tax [14.0% '25]	(\$846)	(\$957)	\$111
<b>Local Government Distributive Fund</b>			
Personal Income Tax	(\$1,837)	(\$1,846)	\$9
Corporate Income Tax	(\$356)	(\$403)	\$47
<b>Sales Tax Distributions</b>			
Sales Tax Deposits into Road Fund	(\$793)	(\$758)	(\$35)
Sales Tax Distribution to the PTF and DPTF	(\$682)	(\$505)	(\$177)
<b>Total General Funds Revenues</b>	<b>\$52,077</b>	<b>\$52,993</b>	<b>(\$916)</b>

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

## FY 2025 “Current Law” Estimate Comparison CGFA (Mar-24) vs GOMB (Feb-24) without Adjustments

- If the Commission were to back out the estimated \$1.098 billion in revenue adjustments proposed in the FY 2025 Budget Book, GOMB’s FY 2025 General Funds revenue forecast would be reduced from \$52.993 billion to approximately \$51.895 billion. The Commission’s FY 2025 estimate of \$52.077 billion would then be \$182 million higher than this “current law” adjusted figure.
- A detailed look at the “apples to apples” comparison between the current law estimates can be viewed on the following page.

FY 2025 General Funds Revenues						
CGFA [Mar '24] vs GOMB [Feb '24] without Revenue Adjustments (Current Law)						
(\$ millions)						
		Including Proposed Revenue Adjustments			Without Proposed Revenue Adjustments	
Revenue Sources	FY 2025 CGFA Mar '24	FY 2025 GOMB Feb '24	CGFA vs GOMB Difference	Value of Proposed Adjustments	FY 2025 GOMB Feb '24	CGFA vs GOMB Difference
Personal Income Taxes [Net]	\$26,557	\$26,690	(\$133)	\$81	\$26,609	(\$52)
Corporate Income Taxes [Net]	\$4,838	\$5,477	(\$639)	\$526	\$4,950	(\$112)
Sales Tax [Net]	\$10,512	\$10,874	(\$362)	\$276	\$10,598	(\$86)
All Other State Sources	\$3,842	\$3,623	\$219	\$15	\$3,608	\$234
Transfers In	\$2,359	\$2,361	(\$2)	\$200	\$2,161	\$198
Federal Sources	\$3,969	\$3,969	\$0	\$0	\$3,969	\$0
<b>Total General Funds Revenues</b>	<b>\$52,077</b>	<b>\$52,993</b>	<b>(\$916)</b>	<b>\$1,098</b>	<b>\$51,895</b>	<b>\$182</b>

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

**FY 2025 General Funds Revenues**  
**CGFA [Mar '24] vs GOMB [Feb '24] without Revenue Adjustments (Current Law)**

(\$ millions)

	FY 2025 CGFA Mar '24	Including Proposed Revenue Adjustments		Value of Proposed Adjustments	Without Proposed Revenue Adjustments	
		FY 2025 GOMB Feb '24	CGFA vs GOMB Difference		FY 2025 GOMB Feb '24	CGFA vs GOMB Difference
<b>Revenue Sources</b>						
<b>State Taxes</b>						
Personal Income Tax	\$31,254	\$31,410	(\$156)	\$95	\$31,315	(\$61)
Corporate Income Tax (regular)	\$6,040	\$6,836	(\$796)	\$657	\$6,179	(\$139)
Sales Taxes	\$11,987	\$12,137	(\$150)	\$101	\$12,036	(\$49)
Public Utility (regular)	\$691	\$701	(\$10)	\$0	\$701	(\$10)
Cigarette Tax	\$193	\$200	(\$7)	\$0	\$200	(\$7)
Liquor Gallonage Taxes	\$182	\$182	\$0	\$0	\$182	\$0
Inheritance Tax	\$610	\$525	\$85	\$0	\$525	\$85
Insurance Taxes & Fees	\$501	\$522	(\$21)	\$0	\$522	(\$21)
Corporate Franchise Tax & Fees	\$195	\$208	(\$13)	(\$10)	\$218	(\$23)
Interest on State Funds & Investments	\$534	\$300	\$234	\$0	\$300	\$234
Cook County Intergovernmental Transfer	\$244	\$244	\$0	\$0	\$244	\$0
Other Sources	<u>\$692</u>	<u>\$741</u>	<u>(\$49)</u>	<u>\$25</u>	<u>\$716</u>	<u>(\$24)</u>
<b>Total State Taxes</b>	<b>\$53,123</b>	<b>\$54,006</b>	<b>(\$883)</b>	<b>\$868</b>	<b>\$53,138</b>	<b>(\$15)</b>
<b>Transfers In</b>						
Lottery	\$880	\$902	(\$22)	\$0	\$902	(\$22)
Gaming	\$190	\$177	\$13	\$0	\$177	\$13
Cannabis	\$111	\$123	(\$12)	\$0	\$123	(\$12)
Refund Fund	\$400	\$150	\$250	\$0	\$150	\$250
Other	<u>\$778</u>	<u>\$1,009</u>	<u>(\$231)</u>	<u>\$200</u>	<u>\$809</u>	<u>(\$31)</u>
<b>Total Transfers In</b>	<b>\$2,359</b>	<b>\$2,361</b>	<b>(\$2)</b>	<b>\$200</b>	<b>\$2,161</b>	<b>\$198</b>
<b>Total State Sources</b>	<b>\$55,482</b>	<b>\$56,367</b>	<b>(\$885)</b>	<b>\$1,068</b>	<b>\$55,299</b>	<b>\$183</b>
<b>Federal Sources [Base]</b>	<b>\$3,969</b>	<b>\$3,969</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,969</b>	<b>\$0</b>
<b>Total Federal &amp; State Sources</b>	<b>\$59,451</b>	<b>\$60,336</b>	<b>(\$885)</b>	<b>\$1,068</b>	<b>\$59,268</b>	<b>\$183</b>
<b>Nongeneral Funds Distribution:</b>						
<b>Refund Fund</b>						
Personal Income Tax [9.15% '25]	(\$2,860)	(\$2,874)	\$14	(\$9)	(\$2,865)	\$5
Corporate Income Tax [14.0% '25]	(\$846)	(\$957)	\$111	(\$92)	(\$865)	\$19
<b>Local Government Distributive Fund</b>						
Personal Income Tax	(\$1,837)	(\$1,846)	\$9	(\$6)	(\$1,840)	\$3
Corporate Income Tax	(\$356)	(\$403)	\$47	(\$39)	(\$364)	\$8
<b>Sales Tax Distributions</b>						
Sales Tax Deposits into Road Fund	(\$793)	(\$758)	(\$35)	\$0	(\$758)	(\$35)
Sales Tax Distribution to the PTF and DPTF	(\$682)	(\$505)	(\$177)	\$175	(\$680)	(\$2)
<b>Total General Funds Revenues</b>	<b>\$52,077</b>	<b>\$52,993</b>	<b>(\$916)</b>	<b>\$1,098</b>	<b>\$51,895</b>	<b>\$182</b>

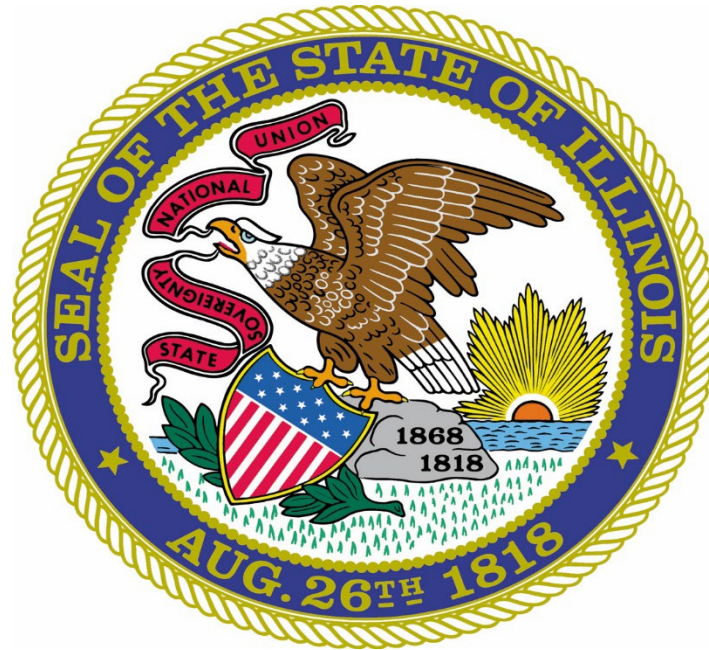
Budget Source: <https://budget.illinois.gov/> Note: Some totals may not equal, due to rounding.

## Summary

- While a slowdown in the nation's economy had largely been expected during FY 2024 by many economists, this downshift has yet to occur as unemployment rates have remained low and consumer spending has, so far, maintained a relatively healthy pace.
- The economy's performance has allowed the State's economically-tied resources to post solid totals through the first two-thirds of the fiscal year with most sources on pace to meet or even surpass the revenue estimates used to craft the FY 2024 budget.
- The confidence in meeting FY 2024's revenue projections is significantly strengthened by the anticipated deposit of nearly \$900 million in one-time revenues that were not assumed in the crafting of the FY 2024 budget.
- In light of the above items, The Commission's revised forecast for FY 2024 is \$52.590 billion. This forecast is an increase of \$1.979 billion above the enacted budget revenue assumptions and \$374 million higher than GOMB's revised forecast of \$52.216 billion.
- Factors potentially prompting a negative shift continue to loom, including dwindling gains in employment, wages, and sales, and the continued uncertainty from the volatile geopolitical climate in both the Middle East and Ukraine. Because of these factors, as well as statutory tax changes (deductions/credits/distributions), and the anticipation of a weaker economic climate in the coming years, a cautious approach to Illinois' revenue picture is forecasted for FY 2025.
- CGFA's FY 2025 forecast is \$52.077 billion, \$368 million higher than the FY 2024 revised estimate from a base perspective, but \$513 million lower when accounting for the \$881 million in one-time revenues that will not repeat in FY 2025. The Commission's FY 2025 estimate is \$916 million below GOMB's FY 2025 estimate of \$52.993 billion. However, this estimate includes \$1.098 billion in revenue adjustments that would require changes to State law. When removing these items, CGFA's FY 2025 estimate is \$182 million higher.

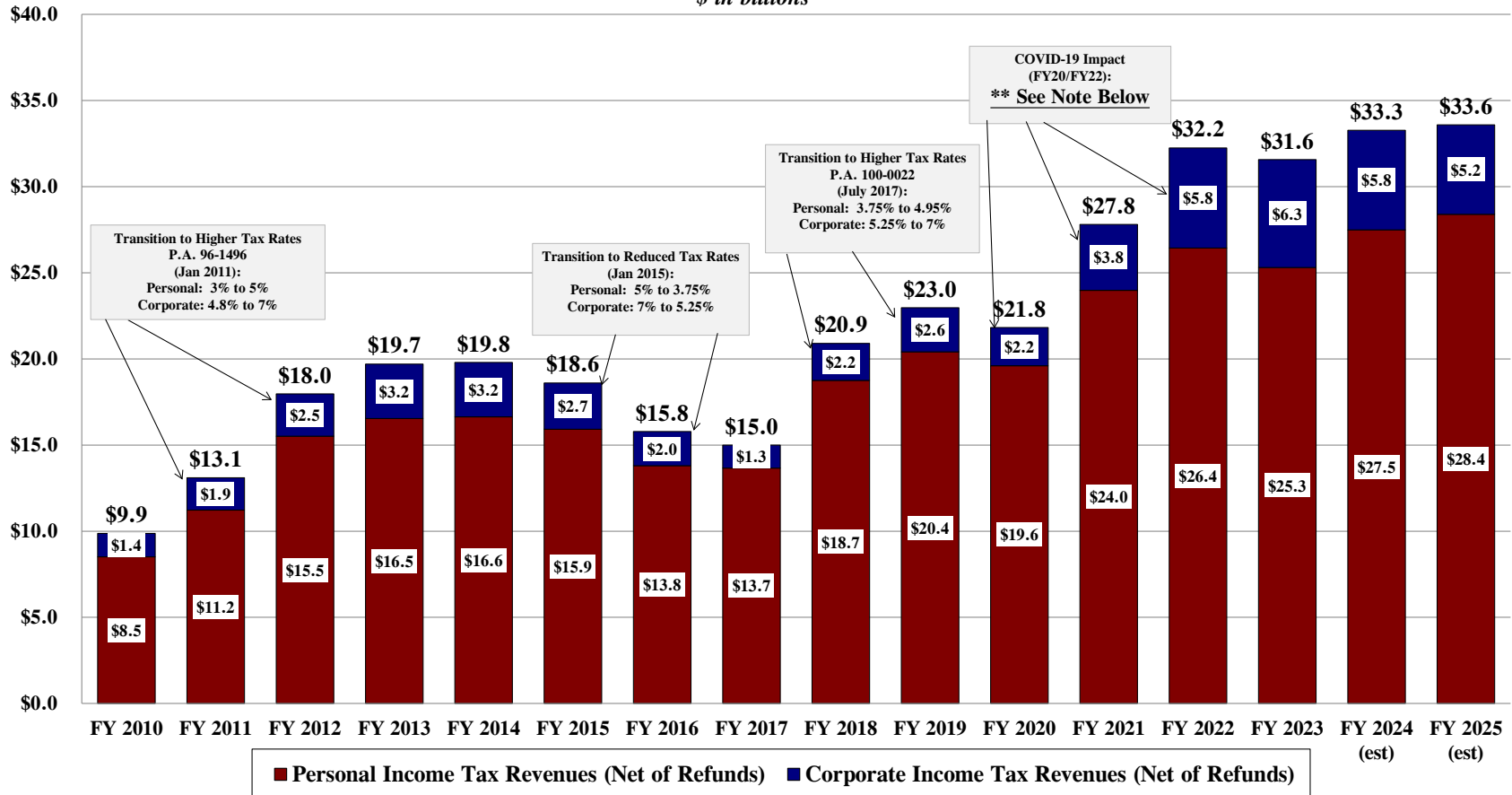


# APPENDIX



# Recent History of Income Tax Revenues in Illinois

**COMPOSITION OF INCOME TAX NET REVENUES**  
**FY 2010 - FY 2025 (est.)\***  
*\$ in billions*



\* 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.

\*\* 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.

# General Funds Revenue History

## DETAILED GENERAL FUNDS REVENUE HISTORY FY 2016 - FY 2025 est.

	(\$ millions)									
Revenue Sources	Actual Receipts FY 2016	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	Mar '24 Estimate FY 2024	Mar '24 Estimate FY 2025
<b>State Taxes</b>										
Personal Income Tax	\$15,299	\$15,385	\$20,784	\$22,604	\$21,657	\$26,350	\$29,137	\$27,889	\$30,258	\$31,254
Corporate Income Tax (regular)	2,334	1,610	2,607	3,026	2,596	4,450	6,831	7,318	6,720	6,040
Sales Taxes	8,063	8,043	8,256	8,897	8,691	9,799	10,984	11,589	11,752	11,987
Public Utility Taxes (regular)	926	884	896	863	831	752	750	751	700	691
Cigarette Tax	353	353	344	361	267	281	254	235	211	193
Liquor Gallonage Taxes	170	171	172	172	177	177	183	181	180	182
Inheritance Tax (Gross)	306	261	358	388	283	450	603	503	590	610
Insurance Taxes and Fees	398	391	432	396	361	480	455	492	487	501
Corporate Franchise Tax & Fees	207	207	207	247	210	322	216	225	210	195
Interest on State Funds & Investments	24	36	79	145	137	57	30	407	650	534
Cook County Intergovernmental Transfer	244	244	244	244	244	244	244	244	244	244
Other Sources	574	725	679	710	761	339	443	590	640	692
<b>Total State Taxes</b>	<b>\$28,898</b>	<b>\$28,310</b>	<b>\$35,058</b>	<b>\$38,053</b>	<b>\$36,215</b>	<b>\$43,701</b>	<b>\$50,130</b>	<b>\$50,424</b>	<b>\$52,642</b>	<b>\$53,123</b>
<b>Transfers In</b>										
Lottery	677	720	719	731	630	777	820	726	870	880
Gaming	277	270	272	269	195	0	140	157	175	190
Cannabis	0	0	0	0	18	71	115	111	110	111
Refund Fund	77	4	1	327	617	282	242	1,481	555	400
Other	550	548	1,185	708	971	420	775	773	832	778
<b>Total Transfers In</b>	<b>\$1,581</b>	<b>\$1,542</b>	<b>\$2,177</b>	<b>\$2,035</b>	<b>\$2,431</b>	<b>\$1,550</b>	<b>\$2,092</b>	<b>\$3,248</b>	<b>\$2,542</b>	<b>\$2,359</b>
<b>Total State Sources</b>	<b>\$30,479</b>	<b>\$29,852</b>	<b>\$37,235</b>	<b>\$40,088</b>	<b>\$38,646</b>	<b>\$45,251</b>	<b>\$52,222</b>	<b>\$53,672</b>	<b>\$55,184</b>	<b>\$55,482</b>
<b>Federal Sources</b>	<b>\$2,665</b>	<b>\$2,483</b>	<b>\$5,238</b>	<b>\$3,600</b>	<b>\$3,551</b>	<b>\$4,744</b>	<b>\$4,584</b>	<b>\$3,802</b>	<b>\$3,675</b>	<b>\$3,969</b>
<b>Total Federal &amp; State Sources</b>	<b>\$33,144</b>	<b>\$32,335</b>	<b>\$42,473</b>	<b>\$43,688</b>	<b>\$42,197</b>	<b>\$49,995</b>	<b>\$56,806</b>	<b>\$57,474</b>	<b>\$58,859</b>	<b>\$59,451</b>
<b>Nongeneral Funds Distribution:</b>										
<b>Refund Fund</b>										
Personal Income Tax	(\$1,493)	(\$1,724)	(\$2,037)	(\$2,193)	(\$2,058)	(\$2,372)	(\$2,696)	(\$2,580)	(\$2,769)	(\$2,860)
Corporate Income Tax	(362)	(278)	(457)	(470)	(370)	(625)	(1,026)	(1,062)	(941)	(846)
<b>Direct Deposits</b>										
Fund for Advancement of Education	(458)	(464)	0	0	0	0	0	0	0	0
Commitment to Human Services Fund	(458)	(464)	0	0	0	0	0	0	0	0
<b>Local Government Distributive Fund</b>										
Personal Income Tax	0	0	(1,022)	(1,175)	(1,128)	(1,453)	(1,602)	(1,559)	(1,779)	(1,837)
Corporate Income Tax	0	0	(133)	(167)	(145)	(262)	(398)	(429)	(396)	(356)
<b>Sales Tax Distributions</b>										
Deposits into Road Fund	0	0	0	0	0	0	(132)	(484)	(596)	(793)
Distribution to the PTF and DPTF	0	0	(446)	(488)	(436)	(431)	(618)	(654)	(669)	(682)
<b>General Funds Subtotal [Base]</b>	<b>\$30,373</b>	<b>\$29,405</b>	<b>\$38,378</b>	<b>\$39,195</b>	<b>\$38,060</b>	<b>\$44,852</b>	<b>\$50,334</b>	<b>\$50,707</b>	<b>\$51,709</b>	<b>\$52,077</b>
Change from Prior Year	(\$5,515)	(\$968)	\$8,973	\$817	(\$1,135)	\$6,792	\$5,482	\$373	\$1,002	\$368
Percent Change	-15.4%	-3.2%	30.5%	2.1%	-2.9%	17.8%	12.2%	0.7%	2.0%	0.7%
Transfer of Excess PA 102-700 Funds to GRF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$248	\$0
Prior Year Federal Matching Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$633	\$0
SLFRF Allocation Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,363	\$0	\$0
ARPA Reimb. for Essential Gov't Services	\$0	\$0	\$0	\$0	\$0	\$0	\$736	\$1,064	\$0	\$0
Short-Term Borrowing/MLF	\$0	\$0	\$0	\$0	\$1,198	\$1,998	\$0	\$0	\$0	\$0
Treasurer's Investments	\$0	\$0	\$0	\$750	\$400	\$400	\$0	\$0	\$0	\$0
Interfund Borrowing	\$0	\$0	\$533	\$250	\$462	\$0	\$0	\$0	\$0	\$0
Income Tax Bond Fund Transfer	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Budget Stabilization Fund Transfer	\$125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total General Funds</b>	<b>\$30,498</b>	<b>\$29,405</b>	<b>\$41,451</b>	<b>\$40,195</b>	<b>\$40,120</b>	<b>\$47,250</b>	<b>\$51,070</b>	<b>\$53,134</b>	<b>\$52,590</b>	<b>\$52,077</b>
Change from Prior Year	(\$6,119)	(\$1,093)	\$12,046	(\$1,256)	(\$75)	\$7,130	\$3,820	\$2,064	(\$544)	(\$513)
Percent Change	-16.7%	-3.6%	41.0%	-3.0%	-0.2%	17.8%	8.1%	4.0%	-1.0%	-1.0%
CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding										

**ALL APPROPRIATED FUNDS REVENUE  
ACTUALS [FY 2016 to FY 2023] & CURRENT LAW ESTIMATES [FY 2024 to FY 2025]**

(\$ millions)

	ACTUAL RECEIPTS FY 2016	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	Current Law Estimate FY 2024	Current Law Estimate FY 2025
<b>REVENUE SOURCES</b>										
<b>State Sources</b>										
<b>CASH RECEIPTS:</b>										
Personal Income Tax (gross)	\$15,301	\$15,385	\$20,785	\$22,604	\$21,658	\$26,352	\$29,137	\$27,890	\$30,259	\$31,255
Corporate Income Tax (gross)	\$2,339	\$1,614	\$2,610	\$3,029	\$2,599	\$4,456	\$6,833	\$7,320	\$6,722	\$6,042
Sales Taxes	\$9,073	\$9,053	\$9,297	\$10,094	\$9,937	\$11,374	\$12,332	\$13,105	\$13,215	\$13,413
Short-Term Borrowing	\$0	\$0	\$0	\$0	\$1,198	\$0	\$0	\$0	\$0	\$0
Fund Transfers	\$460	\$849	\$3,413	\$4,236	\$4,176	\$3,697	\$5,219	\$5,050	\$5,269	\$6,052
State Employees Retirement System	\$0	\$0	\$2,607	\$2,774	\$0	\$0	\$0	\$3,154	\$3,235	\$3,370
Corporate Personal Property Replacement Taxes	\$1,628	\$1,922	\$1,790	\$1,935	\$1,881	\$2,761	\$5,243	\$5,220	\$3,450	\$3,347
Health Care Provider Assessment Fees & Taxes	\$2,080	\$2,238	\$2,343	\$2,496	\$3,590	\$3,918	\$3,834	\$4,361	\$4,501	\$4,689
Public Utility Taxes	\$1,417	\$1,423	\$1,409	\$1,415	\$1,347	\$1,262	\$1,260	\$1,280	\$1,267	\$1,248
Motor Vehicle & Operators Licenses	\$1,552	\$1,585	\$1,483	\$1,599	\$1,458	\$1,691	\$1,596	\$1,606	\$1,618	\$1,632
Lottery Tickets & Licenses	\$1,308	\$1,341	\$1,510	\$1,330	\$1,164	\$1,528	\$1,397	\$2,322	\$1,505	\$1,575
Motor Fuel Tax (gross)	\$1,354	\$1,348	\$1,368	\$1,351	\$2,319	\$2,380	\$2,523	\$2,565	\$2,850	\$2,900
Cigarette Taxes	\$845	\$782	\$764	\$769	\$851	\$917	\$841	\$785	\$721	\$678
Casino Taxes & Fees	\$494	\$489	\$482	\$469	\$370	\$225	\$411	\$465	\$609	\$479
Revolving Funds	\$242	\$678	\$533	\$666	\$579	\$614	\$821	\$998	\$920	\$885
Insurance Tax & Fees	\$515	\$519	\$552	\$512	\$470	\$625	\$609	\$648	\$657	\$669
Inheritance Tax (gross)	\$325	\$278	\$381	\$413	\$301	\$479	\$642	\$535	\$628	\$649
Liquor Gallonage Taxes	\$288	\$294	\$296	\$297	\$303	\$312	\$320	\$316	\$314	\$317
Optional Health Insurance Deductions	\$352	\$340	\$332	\$340	\$345	\$409	\$429	\$455	\$440	\$449
County Intergovernmental Transfers	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244	\$244
Hotel Tax	\$264	\$273	\$281	\$296	\$251	\$94	\$228	\$311	\$320	\$336
Corporate Franchise Tax & Fees	\$216	\$215	\$216	\$257	\$219	\$332	\$224	\$234	\$220	\$205
Tobacco Settlement	\$84	\$105	\$227	\$138	\$128	\$145	\$663	\$167	\$263	\$260
Investment Income	\$52	\$83	\$163	\$256	\$237	\$101	\$81	\$715	\$1,182	\$971
Recreational Cannabis	\$0	\$0	\$0	\$0	\$67	\$199	\$276	\$263	\$256	\$260
Sports Wagering	\$0	\$0	\$0	\$0	\$7	\$113	\$111	\$149	\$169	\$173
Video Gaming Tax	\$302	\$356	\$417	\$474	\$444	\$593	\$901	\$961	\$970	\$994
Other Taxes, Licenses, Fees & Earnings	\$4,275	\$4,583	\$4,757	\$4,322	\$4,535	\$5,651	\$6,291	\$6,878	\$7,669	\$7,247
<b>Total, State Source Cash Receipts</b>	<b>\$45,010</b>	<b>\$45,997</b>	<b>\$58,260</b>	<b>\$62,316</b>	<b>\$60,678</b>	<b>\$70,472</b>	<b>\$82,466</b>	<b>\$87,997</b>	<b>\$89,473</b>	<b>\$90,339</b>
Transfers in from Other State Funds:	\$249	\$219	\$339	\$456	\$324	\$370	\$284	\$308	\$313	\$313
<b>TOTAL, STATE SOURCES</b>	<b>\$45,259</b>	<b>\$46,216</b>	<b>\$58,599</b>	<b>\$62,772</b>	<b>\$61,002</b>	<b>\$70,842</b>	<b>\$82,750</b>	<b>\$88,305</b>	<b>\$89,786</b>	<b>\$90,652</b>
Federal Sources	\$19,033	\$18,523	\$20,940	\$19,468	\$25,410	\$28,731	\$40,723	\$33,724	\$34,047	\$33,987
Sale of Bonds	\$1,084	\$2,977	\$8,342	\$2,005	\$1,975	\$4,500	\$3,054	\$3,545	\$3,110	\$3,891
<b>TOTAL, REVENUES - APPROPRIATED FUNDS</b>	<b>\$65,376</b>	<b>\$67,716</b>	<b>\$87,881</b>	<b>\$84,245</b>	<b>\$88,387</b>	<b>\$104,073</b>	<b>\$126,527</b>	<b>\$125,574</b>	<b>\$126,943</b>	<b>\$128,530</b>
Short Term Borrowing	\$0	\$0	\$0	\$0	\$1,198	\$0	\$0	\$0	\$0	\$0
<b>TOTAL BASE REVENUE - ALL APPROPRIATED</b>	<b>\$65,376</b>	<b>\$67,716</b>	<b>\$87,881</b>	<b>\$84,245</b>	<b>\$87,189</b>	<b>\$104,073</b>	<b>\$126,527</b>	<b>\$125,574</b>	<b>\$126,943</b>	<b>\$128,530</b>

## Average Employment Levels by Subsector in Illinois

Non-Seasonally Adjusted Averages: FY 2015 to FY 2024 (in thousands)

Subsector	Annual Average									
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 (YTD)
Mining and Logging	9.9	8.6	7.9	7.7	8.2	7.7	6.5	6.7	7.0	7.0
Construction	208.9	217.9	219.4	223.6	227.3	223.2	218.7	226.3	232.6	246.9
Manufacturing	583.2	580.1	573.4	583.3	590.2	572.3	552.4	561.8	571.1	567.6
Trade, Transportation, and Utilities	1,181.6	1,198.4	1,204.1	1,206.6	1,201.9	1,171.1	1,163.9	1,198.8	1,222.0	1,230.7
Information	101.0	100.0	100.3	96.1	96.0	93.2	87.7	93.1	94.1	91.0
Financial Activities	380.1	384.5	390.6	399.1	407.9	410.8	406.0	402.6	406.6	416.0
Professional and Business Services	919.1	931.5	939.2	948.6	952.3	927.8	904.0	953.6	974.9	968.7
Education and Health Services	891.9	908.8	920.2	928.4	934.8	923.6	897.7	916.5	951.3	976.5
Leisure and Hospitality	566.8	590.1	604.8	614.3	620.8	554.0	456.0	546.0	584.1	607.2
Other Services	252.3	251.8	252.0	253.6	255.2	245.5	234.5	242.7	250.9	253.8
Government	826.9	823.6	820.0	818.9	821.6	809.1	771.1	784.4	803.6	822.3
<b>Annual Average Totals</b>	<b>5,921.6</b>	<b>5,995.2</b>	<b>6,031.8</b>	<b>6,080.3</b>	<b>6,116.1</b>	<b>5,938.4</b>	<b>5,698.7</b>	<b>5,932.4</b>	<b>6,098.1</b>	<b>6,187.6</b>
<b>Illinois' Annual % Change</b>	<b>1.4%</b>	<b>1.2%</b>	<b>0.6%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>-2.9%</b>	<b>-4.0%</b>	<b>4.1%</b>	<b>2.8%</b>	<b>1.5%</b>

## Average Weekly Earnings by Subsector in Illinois

FY 2015 to FY 2024

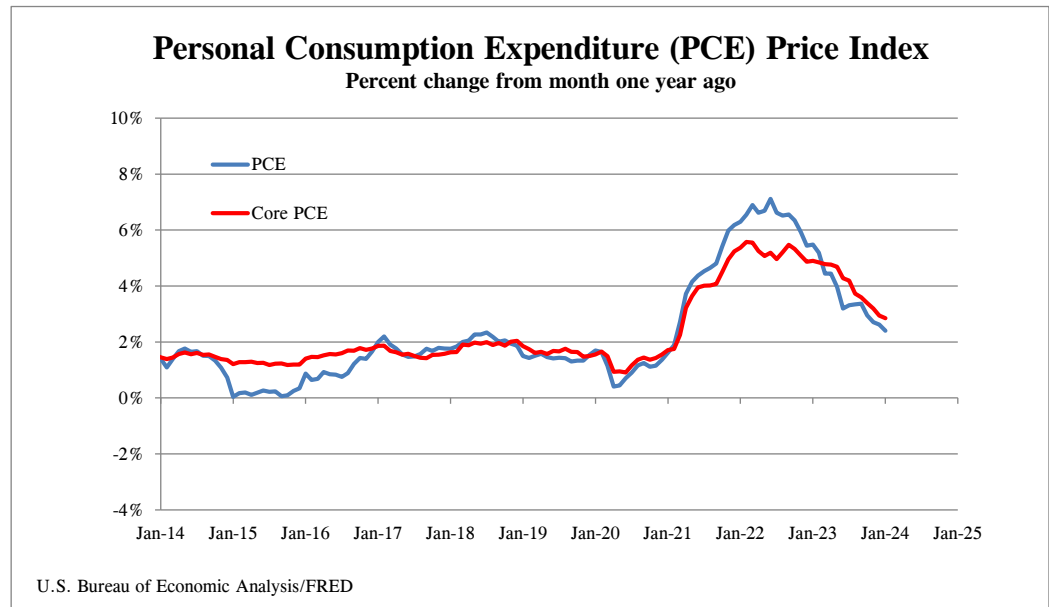
Subsector	Annual Average									
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 (YTD)
Mining*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Construction	\$1,349	\$1,383	\$1,383	\$1,386	\$1,471	\$1,467	\$1,456	\$1,576	\$1,683	\$1,740
Manufacturing	\$1,026	\$1,044	\$1,033	\$1,064	\$1,103	\$1,135	\$1,179	\$1,201	\$1,240	\$1,264
Trade, Transportation, and Utilities	\$809	\$811	\$811	\$840	\$873	\$883	\$931	\$985	\$976	\$969
Information	\$1,151	\$1,140	\$1,149	\$1,265	\$1,392	\$1,482	\$1,517	\$1,447	\$1,540	\$1,667
Financial Activities	\$1,281	\$1,327	\$1,366	\$1,366	\$1,413	\$1,473	\$1,614	\$1,621	\$1,584	\$1,663
Professional and Business Services	\$1,036	\$1,061	\$1,081	\$1,105	\$1,155	\$1,211	\$1,268	\$1,350	\$1,347	\$1,337
Education and Health Services	\$802	\$813	\$802	\$805	\$820	\$839	\$871	\$937	\$978	\$977
Leisure and Hospitality	\$362	\$372	\$383	\$396	\$416	\$432	\$445	\$496	\$530	\$545
Other Services	\$808	\$852	\$857	\$845	\$884	\$976	\$1,025	\$1,052	\$1,084	\$1,111
Government*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Illinois' Annual Average Weekly Earnings*</b>	<b>\$888</b>	<b>\$903</b>	<b>\$907</b>	<b>\$926</b>	<b>\$964</b>	<b>\$1,002</b>	<b>\$1,060</b>	<b>\$1,103</b>	<b>\$1,117</b>	<b>\$1,128</b>
<b>% Change in Avg. Weekly Earnings</b>	<b>2.0%</b>	<b>1.7%</b>	<b>0.4%</b>	<b>2.0%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>5.8%</b>	<b>4.1%</b>	<b>1.3%</b>	<b>1.0%</b>

\* 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.

Source: Bureau of Labor Statistics, CGFA

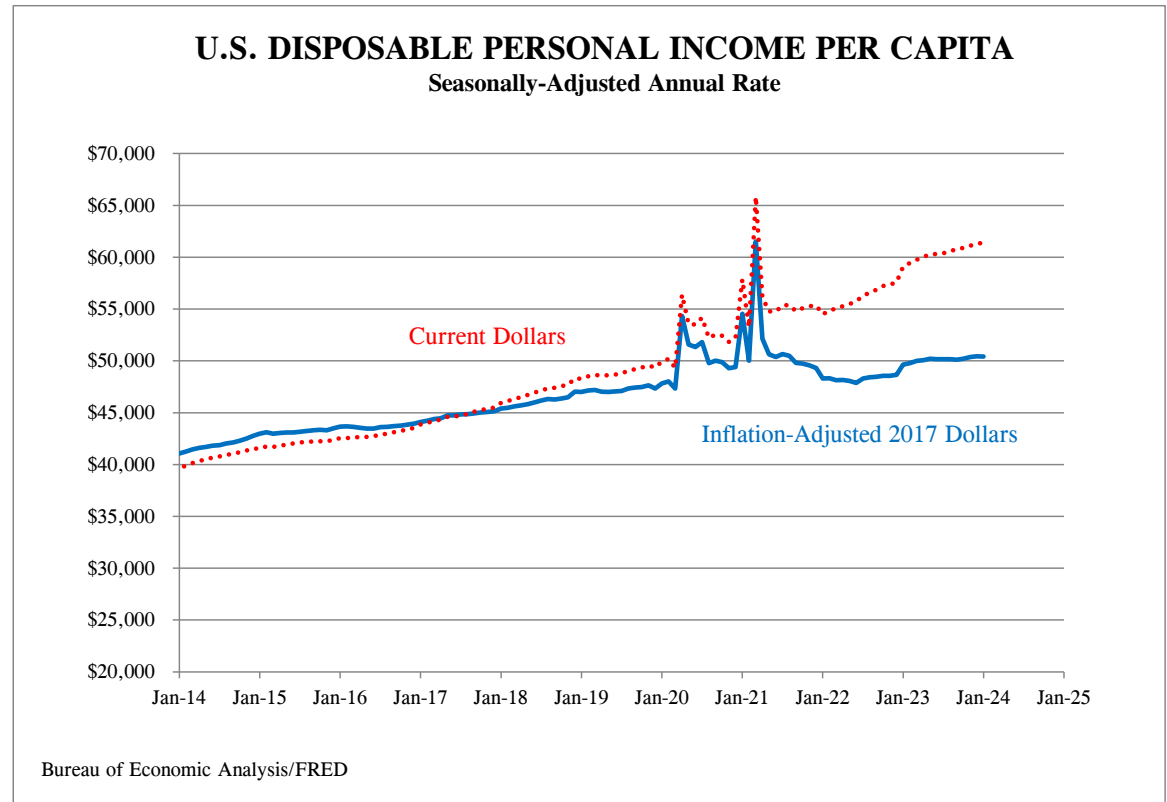
# Personal Consumption Expenditures Price Index (PCE)

- The Personal Consumption Expenditures Price Index (PCE) is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services.
- This measure includes not just out-of-pocket expenditures like the CPI, but also, payments made on consumers behalf such as outlays for medical service made through health insurance or government programs.
- The PCE Price index is the Federal Reserve's preferred measure of inflation.
- Similar to the CPI, the PCE peaked in the summer of 2022 at 7.1%. The Core PCE (PCE less food and energy) peaked in February of 2022 at 5.6% but stayed near that level through September of that year.
- Since then both PCE and Core PCE have fallen significantly. In January, PCE had lowered to 2.4%, while Core PCE remained 2.8% above where it was 12 months earlier.
- While these levels of inflation remain above the Fed's desired level of 2.0%, monthly PCE results on an annualized basis had been consistently below 2.0% during the second half of 2023 though January saw a spike in inflation.



# Income

- Disposable personal income is the income available to persons for spending or saving. It is equal to personal income less personal current taxes.
- Disposable income saw vast jumps during the pandemic due to increased government benefits and direct COVID-19 payments.
- While current dollar disposable income returned to a pattern of growth in the beginning of 2022, real disposable income (which adjusts for inflation) declined as inflation increased and government support went away.
- The decline in real disposable income per capita lasted through the summer of 2022. Since then, real disposable income has reverted to the pre-COVID-19 trend.
- Real disposable income is expected to grow about 2.2% in 2024.



# S&P GLOBAL U.S. ECONOMIC FORECAST SCENARIOS

FEBRUARY 2024\*

	Baseline (55%)	Pessimistic (30%)	Optimistic (15%)
<b>GDP Growth</b>	Real GDP rose 3.1% in 2023. Growth continues at 1.7% in 2024 and 1.6% in 2025.	Real GDP growth slows to 0.2% in 2024 and to 1.5% in 2025.	Real GDP growth persists at 2.5% in 2024 and 2.0% in 2025.
<b>Consumer Spending</b>	Consumption rose from 1.2% in 2022 to 2.6% in 2023. Growth continues at 2.4% in 2024 and 2.0% in 2025.	Spending slows to 0.4% in 2024 and rises to 2.0% in 2025.	Spending accelerates to 3.2% in 2024 and 2.6% in 2025.
<b>Business Fixed Investment</b>	Rose 4.1% in 2023 and slows to 1.6% in 2024 and 2.1% in 2025.	Falls -2.3% in 2024 and -0.1% in 2025.	Will rise 3.2% in 2024 and 3.4% in 2025.
<b>Housing</b>	Housing starts fell from 1.55 million in 2022 to 1.42 million in 2023, then will tick down to 1.41 million in 2024 and 1.35 million in 2025.	Housing starts will tick down further to 1.35 in 2024 and 1.23 million in 2025.	Housing starts will tick up to 1.43 million in 2024 and will tick down to 1.39 million in 2025.
<b>Monetary Policy</b>	We expect the upper end of the fed-eral funds rate target to reach 5.35% by early 2024.	The federal funds rate reaches an upper limit of 5.35% in early 2024.	Similar path to baseline but with a higher long-run federal funds rate over 2023–2026.
<b>Inflation (PCE)</b>	Core personal consumption (PCE) price inflation rose by 3.2% in 2023 and will moderate to 2.1% in 2024 and 2025.	Core PCE price inflation cools to 2.3% in 2024 and 1.6% in 2025.	Core PCE price inflation moderates to 2.2% in 2024 and 2025.

\*Annual percent changes are fourth-quarter over fourth-quarter.

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## U.S. FORECASTS -- FEBRUARY 2024

(Percent Change of Real 2017 \$ on Calendar Year Basis, Q4/Q4 for Annual Rates)

	2021	2022	2023	2024			2025		
	Actual	Actual	Actual	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
<b>Gross Domestic Product</b>	5.4%	0.7%	3.1%	0.2%	1.7%	2.5%	1.5%	1.6%	2.0%
<b>Personal Consumption</b>	7.2%	1.2%	2.6%	0.4%	2.4%	3.2%	2.0%	2.0%	2.6%
Durable	5.8%	0.1%	6.1%	0.0%	3.5%	4.7%	3.8%	4.4%	5.2%
Nondurable	7.0%	-1.0%	2.2%	0.2%	2.1%	3.0%	1.2%	1.1%	1.7%
Services	7.6%	2.1%	2.2%	0.6%	2.3%	3.0%	1.9%	1.9%	2.4%
<b>Fixed Investment (Nonresidential)</b>	4.9%	5.6%	4.1%	-2.3%	1.6%	3.2%	-0.4%	2.1%	3.4%
<b>Exports</b>	6.7%	4.3%	2.1%	3.3%	4.3%	5.5%	4.4%	4.1%	3.7%
<b>Imports</b>	11.1%	2.1%	-0.2%	1.4%	5.2%	6.4%	3.5%	4.1%	4.9%
<b>Government</b>	-0.2%	0.8%	4.3%	0.3%	0.5%	0.6%	0.3%	0.3%	0.3%
Federal	0.6%	-0.1%	4.0%	0.1%	0.2%	0.2%	0.5%	0.5%	0.5%
State & Local	-0.6%	1.3%	4.5%	0.4%	0.7%	0.9%	0.1%	0.2%	0.2%
<b>OTHER MEASURES</b>									
Personal Consumption (Current \$)	13.5%	7.2%	5.4%	2.9%	4.3%	5.3%	3.6%	3.9%	4.7%
Before Tax Profits (Current \$)	22.2%	2.5%	5.8%	1.8%	5.8%	7.2%	1.0%	1.6%	3.2%
Unemployment Rate (Average Q4)	4.2%	3.6%	3.8%	5.9%	4.0%	3.9%	6.0%	4.4%	3.9%
<b>S&amp;P GLOBAL</b>									

## ILLINOIS FORECASTS -- FEBRUARY 2024

(Calendar Years, Q4/Q4 for Annual Rates)

	2022	2023	2024			2025		
	Actual	Est.	Pessimistic	Baseline	Optimistic	Pessimistic	Baseline	Optimistic
<b>Real Gross State Product (Billions 2017\$)</b>	866.7	885.2	883.3	898.1	905.2	892.6	908.4	919.1
% Change	-0.1%	2.1%	-0.2%	1.5%	2.3%	1.1%	1.1%	1.5%
<b>Total Employment (1,000's)</b>	6,089.5	6,147.1	6,055.9	6,165.8	6,187.2	5,988.4	6,144.3	6,165.8
% Change	2.9%	0.9%	-1.5%	0.3%	0.7%	-1.1%	-0.3%	-0.3%
<b>Population (1,000's)</b>	12,557.9	12,541.3	12,519.6	12,519.6	12,519.6	12,491.5	12,491.5	12,491.5
% Change	-0.6%	-0.1%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
<b>Personal Income (Billions \$)</b>	865.5	901.3	934.1	943.2	952.2	967.2	984.6	997.3
% Change	2.5%	4.1%	3.6%	4.7%	5.7%	3.5%	4.4%	4.7%
<b>Private Housing Starts (1,000's)</b>	19.0	17.3	15.0	16.3	16.6	15.1	16.5	17.0
% Change	-12.1%	-9.0%	-13.3%	-5.7%	-3.9%	1.0%	1.5%	2.5%
<b>Unemployment Rate Average % (Q4)</b>	4.6%	4.7%	6.6%	4.7%	4.4%	7.4%	5.0%	4.7%

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## 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.