

ILLINOIS DEPARTMENT OF REVENUE MONTHLY REVENUE REPORT

January

Research Division

Fiscal Year 2013

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

This report analyzes the major revenues forecast by the Illinois Department of Revenue (IDOR) Research Division. It examines how actual revenues compare with the previous year and with current FY 2013 forecasts.

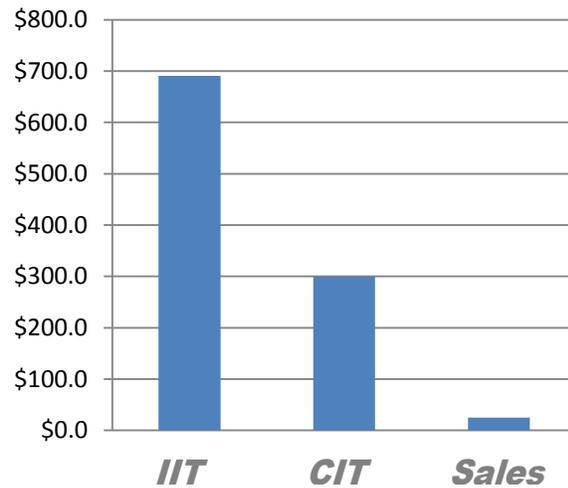
Fiscal Year 2013 revenue receipts through January for individual income, corporate income, and sales taxes ("big three" revenue sources) are \$15,553.6 million. Those receipts are \$1,015.0 million above last year and \$569.7 million above the current estimate.

Individual income tax receipts are \$9,704.0 million. The total is \$690.5 million above last year and \$280.6 million above the current estimate.

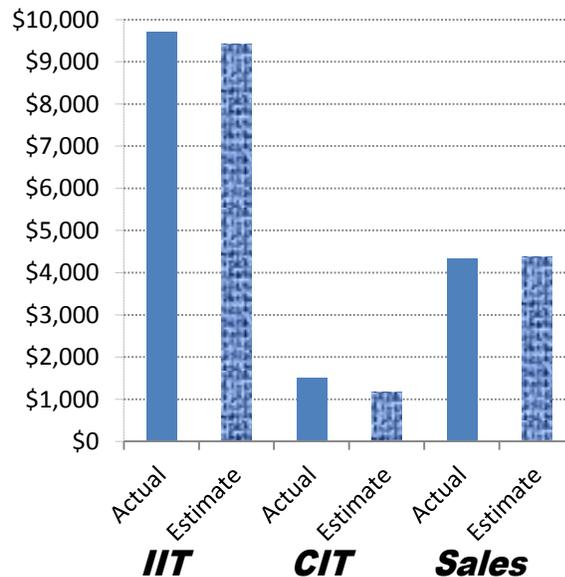
Corporate receipts are \$1,512.3 million. The total is \$299.4 million above last year and \$329.3 million above the current estimate.

Sales tax receipts are \$4,337.3 million. The total is \$25.1 million above last year and \$40.2 million below our estimates.

**Increase in Year-to-Date Revenues
FY 2012 and FY 2013 (in millions)**



**FY 2013 Year-to-Date Revenues
versus Forecasts (in millions)**



TECHNICAL NOTE: THE SUM OF INDIVIDUAL TAX COMPONENTS MAY NOT EQUAL THE TOTAL DUE TO ROUNDING.

➤ Individual Income Tax (IIT)

With five months remaining of the fiscal year, total FY 2013 receipts are coming in well above the estimate.

In part, this positive performance is due to higher-than-anticipated non-withholding receipts in December and January. More importantly, the

other part of this better-than-expected result reflects the steady improvement in the state's labor market.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$9,704.0	\$9,423.4	\$280.6	3.0%
FY 2012	FY 2013	\$ Difference	% Difference
\$9,013.5	\$9,704.0	\$690.5	7.7%

Withholding receipts: Withholding receipts ended 19.6 percent above the monthly forecast. This significant positive deviation is explained by a couple of factors. First, there was an above-average amount of in-transit money from December that was deposited in January. Second, there was a higher-than-anticipated growth in our tax base. Considering recent positive results, we can expect withholding receipts to perform better than anticipated in FY 2013.

Non-withholding receipts: January's non-WIT receipts came in 17.9 percent, or \$88.7 million, above the monthly estimate. Most of this growth is due to an unanticipated surge in estimated payments that occurred in December and January. Taxpayers appeared to have sold their highly appreciated assets in late 2012 in anticipation of higher capital gains tax rates in tax year 2013. We expect that this will decrease non-withholding receipts in the next fiscal year. All in all, we expect non-withholding receipts to come close or slightly above estimate by year's end.

Components Year-to-Date (\$ millions)				
	Actual	Forecast	\$ Difference	% Difference
Withholding	\$8,273.5	\$8,105.3	\$168.2	2.1%
Estimated and final	\$1,430.5	\$1,318.1	\$112.4	8.5%
Total	\$9,704.0	\$9,423.4	\$280.6	3.0%

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 were \$1,512.3 million through the first seven months of the fiscal year, 27.8 percent above the forecast. January receipts came in essentially at forecast, \$112.2 million compared with a forecast of \$110.3 million.

Year-to-Date Comparison (\$ millions)			
Actual	Estimate	\$ Difference	% Difference
\$1,512.3	\$1,183.0	\$329.3	27.8
FY 2012	FY 2013	\$ Difference	% Difference
\$1,212.9	\$1,512.3	\$275.2	24.7

While CIT receipts are up approximately 28 percent over forecast, we have several reasons to doubt that we will finish the fiscal year so high above forecast:

- Corporate profits are up 7% over the prior year rather than the 2.8% used in the forecast. This rate of growth is not anywhere near as large an increase as CIT receipts have shown.
- All of the recent changes in tax law – the tax rate increase, federal 100% expensing, and the suspension/cap of Net Operating Losses, may have changed the timing of taxpayers' tax payments. This would affect our ability to spread our forecast accurately throughout the year.
- A majority of the CIT receipts forecast for FY 2013 have not arrived yet. Our forecast was for approximately 40% of total CIT receipts to have come in year-to-date. If there is a shift in the timing of payments related to tax law changes, we may see a decrease in final payments for tax year 2012 and initial estimated payments for tax year 2013, which would hit in March – June of 2013, the latter half of FY 2013.

We are developing a database that will allow us to determine the industries and types of businesses that are leading to the higher than anticipated results. Analysis of this data will help us to determine whether the receipts growth will continue in the second half of FY 2013, or if it is the result of one-time factors.

➤ Sales & Use Tax

State sales and use tax receipts for the first seven months of fiscal year 2013 were 0.6 percent above the same period in fiscal year 2012 and 0.9 percent below our forecast year-to-date. Year-to-date growth has been concentrated mostly in sales and use tax receipts from motor vehicle sales.

Year-to-Date Comparison (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$4,337.3	\$4,377.5	-\$40.2	-0.9%
FY 2012	FY 2013	\$ Difference	% Difference
\$4,312.2	\$4,337.3	\$25.2	0.6%

January 2013 sales and use tax receipts, comprised mostly of receipts from sales that occurred in December 2012, fell 2.2 percent compared to January 2012's receipts.

Uncertainty and anxiety surrounding the December 31st fiscal cliff deadline brought consumer confidence to a four-month low in December and undoubtedly hurt consumer spending.

We expect the January expiration of the payroll tax cut to keep growth weak for the remainder of the fiscal year by shrinking paychecks and reducing consumer confidence. Based on the average household income in Illinois, the average household will lose about \$80 per month in disposable income because of higher payroll taxes.

Year-to-Date Comparison (\$ millions)				
	FY 2012	FY 2013	\$ Difference	% Difference
Vehicles	\$553.7	\$600.8	\$47.1	8.5%
Motor fuel*	\$444.9	\$459.7	\$14.7	3.3%
All else	\$3,313.5	\$3,276.9	-\$36.6	-1.1%
Total	\$4,312.2	\$4,337.3	\$25.2	0.6%

**Estimated. IDOR does not have actual data on sales/use tax from motor fuel.*

➤ Public Utilities Taxes

Telecommunications –

General Fund receipts were \$291.5 million through January, 4.2 percent (approximately \$13 million) below forecast year-to-date. Approximately \$2.5 million of this shortage can be explained by a higher-than-anticipated allocation percentage for the Simplified

Municipal Telecom Tax, which is collected on the same return as the Telecom Excise Tax and allocated before state receipts are accounted for.

Year-to-Date (\$ millions)				
	Actual	Forecast	\$ Difference	% Difference
Telecommunications	\$291.5	\$304.4	-\$12.9	-4.2%
Electricity	\$241.2	\$246.9	-\$5.8	-2.3%
Natural gas	\$46.2	\$63.6	-\$17.4	-27.4%
	FY 2012	FY 2013	\$ Difference	% Difference
Telecommunications	\$292.4	\$291.5	-\$0.8	-0.3%
Electricity	\$245.9	\$241.2	-\$4.7	-1.9%
Natural gas	\$62.4	\$46.2	-\$16.2	-26.0%

Electricity – Receipts through January were \$241.2 million, which is 2.3 percent below our forecast.

Natural gas – Receipts through January are \$46.2 million year-to-date, 27.4% (\$17.4 million) below forecast.

Year-to-date, large taxpayers have used a net \$9.6 million in credit for overpayments to meet their current tax liabilities. These credits are due to overpayments made during FY 2012 due to the unusually warm weather.

➤ Cigarette Taxes

Year-to-date receipts for the Cigarette and Use Tax through January are consistent with the revised forecast, made after PA097-0688 became law.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds *	\$433.9	\$499.1	-\$65.2	-13.1%
General Revenue Fund	\$204.4	\$207.1	-\$2.7	-1.3%
	FY 2012	FY 2013	\$ Difference	% Difference
All Funds *	\$292.4	\$433.9	\$141.5	48.4%
General Revenue Fund	\$206.2	\$204.4	-\$1.8	-0.9%

➤ Tobacco Products Tax

Year-to-date receipts are slightly ahead of the forecast.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$28.4	\$27.2	\$1.2	4.4%
FY 2012	FY 2013	\$ Difference	% Difference
\$17.3	\$28.4	\$11.1	64.2%

➤ Estate Tax

Year-to-date receipts are still ahead of the forecast due to the change in reporting of July receipts from counties to the Illinois State Treasurer.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$179.5	\$141.4	\$38.1	26.9%
FY 2012	FY 2013	\$ Difference	% Difference
\$110.8	\$179.5	\$68.7	62.0%

➤ Liquor Tax

Liquor tax receipts for the seven months of fiscal year 2013 increased 0.5 percent compared to the same period last year and were 1.0 percent above our forecast year-to-date.

Year-to-Date (\$ millions)	*Includes general revenue funds			
	Actual	Forecast	\$ Difference	% Difference
All Funds	\$175.9	\$174.2	\$1.7	1.0%
General Revenue Fund	\$103.6	\$102.6	\$1.0	1.0%
	FY 2012	FY 2013	\$ Difference	% Difference
All Funds*	\$175.0	\$175.9	\$0.9	0.5%
General Revenue Fund	\$103.0	\$103.6	\$0.6	0.5%

➤ Hotel Operator's Occupation Tax (HOOT)

For all funds, year-to-date receipts are running slightly ahead of the forecast.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds*	\$149.3	\$147.7	\$1.6	1.1%
General Revenue Fund	\$22.7	\$22.4	\$0.3	1.3%
	FY 2012	FY 2013	\$ Difference	% Difference
All Funds*	\$143.4	\$149.3	\$5.9	4.1%
General Revenue Fund	\$21.1	\$22.7	\$1.6	7.6%

➤ Motor Fuel Taxes

Year-to-Date (\$ millions)		IFTA	
Actual	Forecast	\$ Difference	% Difference
\$39.0	\$46.0	-\$7.0	-15.1%
FY 2012	FY 2013	\$ Difference	% Difference
\$44.8	\$39.0	-\$5.7	-12.8%

Year-to-Date (\$ millions)		Regular MFT	
Actual	Forecast	\$ Difference	% Difference
\$670.8	\$695.9	-\$25.0	-3.6%
FY 2012	FY 2013	\$ Difference	% Difference
\$677.6	\$670.8	-\$6.8	-1.0%

Year-to-Date (\$ millions)		UST	
Actual	Forecast	\$ Difference	% Difference
\$40.5	\$41.9	-\$1.4	-3.4%
FY 2012	FY 2013	\$ Difference	% Difference
\$40.8	\$40.5	-\$0.3	-0.8%

Combined motor fuel tax receipts (regular MFT, IFTA, and UST) for the first seven months of fiscal year 2013 were 1.7 percent (-\$12.9 million) below the same period last year and 4.3 percent (-\$33.4 million) below our forecast year-to-date.

➤ Real Estate Transfer Tax (RETT)

January receipts came in far above forecast, pushing year-to-date ahead by almost 12 percent. The Illinois Association of Realtors reports that December home sales increased by 15 percent over previous-year levels with median prices increasing by 5.6 percent. As this is the first month of better-than-expected receipts, we will be monitoring the upcoming month's receipts to see if this upward trend signals a better than expected recovery in the real estate market.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$29.7	\$26.6	\$3.1	11.7%
FY 2012	FY 2013	\$ Difference	% Difference
\$23.8	\$29.7	\$5.9	24.8%

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January and Year-to-Date Receipts and Forecasts (\$ in millions)

Revenue Source Receipts	January FY2012	January FY2013	FY 2012 YTD	FY 2013 YTD	YTD FY 2013 vs. YTD FY 2012		FY 2013 YTD Forecasts	YTD FY 2013 vs. YTD Forecasts		FY 2009 Total	FY 2010 Total	FY 2011 Total	FY 2012 Total	FY 2013 Estimate
Individual Income Tax (IIT)	\$1,863.7	\$2,125.6	\$9,013.5	\$9,704.0	\$690.5	7.7%	\$9,423.4	\$280.6	3.0%	\$10,219.4	\$9,429.8	\$12,301.8	\$16,999.8	\$16,922.4
Corporate Income Tax (CIT)	\$88.0	\$112.2	\$1,212.9	\$1,512.3	\$299.4	24.7%	\$1,183.0	\$329.3	27.8%	\$2,072.5	\$1,648.9	\$2,285.7	\$2,983.0	\$2,921.0
Sales Tax (GRFs)	\$657.4	\$643.0	\$4,312.2	\$4,337.3	\$25.2	0.6%	\$4,377.5	-\$40.2	-0.9%	\$6,772.8	\$6,308.0	\$6,833.0	\$7,225.6	\$7,335.0
Public Utilities (GRFs)	\$97.4	\$96.1	\$600.7	\$578.9	-\$21.7	-3.6%	\$615.0	-\$36.1	-5.9%	\$1,167.8	\$1,089.2	\$1,147.2	\$994.7	\$1,101.0
Telecommunications	\$36.7	\$43.0	\$292.4	\$291.5	-\$0.8	-0.3%	\$304.4	-\$12.9	-4.2%	\$593.3	\$549.5	\$586.9	\$459.6	\$525.0
Electricity	\$39.6	\$35.0	\$245.9	\$241.2	-\$4.7	-1.9%	\$246.9	-\$5.8	-2.3%	\$402.9	\$381.4	\$401.2	\$390.0	\$409.0
Gas	\$21.0	\$18.2	\$62.4	\$46.2	-\$16.2	-26.0%	\$63.6	-\$17.4	-27.4%	\$171.5	\$158.3	\$159.1	\$145.2	\$167.0
Estate Tax (GRFs)	\$29.2	\$21.7	\$110.8	\$179.5	\$68.7	62.0%	\$141.4	\$38.1	26.9%	\$287.7	\$243.4	\$122.2	\$234.8	\$242.0
Cigarette (All Funds)	\$35.5	\$73.3	\$292.4	\$433.9	\$141.5	48.4%	\$499.1	-\$65.2	-13.1%	\$564.0	\$557.8	\$560.8	\$577.4	\$853.0
Tobacco Products	\$2.3	\$3.9	\$17.3	\$28.4	\$11.1	64.2%	\$27.2	\$1.2	4.4%	\$21.4	\$24.0	\$27.4	\$29.0	\$40.0
Regular Motor Fuel Tax	\$94.4	\$92.7	\$677.6	\$670.8	-\$6.8	-1.0%	\$695.9	-\$25.0	-3.6%	\$1,248.6	\$1,165.4	\$1,157.6	\$1,145.3	\$1,176.0
Motor Fuel - IFTA	\$3.8	\$2.6	\$44.8	\$39.0	-\$5.7	-12.8%	\$46.0	-\$7.0	-15.1%	\$144.0	\$103.0	\$84.9	\$75.1	\$77.0
Ug. Storage Tank	\$5.8	\$5.5	\$40.8	\$40.5	-\$0.3	-0.8%	\$41.9	-\$1.4	-3.4%	\$74.8	\$70.8	\$71.2	\$69.5	\$71.0
Liquor (GRF)	\$18.8	\$17.9	\$103.0	\$103.6	\$0.6	0.5%	\$102.6	\$1.0	1.0%	\$157.6	\$158.5	\$157.4	\$164.4	\$163.0
Insurance Tax (GRFs)	\$3.7	\$6.9	\$151.6	\$164.7	\$13.1	8.6%	\$134.8	\$29.9	22.2%	\$334.3	\$322.4	\$316.1	\$344.6	\$285.0
Franchise Tax (Corp Division)	\$13.7	\$21.7	\$113.8	\$129.0	\$15.2	13.4%	\$120.6	\$8.4	6.9%	\$201.5	\$208.0	\$207.3	\$191.6	\$203.0
Real Estate Transfer Tax	\$2.6	\$6.3	\$23.8	\$29.7	\$5.9	24.8%	\$26.6	\$3.1	11.7%	\$45.6	\$40.3	\$38.0	\$42.0	\$43.0
Private Vehicle Use (GRFs)	\$1.5	\$0.8	\$16.2	\$14.8	-\$1.4	-8.6%	\$17.6	-\$2.8	-15.8%	\$27.3	\$30.2	\$30.3	\$28.7	\$29.0
Hotel Tax (All Funds)	\$15.0	\$18.1	\$143.4	\$149.3	\$5.9	4.1%	\$147.7	\$1.6	1.1%	\$203.3	\$173.1	\$191.7	\$207.9	\$216.0