

ILLINOIS DEPARTMENT OF REVENUE MONTHLY REVENUE REPORT

February

Research Division

Fiscal Year 2012

<http://tax.illinois.gov/AboutIdor/TaxResearch/TaxResearch.htm>

This report analyzes the major revenues the Illinois Department of Revenue (IDOR) Research Division forecasts. It examines how actual revenues compare with the previous year and with current FY 2012 forecasts.

Note: 4/20/12 - Hotel Tax was revised to include a new Chicago Travel and Promo Fund (Fund #624).

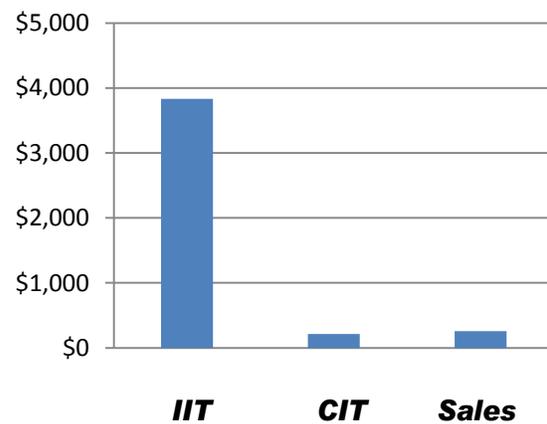
Fiscal Year 2012 revenue receipts through February for individual income, corporate income, and sales taxes ("big three" revenue sources) are \$16,349.8 million. Those receipts are \$4,307.7 million above last year and \$63.4 million above the current forecast.

Individual income tax receipts are \$10,263.0 million. The total is \$3,830.9 million above last year and \$27.0 million above the current forecast.

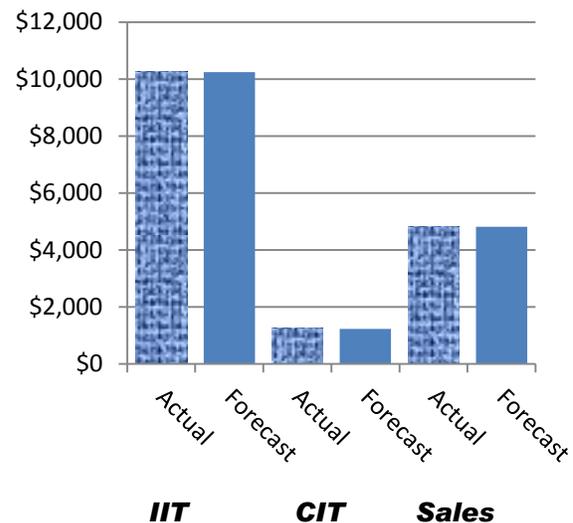
Corporate income tax receipts are \$1,269.6 million. The total is \$216.2 million above last year (an amnesty year) and \$36.5 million above the current forecast.

Sales tax receipts are \$4,817.2 million. The total is \$260.6 million above last year and \$0.1 million below the current forecast.

**Increase in Year-to-Date Revenues
FY 2011 and FY 2012 (in millions)**



**FY 2012 Year-to-Date Revenues versus
Forecasts (in millions)**



TECHNICAL NOTE

The sum of individual tax components may not equal the total due to rounding.

FEATURE

On February 22, 2012, Governor Pat Quinn introduced the Fiscal Year 2013 Operating Budget. While focused on Fiscal Year 2013, the budget document contained revised forecasts for Fiscal Year 2012. The major Fiscal Year 2012 revision was in sales tax. Minor modifications were made to several other sources. These comparisons are summarized below.

Comparison of FY 2012 Revenue Estimates

| Revenue Source Receipts | FY 2012 Original Estimate* | FY 2012 Mid-Year Estimate* | FY 2012 Revisions in FY13 Operating Budget |
|--------------------------------|----------------------------|----------------------------|--------------------------------------------|
| Individual Income Tax (IIT) | \$16,506.2 | \$16,506.2 | \$16,506.2 |
| Corporate Income Tax (CIT) | \$2,852.7 | \$2,852.7 | \$2,852.7 |
| Sales Tax (GRFs only) | \$6,586.0 | \$6,910.0 | \$7,145.0 |
| Public Utilities | \$1,082.0 | \$1,082.0 | \$1,082.0 |
| Telecommunications | \$509.0 | \$509.0 | \$509.0 |
| Electricity | \$409.0 | \$409.0 | \$409.0 |
| Gas | \$164.0 | \$164.0 | \$164.0 |
| Lottery | \$645.0 | \$645.0 | \$639.9 |
| Riverboat Gaming | \$501.0 | \$451.0 | \$412.1 |
| Estate Tax | \$182.1 | \$182.1 | \$215.0 |
| Cigarette (All Funds) | \$532.0 | \$532.0 | \$524.0 |
| Tobacco Products | \$24.0 | \$24.0 | \$29.0 |
| PP Replacement Tax | \$1,201.3 | \$1,201.3 | \$1,180.6 |
| Regular Motor Fuel Tax | \$1,129.0 | \$1,160.0 | \$1,162.0 |
| Motor Fuel – IFTA | \$143.0 | \$83.0 | \$83.0 |
| Underground Storage Tank | \$68.0 | \$68.0 | \$70.0 |
| Liquor (GRF 1 only) | \$162.0 | \$162.0 | \$162.0 |
| Insurance Tax | \$316.1 | \$316.1 | \$302.0 |
| Franchise Tax & Fees | \$204.0 | \$204.0 | \$204.0 |
| Real Estate Transfer Tax | \$35.0 | \$35.0 | \$40.0 |
| Private Vehicle Use (GRF only) | \$32.0 | \$32.0 | \$32.0 |
| Hotel Tax (All Funds) | \$209.0 | \$210.0 | \$210.0 |

***Original estimates for IIT and CIT differ from those in the 2012 Operating Budget**

These two estimates were adjusted prior to the start of the current fiscal year for bonus depreciation and lagged withholding

When the Fiscal Year 2012 budget was released (February 2011), we were forecasting sales tax receipts at \$6,586 million. Over the course of the last 12 months, sales tax receipts have consistently and significantly outperformed all expectations. In the Governor's Fiscal Year 2013 Operating Budget sales tax is forecasted at \$7,145 million. The underlying causes of this anticipated 7.1 percent growth are lower than expected savings rates, higher than anticipated gas prices, and higher than anticipated motor vehicle sales.

➤ Individual Income Tax (IIT)

Fiscal Year 2012 year-to-date receipts are coming in as forecasted.

Withholding (WIT) receipts: February's receipts were on target; 0.5 percent (\$6.0 million) below our forecast for the month. The FY 2012 WIT forecast for the first eight months was \$9,007.4 million. Actual WIT receipts for this period totaled \$9,097.8 million. Hence, actual WIT receipts are up 1.0 percent (\$90.4 million) over our year-to-date forecast.

| Year-to-Date (\$ millions) | | Note: FY2011 includes amnesty-related payments | |
|----------------------------|------------|------------------------------------------------|--------------|
| Actual | Forecast | \$ Difference | % Difference |
| \$10,263.0 | \$10,236.0 | \$27.0 | 0.3% |
| FY 2011 | FY 2012 | \$ Difference | % Difference |
| \$6,432.1 | \$10,263.0 | \$3,830.9 | 59.6 % |

Non-withholding (non-WIT) receipts: February's non-WIT receipts were 120.4 percent (\$53.9 million) above our monthly forecast. Eight months into the Fiscal Year, non-WIT receipts are 5.2 percent (\$63.3 million) below our year-to-date forecast.

In spite of being close to our year-to-date forecast, non-WIT receipts depend heavily on the last part of the fiscal year. This is because approximately 60.0 percent of non-withholdings are receipted from March through June. In addition to this historic concentration of receipts in the last four months of the year, this year we expect an additional \$377 million in final payments due to the lag in withholding payments (from January and February 2011) associated with the startup of the tax increase. We also estimate a \$260 million reduction in final payment and/or reduced refunds since Illinois did not decouple from federal bonus depreciation.

In light of all these uncertainties, we will review our non-withholding forecast in April after we have received both tax year 2012's first quarter estimated payments and tax year 2011 final payments due on April 17th.

| Components Year-to-Date (\$ millions) | | | | |
|------------------------------------------------|-------------------|-------------------|---------------|--------------|
| Note: FY2011 includes amnesty-related payments | | | | |
| | Actual | Forecast | \$ Difference | % Difference |
| Withholding | \$9,097.8 | \$9,007.4 | \$90.4 | 1.0% |
| Estimated and final | \$1,165.2 | \$1,228.6 | -\$63.4 | -5.2% |
| Total | \$10,263.0 | \$10,236.0 | \$27.0 | 0.3% |

Payment totals match the Comptroller's receipts. Withholding and estimated and final payments are derived from IDOR collection data and in-transit fund data. Totals may not equal individual components due to rounding.

➤ Corporate Income Tax (CIT)

Corporate income tax receipts for February were \$56.8 million, compared with the forecasted \$47.0 million. Year-to-date receipts are running slightly above forecast. However, as noted in the Governor's 2013 Operating Budget, there is a lot of uncertainty surrounding tax year 2011 final payments. Most tax year 2011 final payments are due in March and the tax year 2012 first estimated payments are due in April. We will be monitoring receipts closely and propose adjustments for FY 2012 and/or FY 2013 if appropriate.

| Year-to-Date comparison (\$ millions) | | | |
|------------------------------------------------|-----------|---------------|--------------|
| Note: FY2011 includes amnesty-related payments | | | |
| Actual | Forecast | \$ Difference | % Difference |
| \$1,269.6 | \$1,233.1 | \$36.5 | 3.0% |
| FY 2011 | FY 2012 | \$ Difference | % Difference |
| \$1,053.4 | \$1,269.6 | \$216.2 | 20.5% |

➤ Sales Tax

One-time amnesty-related payments totaling \$163.9 million were deposited across November (\$122.5 million), December (\$36.0 million), and January (\$5.4 million) of last year. Comparisons that exclude FY 2011's amnesty-related payments are a better indicator of changes in actual taxable spending, since they are not skewed by one-time special payments.

The component table below shows that year-to-date growth in FY 2012, excluding FY 2011's amnesty related payments, was 9.7 percent. For the month of February alone, state sales/use tax receipts were up 4.5 percent (\$21.5 million) compared to February 2011.

Year-to-Date comparison (\$ millions)

Note: FY2011 includes amnesty-related payments

| Actual | Forecast | \$ Difference | % Difference |
|-----------|-----------|---------------|--------------|
| \$4,817.2 | \$4,817.3 | -\$0.1 | 0.0% |
| FY 2011 | FY 2012 | \$ Difference | % Difference |
| \$4,556.5 | \$4,817.2 | \$260.6 | 5.7% |

Year-to-Date comparison (\$ millions)

Note: FY2011 excludes amnesty-related

| | FY 2011 | FY 2012 | \$ Difference | % Difference |
|--------------------|------------------|------------------|----------------|--------------|
| Vehicles | \$580.0 | \$618.1 | \$38.0 | 6.6% |
| Motor fuel* | \$428.2 | \$515.5 | \$87.3 | 20.4% |
| All else | \$3,384.4 | \$3,683.6 | \$299.1 | 8.8% |
| Total | \$4,392.7 | \$4,817.2 | \$424.5 | 9.7% |

*Estimated. IDOR does not have actual data on sales tax from Motor Fuel.

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February and Year-to-date Receipts and Forecasts (in millions)

| Revenue Source Receipts | February FY2011 | February FY2012 | FY 2011 YTD | FY 2012 YTD | YTD FY 2012 vs. YTD FY 2011 | | FY 2012 YTD Forecasts | YTD FY 2012 vs. YTD Forecasts | | FY 2008 Total | FY 2009 Total | FY 2010 Total | FY 2011 Total | FY 2012 Forecasts |
|-------------------------------|--------------------|--------------------|----------------|----------------|--------------------------------------|--------|-----------------------------|----------------------------------------|--------|------------------|------------------|------------------|------------------|----------------------|
| Individual Income Tax (IIT) | \$965.4 | \$1,249.5 | \$6,432.1 | \$10,263.0 | \$3,830.9 | 59.6% | \$10,236.0 | \$27.0 | 0.3% | \$11,187.2 | \$10,219.4 | \$9,429.8 | \$12,301.8 | \$16,506.2 |
| Corporate Income Tax (CIT) | \$37.1 | \$56.8 | \$1,053.4 | \$1,269.6 | \$216.2 | 20.5% | \$1,233.1 | \$36.5 | 3.0% | \$2,200.9 | \$2,072.5 | \$1,648.9 | \$2,285.7 | \$2,852.7 |
| Sales Tax (funds 1, 5, 412 or | \$483.5 | \$505.0 | \$4,556.5 | \$4,817.2 | \$260.6 | 5.7% | \$4,817.3 | -\$0.1 | 0.0% | \$7,214.6 | \$6,772.8 | \$6,308.0 | \$6,833.0 | \$7,145.0 |
| Public Utilities | \$92.2 | \$68.1 | \$727.8 | \$673.2 | -\$54.6 | -7.5% | \$700.8 | -\$27.6 | -3.9% | \$1,157.1 | \$1,167.8 | \$1,089.2 | \$1,147.2 | \$1,082.0 |
| Telecommunications | \$36.3 | \$28.8 | \$367.5 | \$321.1 | -\$46.3 | -12.6% | \$335.4 | -\$14.3 | -4.3% | \$578.9 | \$593.3 | \$549.5 | \$586.9 | \$509.0 |
| Electricity | \$34.1 | \$22.1 | \$278.5 | \$272.4 | -\$6.1 | -2.2% | \$279.6 | -\$7.2 | -2.6% | \$410.3 | \$402.9 | \$381.4 | \$401.2 | \$409.0 |
| Gas | \$21.8 | \$17.3 | \$81.8 | \$79.7 | -\$2.1 | -2.6% | \$85.8 | -\$6.1 | -7.1% | \$168.0 | \$171.5 | \$158.3 | \$159.1 | \$164.0 |
| Lottery | \$38.2 | \$31.0 | \$381.3 | \$378.5 | -\$2.9 | -0.8% | \$389.3 | -\$10.8 | -2.8% | \$657.0 | \$625.0 | \$625.0 | \$631.9 | \$639.9 |
| Riverboat Gaming | \$17.4 | \$11.9 | \$241.5 | \$318.4 | \$76.9 | 31.8% | \$318.4 | \$0.0 | 0.0% | \$564.0 | \$430.0 | \$430.5 | \$324.2 | \$412.1 |
| Estate Tax | \$0.8 | \$22.9 | \$117.1 | \$133.6 | \$16.5 | 14.1% | \$133.6 | \$0.0 | 0.0% | \$372.8 | \$287.7 | \$243.4 | \$122.2 | \$215.0 |
| Cigarette (All Funds) | \$36.3 | \$36.9 | \$364.5 | \$329.3 | -\$35.2 | -9.7% | \$335.2 | -\$5.9 | -1.8% | \$592.2 | \$564.0 | \$557.8 | \$560.8 | \$524.0 |
| Tobacco Products | \$1.4 | \$2.0 | \$18.1 | \$19.3 | \$1.2 | 6.6% | \$19.3 | \$0.0 | 0.0% | \$21.2 | \$21.4 | \$24.0 | \$27.4 | \$29.0 |
| PP Replacement Tax | \$26.3 | \$31.9 | \$570.4 | \$501.5 | -\$68.9 | -12.1% | \$519.3 | -\$17.8 | -3.4% | \$1,486.2 | \$1,263.6 | \$1,012.6 | \$1,334.2 | \$1,180.6 |
| Regular Motor Fuel Tax | \$86.4 | \$93.1 | \$784.6 | \$770.7 | -\$13.8 | -1.8% | \$774.9 | -\$4.2 | -0.5% | \$1,117.1 | \$1,263.6 | \$1,165.4 | \$1,157.6 | \$1,162.0 |
| Motor Fuel - IFTA | \$5.6 | \$5.6 | \$53.5 | \$50.4 | -\$3.1 | -5.7% | \$53.1 | -\$2.7 | -5.1% | \$146.5 | \$144.0 | \$103.0 | \$84.9 | \$83.0 |
| Ug. Storage Tank | \$5.0 | \$5.9 | \$47.5 | \$46.7 | -\$0.8 | -1.7% | \$45.9 | \$0.8 | 1.8% | \$71.1 | \$74.8 | \$70.8 | \$71.2 | \$70.0 |
| Liquor (fund 1 only) | \$8.2 | \$8.9 | \$107.7 | \$112.0 | \$4.3 | 4.0% | \$111.1 | \$0.9 | 0.8% | \$158.1 | \$157.6 | \$158.5 | \$157.4 | \$162.0 |
| Insurance Tax | \$14.3 | \$14.9 | \$162.1 | \$166.5 | \$4.4 | 2.7% | \$164.6 | \$1.9 | 1.2% | \$294.6 | \$334.3 | \$322.4 | \$316.1 | \$302.0 |
| Franchise Tax & Fees | \$15.2 | \$19.5 | \$140.5 | \$133.3 | -\$7.2 | -5.1% | \$135.8 | -\$2.5 | -1.8% | \$225.2 | \$201.5 | \$208.0 | \$207.3 | \$204.0 |
| Real Estate Transfer Tax | \$2.3 | \$1.6 | \$25.0 | \$25.4 | \$0.4 | 1.6% | \$26.0 | -\$0.6 | -2.3% | \$76.8 | \$45.6 | \$40.3 | \$38.0 | \$40.0 |
| Private Vehicle Use (fund 1 o | \$1.6 | \$1.8 | \$19.0 | \$18.0 | -\$1.0 | -5.4% | \$20.4 | -\$2.4 | -11.9% | \$32.0 | \$27.3 | \$30.2 | \$30.3 | \$32.0 |
| Hotel Tax (All Funds) | \$13.0 | \$12.8 | \$144.7 | \$156.4 | \$11.7 | 8.1% | \$156.3 | \$0.1 | 0.1% | \$219.2 | \$203.3 | \$173.1 | \$191.7 | \$210.0 |

FY2012 annual estimates are updated to be reflect information provided in the Governor's 2013 Operating Budget