

ILLINOIS DEPARTMENT OF REVENUE MONTHLY REVENUE REPORT

December

Research Division

Fiscal Year 2014

<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 2014 forecasts.

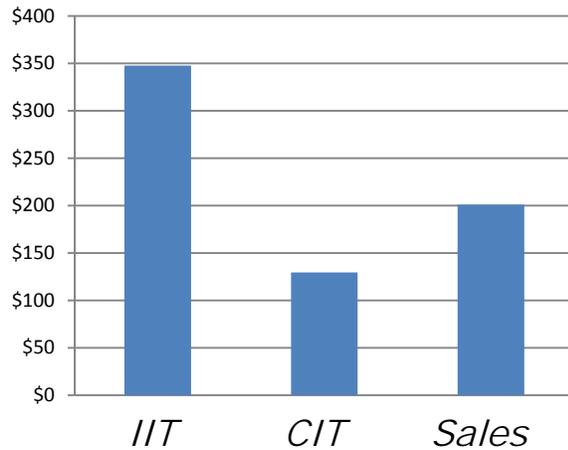
Fiscal year 2014 revenue receipts through December for individual income, corporate income, and sales taxes (“big three” revenue sources) are \$13,351.5 million. Those receipts are \$678.2 million above last year and \$222.5 million above the current estimate.

Individual income tax receipts are \$7,926.1 million. The total is \$347.7 million above last year and \$81.1 million above the current estimate.

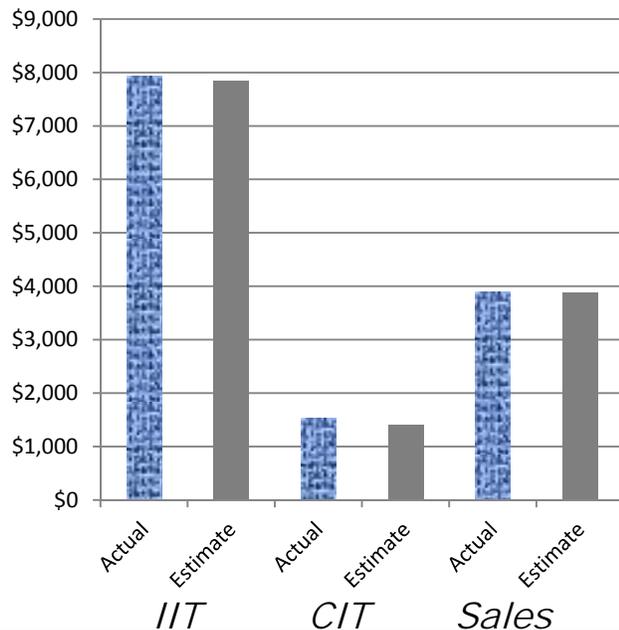
Corporate receipts are \$1,530.0 million. The total is \$129.6 million above last year and \$119.3 million above the current estimate.

Sales tax receipts are \$3,895.4 million. The total is \$201.0 million above last year and \$22.1 million above our current estimate.

Change in Year-to-Date Revenues from FY 2013 to FY 2014 (in millions)



FY 2014 Year-to-Date Revenues versus Forecasts (in millions)



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

ILLINOIS ECONOMIC INDICATORS

Economic Highlights:

U.S. real gross domestic product (GDP) increased at a 4.1 percent annual rate in the third quarter of 2013 according to the latest Bureau of Economic Analysis (BEA) revision.¹ Private inventory investment, personal consumption expenditures and exports contributed to the increase. A significant share of the rise in real GDP is attributable to inventory accumulation. Reductions in Federal government spending suppressed growth in real GDP but to a lesser extent than prior quarters.

The U.S unemployment rate declined from 7.3 to 7.0 percent in November according to the latest Bureau of Labor Statistics news release.² Household survey data reports the labor force increased 0.3 percent in November, while employment increased 0.6 percent. In the year from November 2012 to 2013, employment has increased 0.8 percent (1.1 million jobs) while the size of the labor force has remained basically unchanged. Transportation and warehousing, health care employment, and manufacturing lead the decline in unemployment.

The Illinois unemployment rate decreased from 8.9 to 8.7 percent in November, but remains unchanged from a year ago. According to the establishment survey data, 60,000 jobs were added to the state economy in the last 12 months with the most significant gains coming in the professional and business services sector. Job gains in professional and business services have been largely temporary-help positions with lower average wages than permanent positions.

Illinois has added more than 281,000 jobs since the bottom of the jobs recession in January of 2010. The professional and business services sector was the largest contributor to job growth while the reductions in the government workforce placed a drag on employment with a decrease of more than 28,000 jobs since that date.

The Illinois housing sector exhibited significant growth during 2013. The sale prices year-on-year increase is 9.4 percent to November but continues to reside below pre-recession levels.³ Housing starts increased almost 21 percent during fiscal year 2013 and are expected to increase nearly 19 percent in fiscal year 2014. Notwithstanding robust growth, the level of housing starts is less than half of its pre-recession level.

¹ Bureau of Economic Analysis, News release December 20, 2013.

² Bureau of Labor Statistics, News release December 6, 2013.

³ CoreLogic, "Home price index report" November 2013.

| U.S. & Illinois Labor Market News | | | | | | | |
|--|----------|---------|----------|---------------------|---------|----------------------|---------|
| U.S. (Seasonally adjusted, thousands) | November | October | November | Change from October | | Change from year ago | |
| | 2013 | 2013 | 2012 | Number | Percent | Number | Percent |
| Labor Force | 155,294 | 154,839 | 155,319 | 455 | 0.3% | -25 | 0.0% |
| Employment | 144,386 | 143,568 | 143,277 | 818 | 0.6% | 1,109 | 0.8% |
| Unemployment | 10,907 | 11,272 | 12,042 | -365 | -3.2% | -1,135 | -9.4% |
| Unemployment Rate | 7.0 | 7.3 | 7.8 | -0.3 | -4.1% | -0.8 | -10.3% |

| Illinois (Seasonally adjusted) | November | October | November | Change from October | | Change from year ago | |
|-----------------------------------|-----------|-----------|-----------|---------------------|---------|----------------------|---------|
| | 2013 | 2013 | 2012 | Number | Percent | Number | Percent |
| Labor Force | 6,523,200 | 6,519,500 | 6,610,900 | 3,700 | 0.1% | -87,700 | -1.3% |
| Employment | 5,955,700 | 5,940,200 | 6,035,700 | 15,500 | 0.3% | -80,000 | -1.3% |
| Unemployment | 567,500 | 579,300 | 575,200 | -11,800 | -2.0% | -7,700 | -1.3% |
| Unemployment Rate | 8.7 | 8.9 | 8.7 | -0.2 | -2.2% | 0.0 | 0.0% |

Source: Bureau of Labor Statistics, Illinois Department of Employment Security (Household data)

| Illinois wage and salary employment | | | | | | | |
|---|-----------|-----------|-----------|---------------------|---------|----------------------|---------|
| Industry Title | November | October | November | Change from October | | Change from year ago | |
| | 2013 | 2013 | 2012 | Number | Percent | Number | Percent |
| Total Nonfarm | 5,891,900 | 5,883,900 | 5,831,800 | 8,000 | 0.1% | 60,100 | 1.0% |
| Mining | 10,800 | 10,800 | 10,400 | 0 | 0.0% | 400 | 3.8% |
| Construction | 194,400 | 198,500 | 189,800 | -4,100 | -2.1% | 4,600 | 2.4% |
| Manufacturing | 576,800 | 577,700 | 587,100 | -900 | -0.2% | -10,300 | -1.8% |
| Trade, Transportation, & Utilities | 1,201,900 | 1,175,900 | 1,188,700 | 26,000 | 2.2% | 13,200 | 1.1% |
| Information | 99,900 | 99,300 | 99,300 | 600 | 0.6% | 600 | 0.6% |
| Financial Activities Professional and Business Services | 370,700 | 371,800 | 368,500 | -1,100 | -0.3% | 2,200 | 0.6% |
| 907,700 | 916,600 | 881,800 | -8,900 | -1.0% | 25,900 | 2.9% | |
| Educational and Health Services | 893,100 | 887,300 | 881,300 | 5,800 | 0.7% | 11,800 | 1.3% |
| Leisure and Hospitality | 537,300 | 547,300 | 529,200 | -10,000 | -1.8% | 8,100 | 1.5% |
| Other Services | 255,700 | 257,000 | 247,700 | -1,300 | -0.5% | 8,000 | 3.2% |
| Government | 843,600 | 841,700 | 848,000 | 1,900 | 0.2% | -4,400 | -0.5% |

Source: Bureau of Labor Statistics, Illinois Department of Employment Security (Establishment data)

➤ Individual Income Tax (IIT)

During the second quarter of the fiscal year overall, IIT revenue was above target. Withholdings fell short of estimates while non-withholdings performed significantly better than expected. In sum, second quarter receipts are 1.1 percent below estimate, while year-to-date receipts are 1.0 percent above IDOR forecast and 0.7 percent above HR 389 estimate.

| Year-to-Date (\$ millions) | | | |
|----------------------------|------------------------|----------------------|---------------------|
| Actual | IDOR Forecast | \$ Difference | % Difference |
| \$7,926.1 | \$7,845.0 | \$81.1 | 1.0% |
| Actual | HR 389 Forecast | \$ Difference | % Difference |
| \$7,926.1 | \$7,867.1 | \$59.0 | 0.7% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$7,578.4 | \$7,926.1 | \$347.7 | 4.6% |

Withholding receipts (WIT): Withholding receipts are 2.9 percent below forecast year-to-date and 2.8 percent above fiscal year 2013. Withholdings are low chiefly because of the large payments collected in December that were later receipted in early January. The processing lag artificially depressed the withholdings growth rate and is not a cause for concern.

Employment statistics show a gradual improvement in the level of employment. Some of the significant job gains are in the lower wage, temporary-help portion of the professional and business services sector. Other job gains in construction; trade transportation and utilities; and education and health services provide strong evidence for moderate withholding growth throughout the fiscal year.

Non-withholding receipts (non-WIT): Second quarter non-withholding receipts are 55 percent above the forecast. Year-to-date non-WIT is nearly 40 percent above forecast and almost 20 percent above last year's to date. Strong non-WIT growth is likely related growth in stock prices and related capital gains realization. In the addition to the strong estimated payments, final payments from taxpayers that filed for an extension came in 50 percent higher than expected during the month of October.

There has been no observable reduction in non-WIT payments associated with the accelerated asset sales which created last year's "April surprise." The Department will continue monitoring non-WIT payments throughout the year but any negative consequences of the "April surprise" will remain uncertain until the April 2014 final payments have been analyzed.

Individual Income Tax (IIT) continued

| Components Year-to-Date (\$ millions) | | | | |
|--|------------------|------------------|----------------------|---------------------|
| | Actual | Forecast | \$ Difference | % Difference |
| Withholding | \$6,915.7 | \$7,120.9 | -\$205.2 | -2.9% |
| Non-Withholding | \$1,010.4 | \$724.1 | \$286.2 | 39.5% |
| Total | \$7,926.1 | \$7,845.0 | \$81.1 | 1.0% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| Withholding | \$6,730.6 | \$6,915.7 | \$185.2 | 2.8% |
| Non-Withholding | \$847.8 | \$1,010.4 | \$162.5 | 19.2% |
| Total | \$7,578.4 | \$7,926.1 | \$347.7 | 4.6% |

Payment totals match the Comptroller's receipts. Withholding and non-withholding (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 are \$1,530.0 million fiscal year-to-date, 8.5 percent above IDOR's revised forecast and 22.5 percent above the HR 389 forecast. Compared with last fiscal year, gross receipts were up \$129.6 million, or 9.3 percent.

IDOR's fiscal year 2014 forecast has been revised up, from \$3,292 million to \$3,830 million, an increase of \$538

million. The revision is due to stronger-than-expected performance in fiscal year 2013 that has continued into fiscal year 2014. Fiscal year 2013 receipts finished the year at \$3,679.1 million, well above the original forecast of \$3,088 million. Continuing this growth, fiscal year 2014 receipts through December are 9.3 percent (\$129 million) above the same period in fiscal year 2013.

Underlying this growth has been stronger corporate profits. IHS Global Insight (IHS) has revised its corporate profits forecasts for FY 2014 upwards, from a forecast that was essentially flat last year, to 6.2 percent growth in its most recent forecast. The upward revisions to corporate profits forecasts are being driven by stronger-than-expected national profits data from the Bureau of Economic Analysis, as well as an improved outlook for GDP growth.

Year-to-Date Comparison (\$ millions)

| | | | |
|------------------|-------------------------|----------------------|---------------------|
| Actual | IDOR Forecast | \$ Difference | % Difference |
| \$1,530.0 | \$1,410.7 | \$119.3 | 8.5% |
| Actual | HR 389 Forecast* | \$ Difference | % Difference |
| \$1,530.0 | \$1,249.0 | \$281.0 | 22.5% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$1,400.5 | \$1,530.0 | \$129.6 | 9.3% |

*Gross CIT receipts calculated for comparison using the 13.4 percent refund rate. The HR 389 forecast is \$2,937 net of refunds.

➤ Sales & Use Tax

Sales and use tax receipts for the first half of fiscal year 2014 increased 5.4 percent over the same period last year. Some of this growth was due to revenue generated during fiscal year 2013 but not realized until 2014 because of accounting procedures. This shift helped boost first quarter growth to 7.7 percent. Second quarter growth of 3.3 percent was not affected by the shift and so is a better indicator of the underlying taxable economic activity.

| Year-to-Date Comparison (\$ millions) | | | |
|---------------------------------------|-------------------------------------|---------------------------------|-----------------------------|
| Actual \$3,895.4 | IDOR Forecast \$3,873.3 | \$ Difference \$22.1 | % Difference 0.6% |
| Actual \$3,895.4 | HR 389 Forecast \$3,691.1 | \$ Difference \$204.3 | % Difference 5.5% |
| FY 2013 \$3,694.3 | FY 2014 \$3,895.4 | \$ Difference \$201.0 | % Difference 5.4% |

In early October, in light of the aforementioned revenue shift and better-than-expected taxable spending, IDOR increased its fiscal year 2014 forecast of sales and use tax to \$7,610 million, or 3.5 percent growth over fiscal year 2013. Since then, receipts have been right on forecast, posting a positive year-to-date deviation of just 0.6 percent.

Sales and use tax receipts for the first half of fiscal year 2014 were 5.5 percent above the year-to-date forecast in HR 389.

December 2013 sales and use tax receipts, comprised mostly of receipts from sales that occurred in November, increased 5.6 percent over December 2012. This result was a bit higher than our forecast for the month and is encouraging since the post-Thanksgiving shopping weekend spilled into December this year but not last year. For anyone looking for the revenue impact of December's holiday shopping, you will have to wait until February, when the January report is issued. Due to tax return filing schedules, there generally is a one-month lag between when a sale occurs and when IDOR receives the tax from that particular sale. Hence, sales that occurred in December will affect January receipts. It's also worth noting that gift cards are not taxed until they are redeemed. This has the effect of delaying the tax impact of some holiday spending by shifting it into January (and thus into February receipts) or later.

| Year-to-Date Comparison (\$ millions) | | | | |
|---------------------------------------|-----------|-----------|---------------|--------------|
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| Vehicles | \$512.7 | \$565.1 | \$52.4 | 10.2% |
| Motor fuel* | \$390.0 | \$380.8 | -\$9.2 | -2.3% |
| All else | \$2,791.6 | \$2,949.4 | \$157.8 | 5.7% |
| Total | \$3,694.3 | \$3,895.4 | \$201.0 | 5.4% |

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

➤ Public Utilities Taxes

Public Utility Taxes – Public utility tax receipts into the General Revenue Fund are \$468.1 million fiscal year-to-date, 2.8 percent below IDOR’s revised forecast and 6.3 percent below the HR 389 forecast.

Telecommunications Excise Tax revenues were revised down, while Natural Gas Tax revenues were revised up. Overall, the Public Utilities forecast was revised down from \$1,079 million to \$1,006 million, for reasons discussed below. Compared with the prior year, public utility tax receipts into the General Revenue Fund decreased \$14.7 million due to the decline in the Telecommunications Excise Tax.

Telecommunications – Telecommunication Excise Tax revenues were revised significantly downward, from \$511 million to \$430 million. The forecast was revised down because the revenue base declined faster than anticipated in FY 2013, and also to account for refunds due to taxpayers’ overpayments in prior years.

Taxpayers collected tax in prior years on telecommunications charges that were not taxable under Illinois law. The Illinois Department of Revenue plans to issue credit memos for the overpayments during fiscal year 2014, with an estimated General Revenue Fund impact of \$35 million.

Electricity – Electricity excise tax receipts were \$200.8 million, below the IDOR forecast of \$218.8 for the quarter. It is unclear at this moment why Electricity is deviating from the forecast.

Natural Gas – Natural gas tax receipts were revised up, from \$160 million to \$167 million, to reflect strong performance year-to-date. Receipts fiscal year-to-date are 47.7 percent above the same period last fiscal year, a reflection of the

unusually warm spring and summer experienced during 2012. This abnormal weather caused an accumulation of credit carry-forwards among utilities, leading to weak receipts during the first half of fiscal year 2013, as credits were applied to liabilities. With the return of more normal weather conditions, receipts have rebounded.

| Year-to-Date Comparison (\$ millions) | | | | |
|---------------------------------------|----------------|-----------------|----------------|---------------|
| | Actual | IDOR Forecast | \$ Difference | % Difference |
| Telecommunications | \$225.8 | \$222.9 | \$2.9 | 1.3% |
| Electricity | \$200.8 | \$218.8 | -\$18.0 | -8.2% |
| Natural gas | \$41.4 | \$39.9 | \$1.5 | 3.8% |
| Total | \$468.1 | \$481.7 | -\$13.6 | -2.8% |
| | Actual | HR 389 Forecast | \$ Difference | % Difference |
| Public Utility Taxes | \$468.1 | \$499.7 | -\$31.7 | -6.3% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| Telecommunications | \$248.5 | \$225.8 | -\$22.7 | -9.1% |
| Electricity | \$206.2 | \$200.8 | -\$5.4 | -2.6% |
| Natural gas | \$28.0 | \$41.4 | \$13.4 | 47.7% |
| Total | \$482.8 | \$468.1 | -\$14.7 | -3.15% |

➤ Cigarette Taxes

Actual receipts continue to exceed expectations, coming in at 3.6 percent above estimate. So far this year, receipts have come in 19.6 percent above the first half of last fiscal year. This gap in year-over-year comparisons will continue to narrow as the affect of the stockpiling that impacted fiscal year 2013 diminishes in the second half of that year.

| Year-to-Date (\$ millions) | | *Includes the General Revenue Fund | | |
|----------------------------|---------|------------------------------------|---------------|--------------|
| | Actual | Estimate | \$ Difference | % Difference |
| All Funds* | \$432.8 | \$417.7 | \$15.1 | 3.6% |
| General Revenue Fund | \$176.8 | \$177.5 | -\$0.7 | -0.4% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| All Funds* | \$362.0 | \$432.8 | \$70.8 | 19.6% |
| General Revenue Fund | \$175.7 | \$176.8 | \$1.1 | 0.6% |

➤ Tobacco Products Tax

At the end of the second quarter, Tobacco Products Tax receipts came in almost 10 percent below the current year-to-date estimate for fiscal year 2014. The reason for this difference is still being investigated. However, it may be due to a larger than anticipated impact from the change that occurred last fiscal year when the tax rate for moist snuff was shifted from the 36 percent rate to \$0.30 per ounce rate. Due to the consistent underperformance of this tax, the current fiscal year estimate has been revised downward to \$38 million. The December monthly table and the table included here reflect this revised estimate. Based on this revision, Tobacco Products Tax receipts are now only 3.6 percent below the year-to-date estimate and 22.5 percent below receipts received last fiscal year. This significant difference in the year-over-year comparison is due to the timing of tax rate changes in fiscal year 2013. The first half of that year is the period in which all tobacco products were taxed at the higher 36 percent rate, but before the change in rate for moist snuff to \$0.30 per ounce.

| Year-to-Date (\$ millions) | | | |
|----------------------------|----------|---------------|--------------|
| Actual | Estimate | \$ Difference | % Difference |
| \$18.9 | \$19.6 | -\$0.7 | -3.6% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$24.4 | \$18.9 | -\$5.5 | -22.5% |

➤ Estate Tax

Gross All Funds estate tax receipts for the first six months greatly exceeded expectations, declining only 16.8 percent from \$165.3 million in the same period a year ago to \$137.5 million.

Compared with forecasts, these receipts were 52.8 percent higher than

IDOR's forecast and 23.1 percent higher than the current budget set by HR 389.

Revenue in the first quarter was actually below the budgeted amount by 12.9 percent. Then, in the second quarter of fiscal year 2014, a small number of large estates unexpectedly remitted \$45.7 million of estate tax payments, moderating the anticipated decrease caused by higher exemptions and one-time payments of \$41.8 million that occurred in July 2012 as a result of P.A.097-0732.

Excluding this one-time revenue of \$41.8 million in fiscal year 2013 and \$45.7 million in fiscal year 2014, actual receipts in the first six months of fiscal year 2014 represent a decrease of \$31.6 million or 25.6 percent below the same period last fiscal year. The first six months of fiscal year 2013 mostly reflect payments for estates that were settled for individuals who died in 2011 and 2012 when the exemptions were \$2.0 million and \$3.5 million respectively. Estate tax payments in the first six months of fiscal year 2014 were mostly for estates that were settled for individuals who died in 2012 and 2013 with exemptions of \$3.5 million and \$4 million respectively. The increased exemption amount has reduced both the number of taxed estates and the tax basis for those estates that do get taxed, resulting in lower estate tax revenue.

With the unanticipated bump of \$45.7 million in the first six months, estate tax receipts are likely to exceed the budgeted level of \$223.4 million established by HR 389 for fiscal year 2014.

| Year-to-Date Comparison (\$ millions) | | | | |
|---------------------------------------|----------------|------------------------|----------------------|---------------------|
| | Actual | IDOR Forecast | \$ Difference | % Difference |
| All Funds | \$137.5 | \$90.0 | \$47.5 | 52.8% |
| General Revenue | \$129.3 | \$84.6 | \$44.7 | 52.8% |
| | Actual | HR 389 Forecast | \$ Difference | % Difference |
| All Funds | \$137.5 | \$111.7 | \$25.8 | 23.1% |
| General Revenue | \$129.3 | \$105.0 | \$24.3 | 23.1% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| All Funds | \$165.3 | \$137.5 | -\$27.8 | -16.8% |
| General Revenue | \$157.8 | \$129.3 | -\$28.5 | -18.1% |

➤ Liquor Tax

Year-to-date General Revenue Fund receipts were 0.6 percent below the same period last fiscal year, 2.6 percent below IDOR's year-to-date forecast, and 0.7 percent below the year-to-date forecast in HR 389.

With tax return reporting now complete for fiscal year 2013, we can examine the composition of taxable product for the year.

Hard liquor generated 55 percent of liquor tax revenue, beer and cider together generated 29

percent, and wine generated 16 percent. Note that these shares apply only to General Revenue Fund receipts (*i.e.*, they exclude receipts earmarked for the Capital Projects Fund).

| Year-to-Date (\$ millions) | *Includes General Revenue Fund | | | |
|----------------------------|--------------------------------|-----------------|---------------|--------------|
| | Actual | IDOR Forecast | \$ Difference | % Difference |
| All Funds* | \$144.6 | \$148.3 | -\$3.7 | -2.6% |
| General Revenue Fund | \$85.2 | \$87.4 | -\$2.2 | -2.6% |
| | Actual | HR 389 Forecast | \$ Difference | % Difference |
| General Revenue Fund | \$85.2 | \$85.8 | -\$0.6 | -0.7% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| All Funds* | \$145.6 | \$144.6 | -\$0.9 | -0.6% |
| General Revenue Fund | \$85.7 | \$85.2 | -\$0.5 | -0.6% |

➤ Hotel Operators' Occupation Tax (HOOT)

Receipts for all funds came in 3.4 percent above forecast and 4.3 percent above the first half of last fiscal year. As expected, the accounting change explained in last quarter's report continues to impact the year-over-year comparison of GRF receipts.

| Year-to-Date (\$ millions) | *Includes the General Revenue Fund | | | |
|----------------------------|------------------------------------|-----------------|----------------------|---------------------|
| | Actual | Estimate | \$ Difference | % Difference |
| All Funds* | \$136.9 | \$132.4 | \$4.5 | 3.4% |
| General Revenue Fund | \$15.6 | \$13.9 | \$1.7 | 12.2% |
| | FY 2013 | FY 2014 | \$ Difference | % Difference |
| All Funds* | \$131.2 | \$136.9 | \$5.7 | 4.3% |
| General Revenue Fund | \$20.6 | \$15.6 | -\$5.0 | -24.3% |

➤ Motor Fuel Taxes

| Year-to-Date (\$ millions) | | Regular MFT | |
|----------------------------|-----------------|----------------------|---------------------|
| Actual | Forecast | \$ Difference | % Difference |
| \$584.8 | \$574.2 | \$10.7 | 1.9% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$578.2 | \$584.8 | \$6.7 | 1.2% |

| Year-to-Date (\$ millions) | | IFTA | |
|----------------------------|-----------------|----------------------|---------------------|
| Actual | Forecast | \$ Difference | % Difference |
| \$38.2 | \$34.6 | \$3.7 | 10.7% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$36.4 | \$38.2 | \$1.8 | 5.0% |

| Year-to-Date (\$ millions) | | UST | |
|----------------------------|-----------------|----------------------|---------------------|
| Actual | Forecast | \$ Difference | % Difference |
| \$36.2 | \$34.4 | \$1.7 | 5.1% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$35.0 | \$36.2 | \$1.2 | 3.4% |

Combined motor fuel tax receipts (regular MFT, IFTA, and UST) year to date were 1.5 percent (\$9.7 million) above the same period last fiscal year and 2.5 percent (\$16.1 million) above IDOR's year-to-date forecast.

➤ Real Estate Transfer Tax (RETT)

Fiscal year 2014 RETT receipts estimate of \$46 million is being revised upward to \$60 million. RETT receipts for fiscal year 2013 finished 28.6 percent higher than fiscal year 2012. Fiscal year 2014 receipts are running almost 25 percent ahead of fiscal year 2013. Year-to-date RETT receipts are running just below the revised forecast.

| Year-to-Date (\$ millions) | | | |
|----------------------------|----------------------|----------------------|---------------------|
| Actual | IDOR Forecast | \$ Difference | % Difference |
| \$29.1 | \$29.2 | -\$0.1 | -0.3% |
| FY 2013 | FY 2014 | \$ Difference | % Difference |
| \$23.3 | \$29.1 | \$5.8 | 24.9% |

Recent housing data from CoreLogic, a data and analytics company, continues to show recovery in the Illinois housing market. The November 2013 Home Price Index Report reported that the real estate market in Illinois has experienced a year-over-year price increase of 9.4 percent for all residential sales in November 2013 but is still 24.5 percent below its 2006 peak. Also, Illinois is making headway in reducing its inventory of foreclosed homes. The inventory of foreclosed homes in Illinois dropped from 5.1 percent in August of 2011 to 3.0 percent in November 2013. However, it is still higher than the pre-housing crises figure of 0.6 percent.

Illinois Department of Revenue, Research Division

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December 2013 and Year-to-Date Receipts and Forecasts (\$ in millions)

Table 1. Comparisons with Last Fiscal Year and with IDOR Forecasts

| Revenue Source Receipts (millions) | Actual for the Month | | Year-to-Date Actual | | | | Year-to-Date Forecast vs. Actual | | | Year | | |
|---------------------------------------|------------------------------|------------------------------|--------------------------|--------------------------|--------------------------------------|--------|----------------------------------|--|-------|------------------|------------------|-----------------------------|
| | December FY2013 Actual | December FY2014 Actual | FY 2013 YTD Actual | FY 2014 YTD Actual | YTD FY 2014 vs. YTD FY 2013 | | FY 2014 YTD IDOR Forecasts | YTD FY 2014 vs. YTD IDOR Forecasts | | FY 2012 Total | FY 2013 Total | FY 2014 IDOR Estimate |
| Individual Income Tax (All Funds) | \$1,340.8 | \$1,540.3 | \$7,578.4 | \$7,926.1 | \$347.7 | 4.6% | \$7,845.0 | \$81.1 | 1.0% | \$16,999.8 | \$18,323.8 | \$17,663.0 |
| Corporate Income Tax (All Funds) | \$517.2 | \$574.6 | \$1,400.5 | \$1,530.0 | \$129.6 | 9.3% | \$1,410.7 | \$119.3 | 8.5% | \$2,983.0 | \$3,679.1 | \$3,830.0 |
| Sales Tax (GRFs)* | \$655.3 | \$692.3 | \$3,694.3 | \$3,895.4 | \$201.0 | 5.4% | \$3,873.3 | \$22.1 | 0.6% | \$7,225.6 | \$7,354.5 | \$7,610.0 |
| Public Utilities (GRFs) | \$81.6 | \$79.1 | \$482.8 | \$468.1 | -\$14.7 | -3.1% | \$481.7 | -\$13.6 | -2.8% | \$994.7 | \$1,033.0 | \$1,006.0 |
| Telecommunications | \$40.7 | \$36.2 | \$248.5 | \$225.8 | -\$22.7 | -9.1% | \$222.9 | \$2.9 | 1.3% | \$459.6 | \$491.4 | \$430.0 |
| Electricity | \$29.0 | \$32.5 | \$206.2 | \$200.8 | -\$5.4 | -2.6% | \$218.8 | -\$18.0 | -8.2% | \$390.0 | \$397.8 | \$409.0 |
| Gas | \$11.8 | \$10.4 | \$28.0 | \$41.4 | \$13.4 | 47.7% | \$39.9 | \$1.5 | 3.8% | \$145.2 | \$143.8 | \$167.0 |
| Estate Tax (GRF) | \$23.1 | \$18.1 | \$157.8 | \$129.3 | -\$28.6 | -18.1% | \$84.6 | \$44.7 | 52.8% | \$234.8 | \$293.3 | \$169.2 |
| Cigarette (All Funds) | \$61.3 | \$73.9 | \$362.0 | \$432.8 | \$70.8 | 19.6% | \$417.7 | \$15.1 | 3.6% | \$577.4 | \$813.4 | \$836.0 |
| Tobacco Products | \$3.9 | \$2.9 | \$24.4 | \$18.9 | -\$5.5 | -22.5% | \$19.6 | -\$0.7 | -3.6% | \$29.0 | \$43.0 | \$38.0 |
| Regular Motor Fuel Tax | \$93.1 | \$110.6 | \$578.2 | \$584.8 | \$6.7 | 1.2% | \$574.2 | \$10.7 | 1.9% | \$1,145.3 | \$1,123.3 | \$1,134.0 |
| Motor Fuel - IFTA | \$6.6 | \$5.0 | \$36.4 | \$38.2 | \$1.8 | 5.0% | \$34.6 | \$3.7 | 10.7% | \$75.1 | \$67.6 | \$68.0 |
| Ug. Storage Tank | \$5.7 | \$7.6 | \$35.0 | \$36.2 | \$1.2 | 3.4% | \$34.4 | \$1.7 | 5.1% | \$69.5 | \$68.6 | \$69.0 |
| Liquor (GRF) | \$14.5 | \$14.4 | \$85.7 | \$85.2 | -\$0.5 | -0.6% | \$87.4 | -\$2.2 | -2.5% | \$164.4 | \$164.8 | \$168.0 |
| Insurance Tax (GRF) | \$68.8 | \$60.4 | \$157.7 | \$153.6 | -\$4.1 | -2.6% | \$153.5 | \$0.1 | 0.0% | \$344.6 | \$333.9 | \$325.0 |
| Corp. Franchise Tax (GRF) | \$14.7 | \$20.2 | \$107.3 | \$106.6 | -\$0.7 | -0.6% | \$106.4 | \$0.2 | 0.1% | \$191.6 | \$204.6 | \$203.0 |
| Real Estate Transfer Tax | \$3.0 | \$6.0 | \$23.3 | \$29.1 | \$5.8 | 24.9% | \$29.2 | -\$0.1 | -0.3% | \$42.0 | \$54.0 | \$60.0 |
| Private Vehicle Use Tax (GRF) | \$2.0 | \$1.7 | \$13.9 | \$15.0 | \$1.1 | 7.6% | \$14.9 | \$0.1 | 0.8% | \$28.7 | \$25.3 | \$27.0 |
| Hotel Tax (All Funds) | \$23.6 | \$18.6 | \$131.2 | \$136.9 | \$5.7 | 4.3% | \$132.4 | \$4.5 | 3.4% | \$207.9 | \$221.0 | \$218.0 |

Table 2. Comparisons with HR389 Forecasts

| Revenue Source Receipts (millions) | FY 2014 YTD Actual | FY 2014 YTD HR389 Forecasts | YTD FY 2014 vs. YTD HR389 Forecasts | | FY 2014 HR389 Estimate |
|---------------------------------------|--------------------------|-----------------------------------|---|-------|------------------------------|
| Individual Income Tax (All Funds) | \$7,926.1 | \$7,867.1 | \$59.0 | 0.7% | \$17,713.0 |
| Corporate Income Tax (All Funds) | \$1,530.0 | \$1,249.0 | \$281.0 | 22.5% | \$3,391.0 |
| Sales Tax (GRFs) | \$3,895.4 | \$3,691.1 | \$204.3 | 5.5% | \$7,348.0 |
| Public Utilities (GRFs) | \$468.1 | \$499.7 | -\$31.7 | -6.3% | \$1,032.0 |
| Estate Tax (GRF) | \$129.3 | \$105.0 | \$24.3 | 23.1% | \$210.0 |
| Liquor (GRF) | \$85.2 | \$85.8 | -\$0.6 | -0.7% | \$165.0 |
| Insurance Tax (GRFs) | \$153.6 | \$165.3 | -\$11.7 | -7.1% | \$350.0 |
| Corp. Franchise Tax (GRF) | \$106.6 | \$106.4 | \$0.2 | 0.1% | \$203.0 |
| Private Vehicle Use Tax (GRF) | \$15.0 | \$14.9 | \$0.1 | 0.8% | \$27.0 |

*IDOR forecasts for Corporate Income Tax, Sales Tax, Telecommunications, Natural Gas, Tobacco Products, and Real Estate Transfer Tax were revised in October. For details, refer to those sections in this report.