

# ILLINOIS DEPARTMENT OF REVENUE MONTHLY REVENUE REPORT

November

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.

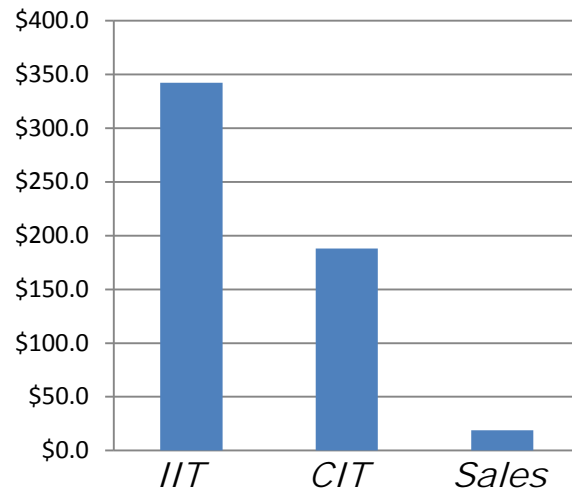
Fiscal Year 2013 revenue receipts through November for individual income, corporate income, and sales taxes ("big three" revenue sources) are \$10,159.5 million. Those receipts are \$548.9 million above last year and \$225.8 million above current estimate.

Individual income tax receipts are \$6,237.6 million. The total is \$342.2 million above last year and \$49.7 million above the current estimate.

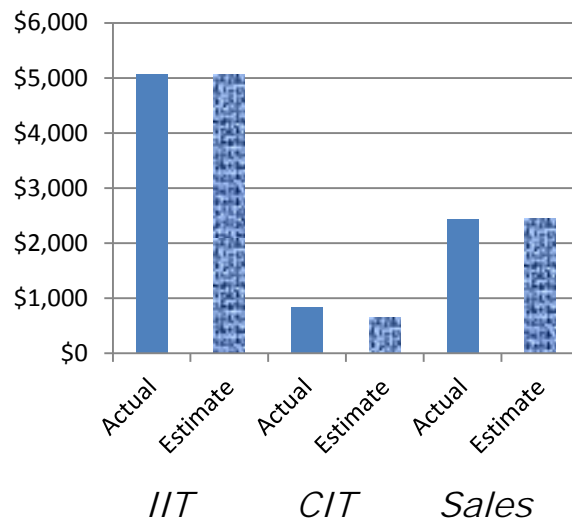
Corporate receipts are \$882.9 million. The total is \$187.8 million above last year and \$203.0 million above the current estimate.

Sales tax receipts are \$3,039.0 million. The total is \$18.9 million above last year and \$26.8 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)

IIT receipts are performing slightly above forecast for the first five months of FY2013. November's receipts came in 4.2% or \$47.0 million higher than our forecast for the month. By the end of November, the total processing days (workdays) match with 103 days of the same period last year, so year-to-date comparison should now be more meaningful.

Total year-to-date revenues are up by 5.8% or \$342.2 million over the same period last year. Barring any dramatic change by Congress in the pending negotiations in Washington, D.C. over the fiscal cliff, we are confident that IIT revenues will meet the forecast for FY2013.

### Year-to-Date (\$ millions)

Actual	Forecast	\$ Difference	% Difference
\$6,237.6	\$6,188.0	\$49.7	0.8%
FY 2012	FY 2013	\$ Difference	% Difference
\$5,895.4	\$6,237.6	\$342.2	5.8%

**Withholding receipts:** Withholding receipts were 3.5% above our forecast for the month. In spite of one fewer processing day in November 2012 compared with the same period last year, withholding receipts in November were \$57.6 million higher than the actual amount of the same period last year. The total year-to-date receipts, a more reliable indicator of performance, are 3.5% or \$187.2 million higher than the same period last year. The number of firms that remit withholding weekly or monthly has been higher than last year, while the number of firms that remit quarterly or annually is lower than last year.

**Non-Withholding receipts:** November's non-withholding receipts of \$45.3 million were 25.7% higher than forecast. Year-to-date receipts from non-withholding amount to \$697.7 million, exceeding the actual receipts from the last fiscal year by \$155.0 million or 28.6%. Non-withholding payments have been the driving force behind the \$342.2 million increases in total IIT receipts over last year. Historically, receipts for the first five months represent barely 17% of all non-withholdings payments for a year. Because final and estimated payments are very unpredictable, the current increases do not warrant an upward revision in the forecast.

### Components Year-to-Date (\$ millions)

	Actual	Forecast	\$ Difference	% Difference
Withholding	\$5,540.0	\$5,505.7	\$34.2	0.6%
Estimated and final	\$697.7	\$682.2	15.4	2.3%
<b>Total</b>	<b>\$6,237.6</b>	<b>\$6,188.0</b>	<b>\$49.7</b>	<b>0.8%</b>

*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 \$50.3 million in November, above the forecast of \$34.9 million.

Receipts have exceeded forecast for the last six months in a row, as shown in the table below:

Year-to-Date Comparison (\$ millions)			
<b>Actual</b>	<b>Estimate</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$882.9</b>	<b>\$679.9</b>	<b>\$203.0</b>	<b>29.9%</b>
<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$695.1</b>	<b>\$882.9</b>	<b>\$187.8</b>	<b>27.0%</b>

Month	Fiscal Year	Forecast \$ in millions	Actual, \$ in millions	Difference, \$ in millions
June	12	\$381.2	\$484.8	\$103.6
July	13	\$67.9	\$86.8	\$18.9
August	13	\$35.2	\$67.8	\$32.6
September	13	\$436.9	\$498.1	\$61.2
October	13	\$104.9	\$179.9	\$75.0

While CIT receipts are up approximately 30% over forecast, it should be noted that:

- While corporate profits are up 7% over the prior year, this rate of growth is not anywhere near as large as the increase as CIT receipts.
- 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 firm's timing in making payments. This would affect our ability to spread our annual forecast accurately throughout the year.
- A majority of the CIT receipts forecast for FY 2013 have not yet been received. Our forecast was for approximately 23% 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.

## ➤ Sales & Use Tax

State sales and use tax receipts for the first five 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)			
<b>Actual</b>	<b>Forecast</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$3,039.0</b>	<b>\$3,065.8</b>	<b>-\$26.8</b>	<b>-0.9%</b>
<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$3,020.1</b>	<b>\$3,039.0</b>	<b>\$18.9</b>	<b>0.6%</b>

As we have mentioned in earlier reports, the outcome of the fiscal cliff negotiations could have a material impact on actual receipts and on our forecasts. Two elements in particular could quickly affect state sales and use tax in the second half of fiscal year 2013, namely the payroll tax cut and emergency unemployment insurance benefits. If the payroll tax cut expires at the end of December, the average family would lose about \$1,000 in annual income under the higher tax rate. At the same time, if emergency unemployment insurance benefits are not extended beyond the end of 2012, approximately 90,000 Illinois residents will lose their weekly benefit of about \$310 each, and thousands more who would have become eligible for emergency benefits in 2013 will see their benefits run out as well. In the event that one or both of these policies expire at the end of December, a significant volume of consumer income will be removed from the Illinois economy. This would ultimately have a negative impact on consumer demand and thus sales and use tax receipts.

For anyone looking for the impact of “Black Friday” shopping on receipts, you will have to wait until the December report. Due to tax return filing schedules, there is generally a one month lag between when a sale occurs and when the Illinois Department of Revenue receives the tax from that particular sale. Hence, sales that occurred in November will primarily affect December receipts.

Year-to-Date Comparison (\$ millions)				
	<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
Vehicles	<b>\$397.7</b>	<b>\$436.1</b>	<b>\$38.3</b>	<b>9.6%</b>
Motor fuel*	<b>\$339.5</b>	<b>\$352.5</b>	<b>\$13.0</b>	<b>3.8%</b>
All else	<b>\$2,282.9</b>	<b>\$2,250.4</b>	<b>-\$32.4</b>	<b>-1.4%</b>
<b>Total</b>	<b>\$3,020.1</b>	<b>\$3,039.0</b>	<b>\$18.9</b>	<b>0.6%</b>

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

## ➤ Public Utilities Taxes

### Telecommunications –

General Fund receipts were \$207.8 million through five months, down 4.5 percent (or approximately \$10 million) from the forecast year-to-date.

Approximately \$1.3 million of this shortage can be explained by a higher than anticipated diversion 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
<b>Telecommunications</b>	<b>\$207.8</b>	<b>\$217.6</b>	<b>-\$9.8</b>	<b>- 4.5%</b>
<b>Electricity</b>	<b>\$177.2</b>	<b>\$177.2</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>Natural gas</b>	<b>\$16.2</b>	<b>\$29.1</b>	<b>-\$12.9</b>	<b>-44.2%</b>
	FY 2012	FY 2013	\$ Difference	% Difference
<b>Telecommunications</b>	<b>\$214.8</b>	<b>\$207.8</b>	<b>-\$7.0</b>	<b>-3.2%</b>
<b>Electricity</b>	<b>\$182.1</b>	<b>\$177.2</b>	<b>-\$4.9</b>	<b>-2.7%</b>
<b>Natural gas</b>	<b>\$28.9</b>	<b>\$16.2</b>	<b>-\$12.7</b>	<b>-43.9%</b>

**Electricity** – Receipts through November were exactly at forecast for the year, \$177.2 million.

**Natural gas** – Receipts are \$16.2 million year-to-date, 44.2% (\$12.9 million) below forecast.

Year-to-date, large taxpayers have used a net \$7.5 million in credit for overpayments to meet their current tax liabilities. This accounts for approximately 58% of our forecast underperformance.

## ➤ Cigarette Taxes

November receipts are close to forecast revealing distributors are beginning their anticipated downward adjustments in stamp purchases.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
<b>All Funds *</b>	<b>\$299.5</b>	<b>\$343.7</b>	<b>-\$44.2</b>	<b>-12.9%</b>
<b>General Revenue Fund</b>	<b>\$144.2</b>	<b>\$147.9</b>	<b>-\$3.7</b>	<b>-2.5%</b>
	FY 2012	FY 2013	\$ Difference	% Difference
<b>All Funds *</b>	<b>\$219.8</b>	<b>\$299.5</b>	<b>\$79.7</b>	<b>36.3%</b>
<b>General Revenue Fund</b>	<b>\$147.5</b>	<b>\$144.2</b>	<b>-\$3.3</b>	<b>-2.2%</b>

## ➤ Tobacco Products Tax

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

Year-to-Date (\$ millions)			
<b>Actual</b>	<b>Forecast</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$20.6</b>	<b>\$19.2</b>	<b>\$1.4</b>	<b>7.3%</b>
<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$12.6</b>	<b>\$20.6</b>	<b>\$8.0</b>	<b>63.5%</b>

## ➤ Estate Tax

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

Year-to-Date (\$ millions)			
<b>Actual</b>	<b>Forecast</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$134.7</b>	<b>\$101.0</b>	<b>\$33.7</b>	<b>33.4%</b>
<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$49.3</b>	<b>\$134.7</b>	<b>\$85.4</b>	<b>173.2%</b>

## ➤ Liquor Tax

Liquor tax receipts for the first five months of fiscal year 2013 increased 2.7 percent compared to the same period last year and were 2.9 percent above our forecast year-to-date.

Year-to-Date (\$ millions)	*Includes general revenue funds			
	Actual	Forecast	\$ Difference	% Difference
<b>All Funds</b>	<b>\$120.9</b>	<b>\$117.5</b>	<b>\$3.4</b>	<b>2.9%</b>
<b>General Revenue Fund</b>	<b>\$71.2</b>	<b>\$69.2</b>	<b>\$2.0</b>	<b>2.9%</b>
<b>All Funds*</b>	<b>\$117.7</b>	<b>\$120.9</b>	<b>\$3.2</b>	<b>2.7%</b>
<b>General Revenue Fund</b>	<b>\$69.3</b>	<b>\$71.2</b>	<b>\$1.9</b>	<b>2.7%</b>

## ➤ Hotel Operator's Occupation Tax (HOOT)

Receipts are coming in close to forecast.

Year-to-Date (\$ millions)		*Includes general revenue funds		
	Actual	Forecast	\$ Difference	% Difference
All Funds*	\$107.6	\$106.3	\$1.3	1.2%
General Revenue Fund	\$16.5	\$18.4	-\$1.9	-10.3%
	FY 2012	FY 2013	\$ Difference	% Difference
All Funds*	\$106.9	\$107.6	\$0.7	0.7%
General Revenue Fund	\$16.9	\$16.5	-\$0.4	-2.4%

## ➤ Motor Fuel Taxes

Year-to-Date (\$ millions)		IFTA	
Actual	Forecast	\$ Difference	% Difference
\$29.8	\$32.7	-\$2.9	-8.8%
FY 2012	FY 2013	\$ Difference	% Difference
\$31.8	\$29.8	-\$2.0	-6.3%

Year-to-Date (\$ millions)		Regular MFT	
Actual	Forecast	\$ Difference	% Difference
\$485.1	\$501.1	-\$16.0	-3.2%
FY 2012	FY 2013	\$ Difference	% Difference
\$488.0	\$485.1	-\$2.9	-0.6%

Year-to-Date (\$ millions)		UST	
Actual	Forecast	\$ Difference	% Difference
\$29.3	\$30.5	-\$1.2	-3.9%
FY 2012	FY 2013	\$ Difference	% Difference
\$29.7	\$29.3	-\$0.4	-1.3%

Combined motor fuel tax receipts (regular MFT, IFTA, and UST) for the first five months of fiscal year 2013 were 1.0 percent (-\$5.3 million) below the same period last year and 3.6 percent (-\$20.0 million) below our forecast year-to-date.

➤ **Real Estate Transfer Tax (RETT)**

As expected, November receipts reflected monies in transit from October. Year-to-date receipts are running slightly ahead of forecast.

<b>Year-to-Date</b> (\$ millions)			
<b>Actual</b>	<b>Forecast</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$20.4</b>	<b>\$19.9</b>	<b>\$0.5</b>	<b>2.5%</b>
<b>FY 2012</b>	<b>FY 2013</b>	<b>\$ Difference</b>	<b>% Difference</b>
<b>\$17.6</b>	<b>\$20.4</b>	<b>\$2.8</b>	<b>15.9%</b>

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

Revenue Source Receipts	November FY2012	November 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)	\$1,098.7	\$1,173.6	\$5,895.4	\$6,237.6	\$342.2	5.8%	\$6,188.0	\$49.7	0.8%	\$10,219.4	\$9,429.8	\$12,301.8	\$16,999.8	\$16,922.4
Corporate Income Tax (CIT)	\$42.8	\$50.3	\$695.1	\$882.9	\$187.8	27.0%	\$679.9	\$203.0	29.9%	\$2,072.5	\$1,648.9	\$2,285.7	\$2,983.0	\$2,921.0
Sales Tax (GRFs)	\$602.1	\$610.0	\$3,020.1	\$3,039.0	\$18.9	0.6%	\$3,065.8	-\$26.8	-0.9%	\$6,772.8	\$6,308.0	\$6,833.0	\$7,225.6	\$7,335.0
Public Utilities (GRFs)	\$86.5	\$71.2	\$425.8	\$401.2	-\$24.6	-5.8%	\$423.9	-\$22.7	-5.4%	\$1,167.8	\$1,089.2	\$1,147.2	\$994.7	\$1,101.0
Telecommunications	\$42.1	\$38.6	\$214.8	\$207.8	-\$7.0	-3.2%	\$217.6	-\$9.8	-4.5%	\$593.3	\$549.5	\$586.9	\$459.6	\$525.0
Electricity	\$35.8	\$28.7	\$182.1	\$177.2	-\$4.9	-2.7%	\$177.2	\$0.0	0.0%	\$402.9	\$381.4	\$401.2	\$390.0	\$409.0
Gas	\$8.6	\$3.9	\$28.9	\$16.2	-\$12.7	-43.9%	\$29.1	-\$12.9	-44.2%	\$171.5	\$158.3	\$159.1	\$145.2	\$167.0
Estate Tax (GRFs)	\$42.5	\$13.7	\$49.3	\$134.7	\$85.4	173.2%	\$101.0	\$33.7	33.4%	\$287.7	\$243.4	\$122.2	\$234.8	\$242.0
Cigarette (All Funds)	\$53.3	\$71.8	\$219.8	\$299.5	\$79.7	36.3%	\$343.7	-\$44.2	-12.9%	\$564.0	\$557.8	\$560.8	\$577.4	\$853.0
Tobacco Products	\$2.4	\$4.2	\$12.6	\$20.6	\$8.0	63.5%	\$19.2	\$1.4	7.3%	\$21.4	\$24.0	\$27.4	\$29.0	\$40.0
Regular Motor Fuel Tax	\$97.5	\$99.2	\$488.0	\$485.1	-\$2.9	-0.6%	\$501.1	-\$16.0	-3.2%	\$1,248.6	\$1,165.4	\$1,157.6	\$1,145.3	\$1,176.0
Motor Fuel - IFTA	\$7.9	\$7.3	\$31.8	\$29.8	-\$2.0	-6.3%	\$32.7	-\$2.9	-8.8%	\$144.0	\$103.0	\$84.9	\$75.1	\$77.0
Ug. Storage Tank	\$6.2	\$6.1	\$29.7	\$29.3	-\$0.4	-1.3%	\$30.5	-\$1.2	-3.9%	\$74.8	\$70.8	\$71.2	\$69.5	\$71.0
Liquor (GRF)	\$13.0	\$13.0	\$69.3	\$71.2	\$1.9	2.7%	\$69.2	\$2.0	2.9%	\$157.6	\$158.5	\$157.4	\$164.4	\$163.0
Insurance Tax (GRFs)	\$2.7	\$0.4	\$85.5	\$88.9	\$3.4	4.0%	\$77.0	\$11.9	15.5%	\$334.3	\$322.4	\$316.1	\$344.6	\$285.0
Franchise Tax (Corp Division)	\$18.8	\$19.2	\$86.9	\$92.5	\$5.6	6.4%	\$88.9	\$3.6	4.1%	\$201.5	\$208.0	\$207.3	\$191.6	\$203.0
Real Estate Transfer Tax	\$2.4	\$4.8	\$17.6	\$20.4	\$2.8	15.9%	\$19.9	\$0.5	2.5%	\$45.6	\$40.3	\$38.0	\$42.0	\$43.0
Private Vehicle Use (GRFs)	\$2.7	\$1.7	\$12.8	\$12.0	-\$0.8	-6.5%	\$13.3	-\$1.3	-9.6%	\$27.3	\$30.2	\$30.3	\$28.7	\$29.0
Hotel Tax (All Funds)	\$22.8	\$21.6	\$106.9	\$107.6	\$0.7	0.7%	\$106.3	\$1.3	1.2%	\$203.3	\$173.1	\$191.7	\$207.9	\$216.0