

ILLINOIS DEPARTMENT OF REVENUE MONTHLY REVENUE REPORT

March

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.

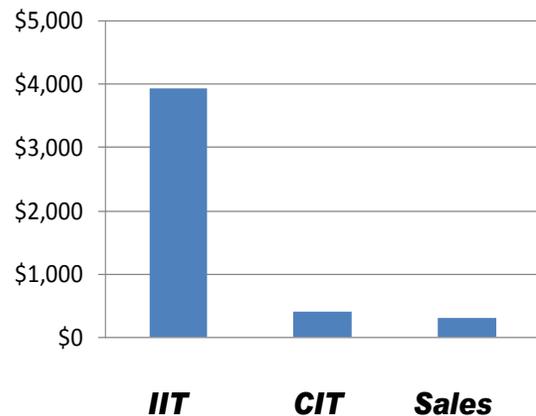
Fiscal Year 2012 revenue receipts through March for individual income, corporate income, and sales taxes ("big three" revenue sources) are \$18,934.8 million. Those receipts are \$4,655.9 million above last year and \$213.8 million above the current forecast.

Individual income tax receipts are \$11,749.9 million. The total is \$3,937.0 million above last year and \$144.1 million above the current forecast.

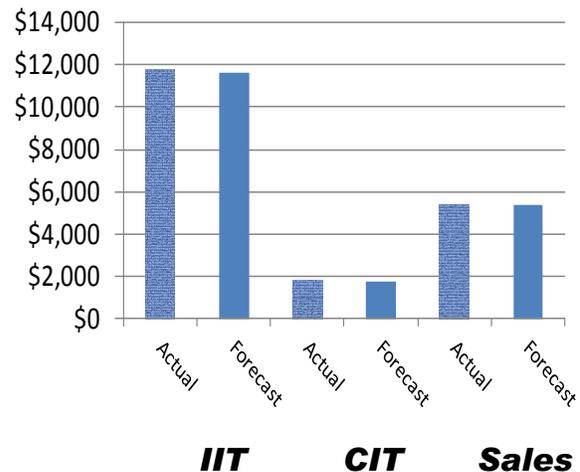
Corporate income tax receipts are \$1,793.0 million. The total is \$404.8 million above last year and \$33.3 million above the current forecast.

Sales tax receipts are \$5,391.9 million. The total is \$314.1 million above last year and \$36.4 million above 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)**



FEATURE

March 2012 was an exciting month for lottery players. The largest Mega Millions jackpot drawing in the history of the game took place this past March 30 for a record \$656 million.

There were three winning tickets purchased in the multi-state game. Winning tickets were purchased in Maryland, Kansas, and at a MotoMart convenience store in southwest Illinois. The Illinois owner of the ticket purchased in Red Bud (population 3,700) has still not come forward to claim his/her portion of the biggest jackpot ever won in Illinois Lottery history, estimated at \$219 million.

Unlike Maryland and Kansas, lottery winners in Illinois may not get to keep their identity secret as a showing of transparency. Lottery rules can compel winners to appear in advertisements and news conferences. However, there has been some success in keeping the winner's secret. Last year was the first time a limited liability corporation claimed a prize to safeguard the identity of a Chicago-area couple who won \$30 million.

The Illinois Department of Lottery also began its internet pilot program on March 25th. Sales were initially soft as technical glitches in the Web site were being worked out. April will provide the first complete month of data providing a decent gauge of initial performance.

➤ Individual Income Tax (IIT)

Nine months into FY 2012, IIT receipts are coming in above the forecast. Actual receipts are up 1.2 percent (\$144.1 million) over the year-to-date forecast.

Withholding (WIT) receipts: March's WIT receipts came in at \$1,338.2 million (8.2 percent) above our forecast of \$1,237.1 million. As anticipated in prior monthly reports, March and April are months involving significant uncertainty (lagged withholding and bonus depreciation). In addition, there is anecdotal evidence some taxpayers discovered they had either a lower than anticipated refund or a higher than anticipated final payment when filing their 2011 income tax return and reacted by adjusting their W-4 forms to claim less personal allowances. Any such adjustments would have contributed to the unanticipated increase in March WIT receipts.

Actual year-to-date WIT receipts are \$10,440.0 million compared to the \$10,244.5 million forecast. The second and third quarters are skewed, due to higher than average WIT payments received in January rather than December. This timing issue was discussed in the December Monthly Report.

Year-to-Date (\$ millions)

Note: FY2011 includes amnesty-related payments

Actual	Forecast	\$ Difference	% Difference
\$11,749.9	\$11,605.8	\$144.1	1.2%
FY 2011	FY 2012	\$ Difference	% Difference
\$7,812.9	\$11,749.9	\$3,937.0	50.4%

WIT	FY12 Actual	FY12 Forecast	\$ Difference	% Difference
1 st Quarter	\$3,231.4	\$3,172.5	\$58.9	1.9%
2 nd Quarter	\$3,279.9	\$3,404.9	-\$125.0	-3.7%
3 rd Quarter	\$3,928.7	\$3,667.1	\$261.6	7.1%
YTD	\$10,440.0	\$10,244.5	\$195.5	1.9%

Non-withholding (Non-WIT) receipts: March's Non-WIT receipts came in at \$148.7 million, \$15.9 million above our forecast of \$132.8 million.

FY 2012 Non-WIT forecast for the first nine months was \$1,361.3 million while actual receipts totaled \$1,309.9 million. In spite of a stronger than anticipated performance in March, year-to-date Non-WIT receipts are down by 3.8 percent (-\$51.4 million) over our year-to-date forecast.

Non-WIT	FY12 Actual	FY12 Forecast	\$ Difference	% Difference
1 st Quarter	\$432.4	\$481.4	-\$49.0	-10.2%
2 nd Quarter	\$206.1	\$234.5	-\$28.4	-12.1%
3 rd Quarter	\$671.4	\$645.4	\$26.0	4.0%
YTD	\$1,309.9	\$1,361.3	-\$51.4	-3.8%

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.

In sum, year-to-date IIT receipts are \$144.1 million above forecast. However, while March receipts were stronger than anticipated, it seems prudent to consider March receipts in conjunction with April receipts. If the combined receipts for these two months are still significantly above forecast, it will indicate FY 2012 receipts will perform better than anticipated.

➤ Corporate Income Tax (CIT)

Calendar year tax filers made their final payments for tax year 2011 in March. These are the first final payments that reflect the January of 2011 tax rate increase.. This explains the 56.1 percent growth in year-over-year March receipts.

In previous reports we discussed the many tax policy changes that have impacted receipts this year. Specifically, we felt our forecast would be at the highest degree of risk in March and April. March receipts came in at \$523.4 million compared with estimate forecast of \$526.6 million, a deviation of only \$3.2 million.

Year-to-Date comparison (\$ millions) Note: FY2011 includes amnesty-related payments

Actual	Forecast	\$ Difference	% Difference
\$1,793.0	\$1,759.7	\$33.3	1.9%
FY 2011	FY 2012	\$ Difference	% Difference
\$1,388.2	\$1,793.0	\$404.8	29.2%

	FY 2011	FY 2012	\$ Difference	% Difference
1st Quarter	\$442.8	\$751.4	\$308.6	69.7%
2nd Quarter	\$2029.0	\$2,472.3	\$443.3	21.8%
3rd Quarter	\$3,457.9	\$4,275.5	\$817.6	23.6%
YTD	\$5,929.7	\$7,499.2	\$1,569.5	26.5%

First quarter growth reflects the tax rate change. Second quarter FY2011 contain amnesty payments, thereby exerting downward pressure on the growth rate. Third quarter receipts in both fiscal years are at the higher tax rate.

➤ 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 March alone, state sales tax receipts were up 10.3 percent (\$53.4 million) compared to March 2011.

Two months after revising the Fiscal Year 2012 forecast upward, receipts are slightly higher than projected (\$36.4 million or 0.7 percent) but well within the range of normal forecasting error.

Motor vehicle sales remain strong and are projected to continue growing. The need to replace aging vehicles is one factor driving growth. The average age of cars and light trucks currently in operation in the United States has recently reached the record high of 10.8 years. Higher motor fuel prices are also contributing to vehicle sales by prompting drivers to replace older gas-guzzlers with smaller, more fuel-efficient vehicles.

Year-to-Date comparison (\$ millions)

Note: FY2011 includes amnesty-related payments

Actual	Forecast	\$ Difference	% Difference
\$5,391.9	\$5,355.5	\$36.4	0.7%
FY 2011	FY 2012	\$ Difference	% Difference
\$5,077.8	\$5,391.9	\$314.1	6.2%

Year-to-Date comparison (\$ millions)

Note: FY2011 excludes amnesty-related

	FY 2011	FY 2012	\$ Difference	% Difference
Vehicles	\$668.5	\$710.4	\$41.9	6.3%
Motor fuel*	\$492.2	\$578.6	\$86.4	17.6%
All else	\$3,753.3	\$4,102.9	\$349.6	9.3%
	\$4,914.0	\$5,391.9	\$477.9	9.7%

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

➤ Estate Tax

Year-to-date FY 2012 estate tax receipts are 12.0 percent over our forecast.

The estate tax has been highly productive for Illinois since it was reinstated and we began receiving payments in November 2011. During the last five months receipts have averaged \$33.1 million per month, or an annual average of \$397.2 million.

The Illinois estate tax is paid to the county treasurer in which the decedent resided. The county treasurer then remits the tax to the Illinois Treasurer. Receipts from Cook (\$79.9 million) and Lake (\$31.3 million) Counties totaled \$111.2 million, or 64.5 percent of FY 2012 year-to-date estate tax receipts.

Year-to-Date (\$ millions)

Actual	Forecast	\$ Difference	% Difference
\$172.5	\$154.1	\$18.5	12.0%
FY 2011	FY 2012	\$ Difference	% Difference
\$117.8	\$172.5	\$54.7	46.4%

➤ Cigarette Taxes

After a weak month in February, March receipts exceeded expectations. As a result, year-to-date receipts for All Funds are \$3.9 million higher than forecast.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds*	\$383.8	\$379.9	\$3.9	1.0%
General Revenue Fund	\$265.2	\$266.3	-\$1.1	-0.4%
	FY 2011	FY 2012	\$ Difference	% Difference
All Funds*	\$418.9	\$383.8	-\$35.1	-8.4%
General Revenue Fund	\$265.8	\$265.2	-\$0.6	-0.02%

➤ Tobacco Products Tax

Long Term Care Fund

Fiscal Year 2012 receipts through March came in at the forecasted level and continue to outpace the prior year's revenues by \$1.3 million (6.4 percent).

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$21.6	\$21.6	\$0.0	0.0%
FY 2011	FY 2012	\$ Difference	% Difference
\$20.3	\$21.6	\$1.3	6.4%

➤ Liquor Tax

Liquor tax receipts continue to post strong growth over FY 2011, keeping them just above the year-to-date forecast.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds*	\$210.1	\$204.9	\$5.2	2.5%
General Revenue Fund	\$123.7	\$122.1	\$1.6	1.3%
	FY 2011	FY 2012	\$ Difference	% Difference
All Funds*	\$201.7	\$210.1	\$8.4	4.2%
General Revenue Fund	\$118.5	\$123.7	\$5.2	4.4%

➤ Real Estate Transfer Tax (RETT)

Fiscal Year 2012 receipts through March are slightly below the revised forecast. Declines in revenues reflect the continued price decline in the housing market. The Illinois Association of Realtors reported the median price for Illinois home sales for the 29 days in February 2012 fell 6.8 percent from \$127,500 in February 2011 to \$118,800 in February 2012.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$26.7	\$28.6	-\$1.9	-6.6%
FY 2011	FY 2012	\$ Difference	% Difference
\$27.5	\$26.7	-\$0.8	-2.9%

➤ Hotel Operator's Occupation Tax (HOOT)

While on the surface it appears that FY 2012 receipts fell short in March, this shortfall can be fully explained by \$1.8 million being deposited as other transfers rather than HOOT receipts.

The economic health of the hotel industry remains strong. Chicago Tourism

Board reported that for Chicago, the Average Daily Rate (ADR) for room charges in January 2012 increased by nearly 9 percent from a year ago with room occupancy nearing 50 percent.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds*	\$163.8	\$165.6	-\$1.8	-1.1%
General Revenue Fund	\$23.3	\$24.9	-\$1.6	-6.6%
	FY 2011	FY 2012	\$ Difference	% Difference
All Funds*	\$151.5	\$163.8	\$12.3	8.1%
General Revenue Fund	\$18.4	\$23.3	\$4.9	26.4%

➤ Motor Fuel Taxes

Year-to-Date (\$ millions)		IFTA	
Actual	Forecast	\$ Difference	% Difference
\$57.9	\$62.0	-\$4.1	-6.7%
FY 2011	FY 2012	\$ Difference	% Difference
\$63.5	\$57.9	-\$5.7	-8.9%

Year-to-Date (\$ millions)		Regular MFT	
Actual	Forecast	\$ Difference	% Difference
\$860.4	\$872.1	-\$11.7	-1.3%
FY 2011	FY 2012	\$ Difference	% Difference
\$876.3	\$860.4	-\$15.9	-1.8%

Year-to-Date (\$ millions)		UST	
Actual	Forecast	\$ Difference	% Difference
\$52.2	\$52.9	-\$0.7	-1.4%
FY 2011	FY 2012	\$ Difference	% Difference
\$53.2	\$52.2	-\$1.0	-1.9%

Combined motor fuel taxes year to date are 2.3 percent below the same period in fiscal year 2011 and 1.7 percent below forecast.

➤ Public Utilities Taxes

Telecommunications – For the first half of the Fiscal Year 2012, receipts were coming in as forecast. However, around the end of the calendar year 2011, IDOR’s Financial Accounting and Local Government Allocations Divisions recognized an insufficient balance in the Municipal Telecommunications Tax Fund (Fund 719). Since that time, \$15.9 million in receipts that were forecast to go into the General Revenue Funds (GRFs) has instead been deposited in Fund 719. As a result, GRFs receipts are now coming in below forecast and will continue to do so for the remainder of the fiscal year and into next year.

Electricity – To date receipts are coming in at \$314.5 million, \$5.8 million (1.8 percent) below forecast

Natural gas – Receipts are coming in essentially at forecast with \$108.7 in revenue year-to-date, compared with \$110.0 million forecast. Receipts will likely be lower than forecast during the coming months because a warmer than average spring will reduce the need for heating for homes and businesses.

Year-to-Date (\$ millions)				
	Actual	Forecast	\$ Difference	% Difference
Telecommunications	\$ 370.9	\$380.8	-\$9.9	-2.6%
Electricity	\$314.5	\$320.4	-\$5.8	-1.8%
Natural gas	\$108.7	\$110.0	-\$1.3	-1.2%
	\$794.1	\$811.2	-\$17.1	-2.1%
	FY 2011	FY 2012	\$ Difference	% Difference
Telecommunications	\$ 433.2	\$ 370.9	-\$62.3	-14.4%
Electricity	\$321.1	\$314.5	-\$6.6	-2.0%
Natural gas	\$110.1	\$108.7	-\$1.4	-1.2%
	\$864.4	\$794.1	-\$70.3	-8.1%

➤ Lottery

Common School Fund (CSF) Transfers

Overall, sales for FY2012 are up \$306.1 million (17.9 percent) compared with a year ago. Instant sales are up \$261 million (27.6 percent) while online games are up \$45.2 million (6 percent). While sales growth is double digit, transfers are up just 1.3 percent over Fiscal Year 2011.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$450.6	\$450.6	\$0.0	0.0%
FY 2011	FY 2012	\$ Difference	% Difference
\$444.9	\$450.6	\$5.7	1.3%

➤ Riverboat Gaming

Education Assistance Fund and General Revenue Fund Transfers

Wagering at the casinos is measured as adjusted gross receipts (AGR) and was up 20.7 percent in March compared with a year ago. The growth was primarily driven by the newer River’s Casino in Des Plaines which continues to cause significant year-over-year declines in AGR at other Chicago area casinos. The downstate casinos’ AGR increased compared with a year ago.

Admissions increased 21.4 percent in March but the gain was entirely concentrated at River’s Casino. Statewide AGR per admission changed little, down 0.6 percent compared with a year ago.

Year-to-Date (\$ millions)			
Actual	Forecast	\$ Difference	% Difference
\$336.8	334.6	\$2.2	0.7%
FY 2011	FY 2012	\$ Difference	% Difference
\$258.9	\$336.8	\$77.9	30.1%

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

Revenue Source Receipts	March FY2011	March 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 Estimate
Individual Income Tax (IIT)	\$1,380.8	\$1,486.9	\$7,812.9	\$11,749.9	\$3,937.0	50.4%	\$11,605.8	\$144.1	1.2%	\$11,187.2	\$10,219.4	\$9,429.8	\$12,301.8	\$16,506.2
Corporate Income Tax (CIT)	\$334.8	\$523.4	\$1,388.2	\$1,793.0	\$404.8	29.2%	\$1,759.7	\$33.3	1.9%	\$2,200.9	\$2,072.5	\$1,648.9	\$2,285.7	\$2,852.7
Sales Tax (GRFs)	\$521.3	\$574.7	\$5,077.8	\$5,391.9	\$314.1	6.2%	\$5,355.5	\$36.4	0.7%	\$7,214.6	\$6,772.8	\$6,308.0	\$6,833.0	\$7,145.0
Public Utilities (GRFs)	\$136.7	\$120.0	\$864.4	\$794.1	-\$70.3	-8.1%	\$811.2	-\$17.1	-2.1%	\$1,157.1	\$1,167.8	\$1,089.2	\$1,147.2	\$1,082.0
Telecommunications	\$65.8	\$49.8	\$433.2	\$370.9	-\$62.3	-14.4%	\$380.8	-\$9.9	-2.6%	\$578.9	\$593.3	\$549.5	\$586.9	\$509.0
Electricity	\$42.6	\$41.2	\$321.1	\$314.5	-\$6.6	-2.0%	\$320.4	-\$5.8	-1.8%	\$410.3	\$402.9	\$381.4	\$401.2	\$409.0
Gas	\$28.3	\$29.0	\$110.1	\$108.7	-\$1.4	-1.2%	\$110.0	-\$1.3	-1.2%	\$168.0	\$171.5	\$158.3	\$159.1	\$164.0
Lottery (GRFs)	\$63.6	\$72.1	\$444.9	\$450.6	\$5.7	1.3%	\$450.6	\$0.0	0.0%	\$657.0	\$625.0	\$625.0	\$631.9	\$639.9
Riverboat Gaming (GRFs)	\$17.4	\$18.4	\$258.9	\$336.8	\$77.9	30.1%	\$334.6	\$2.2	0.7%	\$564.0	\$430.0	\$430.5	\$324.2	\$412.1
Estate Tax (GRFs)	\$0.7	\$38.8	\$117.8	\$172.5	\$54.7	46.4%	\$154.1	\$18.5	12.0%	\$372.8	\$287.7	\$243.4	\$122.2	\$215.1
Cigarette (All Funds)	\$54.4	\$54.5	\$418.9	\$383.8	-\$35.1	-8.4%	\$379.9	\$3.9	1.0%	\$592.2	\$564.0	\$557.8	\$560.8	\$524.0
Tobacco Products	\$2.1	\$2.4	\$20.3	\$21.6	\$1.3	6.4%	\$21.6	\$0.0	0.0%	\$21.2	\$21.4	\$24.0	\$27.4	\$29.0
PP Replacement Tax	\$258.9	\$273.6	\$829.3	\$775.1	-\$54.2	-6.5%	\$712.3	\$62.8	8.8%	\$1,486.2	\$1,263.6	\$1,012.6	\$1,334.2	\$1,180.6
Regular Motor Fuel Tax	\$91.8	\$89.7	\$876.3	\$860.4	-\$15.9	-1.8%	\$872.1	-\$11.7	-1.3%	\$1,117.1	\$1,263.6	\$1,165.4	\$1,157.6	\$1,162.0
Motor Fuel - IFTA	\$10.1	\$7.5	\$63.5	\$57.9	-\$5.7	-8.9%	\$62.0	-\$4.1	-6.7%	\$146.5	\$144.0	\$103.0	\$84.9	\$83.0
Ug. Storage Tank	\$5.6	\$5.5	\$53.2	\$52.2	-\$1.0	-1.9%	\$52.9	-\$0.7	-1.4%	\$71.1	\$74.8	\$70.8	\$71.2	\$70.0
Liquor (GRFs)	\$11.7	\$10.8	\$118.5	\$123.7	\$5.2	4.4%	\$122.1	\$1.6	1.3%	\$158.1	\$157.6	\$158.5	\$157.4	\$162.0
Insurance Tax (GRFs)	\$37.1	\$61.1	\$199.2	\$227.6	\$28.4	14.2%	\$199.4	\$28.1	14.1%	\$294.6	\$334.3	\$322.4	\$316.1	\$302.0
Franchise Tax (Corp Division)	\$21.7	\$15.2	\$162.2	\$148.5	-\$13.7	-8.5%	\$154.1	-\$5.6	-3.6%	\$225.2	\$201.5	\$208.0	\$207.3	\$204.0
Real Estate Transfer Tax	\$2.5	\$1.4	\$27.5	\$26.7	-\$0.8	-2.9%	\$28.6	-\$1.9	-6.6%	\$76.8	\$45.6	\$40.3	\$38.0	\$40.0
Private Vehicle Use (GRFs)	\$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)	\$6.8	\$7.4	\$151.5	\$163.8	\$12.3	8.1%	\$165.6	-\$1.8	-1.1%	\$219.2	\$203.3	\$173.1	\$191.7	\$210.0

FY 2012 annual estimates are updated to reflect information provided in the Governor's 2013 Operating Budget