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MONTHLY BRIEFING

For the Month Ended: OCTOBER 2024

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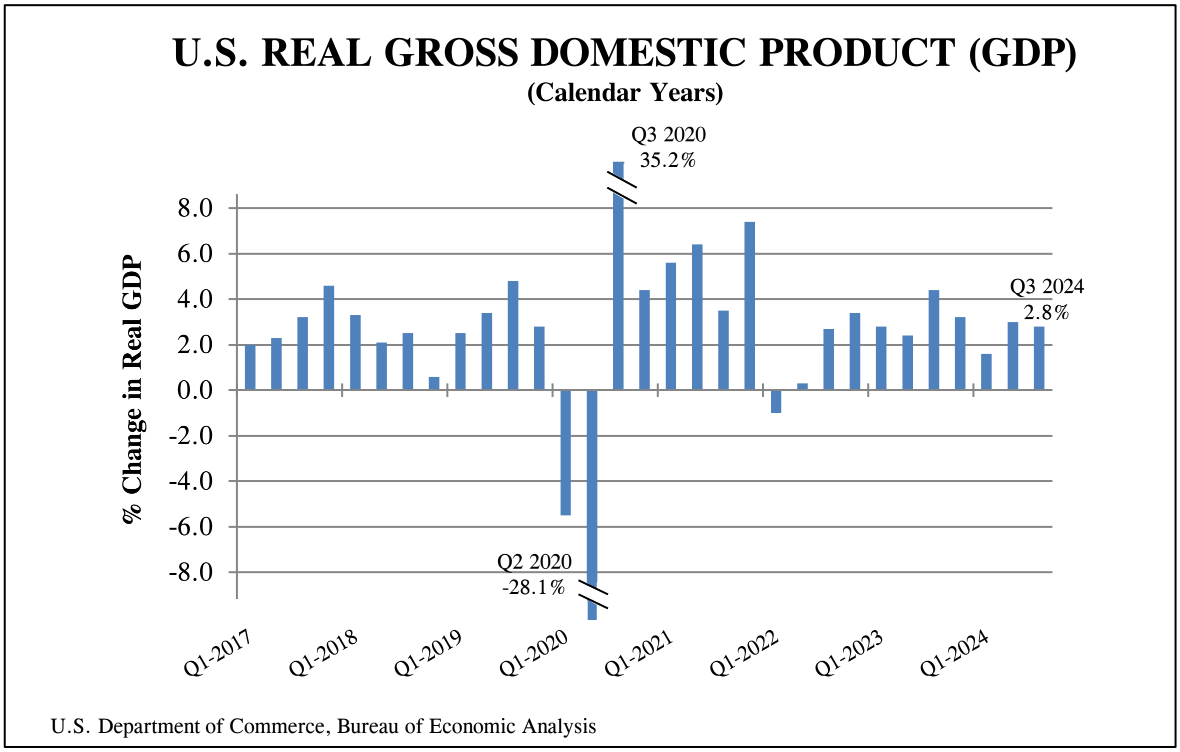
Another Strong Quarter for the U.S. Economy

Benjamin L. Varner, Chief Economist

Last week, the Bureau of Economic Analysis released preliminary estimates for the third quarter of 2024, indicating that the U.S. economy grew at an annualized rate of 2.8%. This marks a continuation of above-trend growth, as the economy has expanded by at least 2.4% in eight of the past nine quarters—well above the long-term pre-COVID growth rate of around 2.1% observed over the previous two decades. This recent growth was driven largely by strong personal consumption and increased government spending. Business investments made a modest contribution, while housing and net exports slightly weighed on overall economic performance.

Consumer spending rose by 3.7%, up from 2.8% in the second quarter and marks the fastest growth since early 2023. Both goods and services spending contributed to this increase. Goods spending climbed by 6.0%, with durable goods up 8.1%, driven primarily by higher sales in used cars and furniture. Nondurable goods grew by 4.9%, with grocery sales increasing moderately (3.0%) and pharmaceutical and other medical products surging over 13%. Spending on services rose by 2.6%, the slowest rate since the third quarter of last year, with growth across all categories led by outpatient healthcare services.



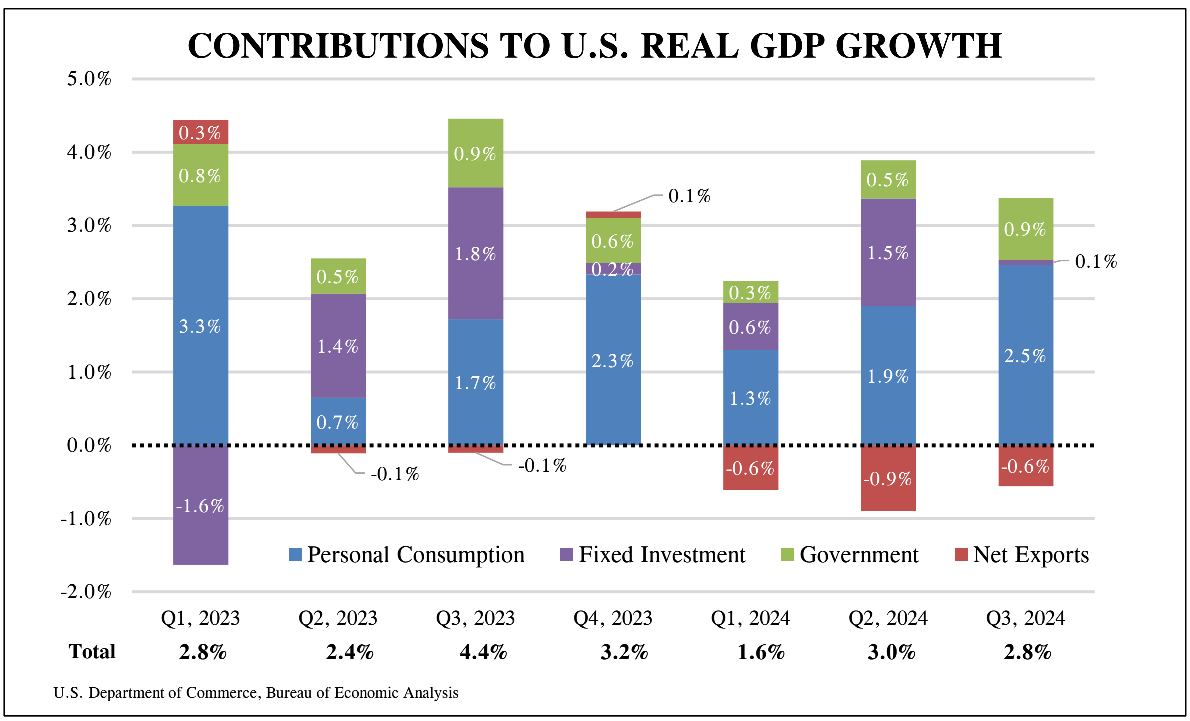
Gross private domestic investment remained nearly flat at 0.3% in the third quarter, as gains in business investments were offset by declines in residential spending and shifts in private inventories. Business spending rose by 3.3%, though the momentum in structure construction seen at the end of 2023 and the start of 2024 has waned, with spending on structures dropping by 4.0%. While investment in structures has slowed over the past two quarters (0.2% and -4.0%), allocation toward equipment has increased significantly (9.8% and 11.1%). Spending on intellectual property products remained flat. The residential sector, which had experienced four consecutive quarters of growth through early 2024, saw a downturn beginning in the second quarter, with investment falling by -2.8% and plummeting to a -5.1% decline in the third quarter. Additionally, changes in business inventories reduced total real GDP growth by nearly 0.2% in the third quarter.

Net exports of goods and services hindered economic growth in the third quarter, as imports grew faster than exports. Exports rose by a strong 8.9%, marking the highest growth in two years. Goods exports increased by a robust 12.2%, while service exports saw a more modest rise of 3.0%. However, imports outpaced exports, growing by 11.2%. Goods imports surged 11.6%, the fastest growth since early 2022, and service imports increased by 9.4%.

Government spending and investment remained a supportive factor for the U.S. economy, growing by 5.0% in the third quarter. This growth was driven primarily by federal government expenditures, particularly in defense spending. Federal spending rose by 9.7%, significantly higher than growth seen at the end of 2023 and into 2024. Defense spending increased by 14.9%—the largest rise since the beginning of the Iraq War in 2003—largely due to expenditures related to the Ukraine War and the Middle East conflict. Non-defense federal spending was up 3.2%. State and local government spending growth, however, has slowed to 2.3% in the last two quarters after exceeding 5% growth in 2023.

The chart below illustrates the contributions to real GDP growth by component since early 2023. In the third quarter, personal consumption accounted for 2.5% of the net 2.8% growth, underscoring its consistent role as the primary driver of the U.S. economy. Fixed investment, which includes business spending and housing, contributed only 0.1% this quarter. Fixed investment has been somewhat constrained in recent years, as housing has weighed on the economy in most quarters since 2021. Government spending added 0.9% to growth in the third quarter and has consistently supported economic expansion over the past two years. In contrast, net exports reduced growth by 0.6%, continuing to act as a drag on the economy over the last three quarters.

Overall, the U.S. economy continues to expand and has outpaced most other major developed economies. While the labor market has softened slightly, it continues to add jobs, maintaining a relatively low unemployment rate. Inflation has eased from the highs of 2022 and is gradually trending toward the Fed's target level. However, despite the steady U.S. growth, Illinois' contribution to this positive trend remains uncertain, as employment growth has been muted and the state's unemployment rate is persistently above the national average.



INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

INDICATORS*	LATEST MONTH	PRIOR MONTH	A YEAR AGO
Unemployment Rate (Average) (Sep.)	5.3%	5.3%	4.7%
Inflation in Chicago (12-month percent change) (Sep.)	4.1%	3.8%	2.3%

	LATEST MONTH	CHANGE OVER PRIOR MONTH	CHANGE OVER A YEAR AGO
Civilian Labor Force (thousands) (Sep.)	6,529.7	0.0%	1.0%
Employment (thousands) (Sep.)	6,186.0	0.0%	0.4%
Nonfarm Payroll Employment (Sep.)	6,167,700	7,100	35,400
New Car & Truck Registration (Sep.)	32,659	-27.1%	-4.8%
Single Family Housing Permits (Sep.)	931	-3.4%	19.2%
Total Exports ($ mil) (Aug.)	7,051.5	8.0%	11.8%
Chicago Purchasing Managers Index (Oct.)	41.6	-10.7%	-5.5%

* Due to monthly fluctuations, trend best shown by % change from a year ago

Overview of Gaming Related Revenues in FY 2024

Robin Thompson, Revenue Analyst

Gaming in Illinois continues to develop and expand as many of the components of the gaming expansion package that was enacted in 2019 (P.A. 101-0031) are starting to take full effect. This includes the maturation of the sports wagering industry, the continued growth of the video gaming industry, and the development of several new casinos across the State. While several significant components of this expansion are still yet to materialize, such as the opening of the 4,000 position Chicago Casino, the activity that has taken place was the impetus behind notable revenue increases in FY 2024 related to these gaming sources.

Statewide adjusted gross receipts (AGR) for Illinois casinos increased 13.2% in FY 2024. The AGR increase from $1.430 billion to $1.618 billion was largely a result of new casinos beginning operations in Carterville and Chicago. With this growth, the FY 2024 AGR total continued to grow beyond recent pre-pandemic levels and appears to indicate a reversal of the generally downward trend of casino revenues over the past decade. For video gaming, the number of terminals in operation across Illinois steadily increased to over 48,000 by the end of FY 2024. Video gaming machines generated over $2.933 billion in net terminal income in FY 2024, a 3.9% increase over the FY 2023 total of $2.821 billion. Sports Wagering, now in its fifth fiscal year of operations, grew 16.4% in FY 2024, increasing its AGR totals from $949 million to $1.104 billion.

The details behind the recent growth of these industries are laid out in the Commission's 2024 update to its annual Wagering Report, which was released in October and can be found at the

Commission's website at https://cgfa.ilga.gov/. This report not only provides pertinent information related to Illinois' Casino, Video Gaming, and Sports Wagering industries, but also contains a summary of other forms of wagering in Illinois, including the Lottery, Horse Racing, and other miscellaneous forms of gaming. The following section provides some highlights of the 2024 Wagering Report, focusing on the revenue sources that have benefitted the most from the recent gaming expansion.

Casinos

The adjusted gross receipts of Illinois casinos grew from $1.430 billion in FY 2023 to $1.618 billion in FY 2024 – an increase of 13.2%. This is the highest AGR figure since FY 2012, and reflects the overall growth in the number of casinos across the State. While, the overall AGR of Illinois casinos increased by 13.2% in FY 2024, most casinos, however, recorded flat or slightly decreased AGR totals relative to FY 2023. This includes the highest generator of adjusted gross receipts in Illinois, Des Plaines' Rivers Casino, which saw its AGR total slide from $557.6 million in FY 2023 to $526.7 million in FY 2024.

The primary cause for the decline in AGR at many of the established casinos is the added competition from new casinos across Illinois. During FY 2024, a permanent casino facility in Carterville opened and began incurring revenue in August 2023 while a temporary location in Chicago opened in September 2023. These casinos joined recently new establishments in Danville, Rockford, and Waukegan.

ADJUSTED GROSS RECEIPTS OF ILLINOIS CASINOS

$ IN MILLIONS	FY 2019 AGR	FY 2020 AGR	FY 2021 AGR	FY 2022 AGR	FY 2023 AGR	FY 2024 AGR	1-Yr. Change	10-Yr. Change	June '24 Positions	AGR/ Pos/Day
ALTON ARGOSY - Alton	$40.0	$30.1	$23.9	$32.6	$33.0	$34.3	3.8%	-42.7%	504	$186
HOLLYWOOD - Aurora	$115.1	$77.7	$71.5	$102.7	$99.1	$96.0	-3.1%	-27.1%	967	$272
WALKER'S BLUFF - Carterville	$0.0	$0.0	$0.0	$0.0	$0.0	$26.1	N/A	N/A	657	$109
BALLY'S - Chicago	$0.0	$0.0	$0.0	$0.0	$0.0	$93.2	N/A	N/A	971	$263
GOLDEN NUGGET - Danville	$0.0	$0.0	$0.0	$0.0	$2.4	$38.5	1471.2%	N/A	504	$209
RIVERS CASINO - Des Plaines	$440.1	$321.2	$340.2	$503.1	$557.6	$526.7	-5.5%	25.0%	1,999	$722
PAR-A-DICE - E. Peoria	$74.5	$48.7	$48.3	$61.5	$63.1	$61.9	-2.0%	-38.2%	599	$283
CASINO QUEEN - E. St. Louis	$94.3	$67.2	$54.9	$78.7	$80.3	$81.7	1.8%	-29.7%	997	$225
GRAND VICTORIA - Elgin	$157.2	$107.6	$107.1	$155.1	$153.4	$146.3	-4.6%	-18.8%	911	$440
HARRAH'S - Joliet	$175.2	$116.3	$107.2	$141.7	$133.7	$128.5	-3.9%	-34.5%	795	$443
HOLLYWOOD - Joliet	$115.2	$79.1	$64.3	$88.0	$90.4	$90.5	0.1%	-26.8%	913	$272
HARRAH'S - Metropolis	$68.7	$50.8	$48.5	$60.9	$65.1	$61.1	-6.1%	-24.1%	632	$265
BALLY'S - Rock Island	$66.7	$43.9	$31.5	$49.2	$58.4	$61.2	4.7%	-21.1%	775	$216
HARD ROCK - Rockford	$0.0	$0.0	$0.0	$34.0	$62.8	$72.9	15.9%	N/A	579	$345
AMERICAN PLACE - Waukegan	$0.0	$0.0	$0.0	$0.0	$30.1	$99.4	230.0%	N/A	1,054	$258
TOTALS	**$1,347.1**	**$942.7**	**$897.3**	**$1,307.5**	**$1,429.5**	**$1,618.2**	**13.2%**	**8.8%**	**12,857**	**$305**
CHICAGO REGION TOTALS	$1,002.8	$701.9	$690.3	$990.6	$1,064.3	$1,180.6	10.9%	12.1%	7,610	$425
ST. LOUIS REGION TOTALS	$134.4	$97.3	$78.8	$111.4	$113.3	$115.9	2.3%	-34.1%	1,500	$212

Source: Illinois Gaming Board

Casinos in the South Suburbs, Waukegan, and the City of Chicago have initiated plans to open permanent facilities in the future, which should increase the State's casino AGR total. The timetable of when these casinos will ultimately open and begin generating revenues varies and remains fluid.

Video Gaming

Despite increased gaming options from casinos and sports wagering, the expansion of Video Gaming continued in FY 2024. Net terminal income (NTI) reached a new record of $2.933 billion and tax revenue climbed to $997 million, of which $851 million went to the Capital Projects Fund and $147 million went to local governments. This marks a 3.9% increase over the FY 2023 net terminal income total of $2.821 billion.

Beginning July 1, 2024, an additional tax of 1% is imposed on net terminal income, bringing the total tax to 35%. This is a result of recently enacted P.A. 103-0592. From this 35% tax, 30% is allocated to the Capital Projects Fund and the remaining 5% is returned to local governments.

This latest moderate increase may indicate an enduring growth pattern for video gaming revenues, as net terminal income has continued to climb above "pandemic" highs, when other gaming options were not readily available. Whether this trend will stall as a result of the last phases of gaming expansion remains to be seen.

Illinois Video Gaming Statistics by Fiscal Year

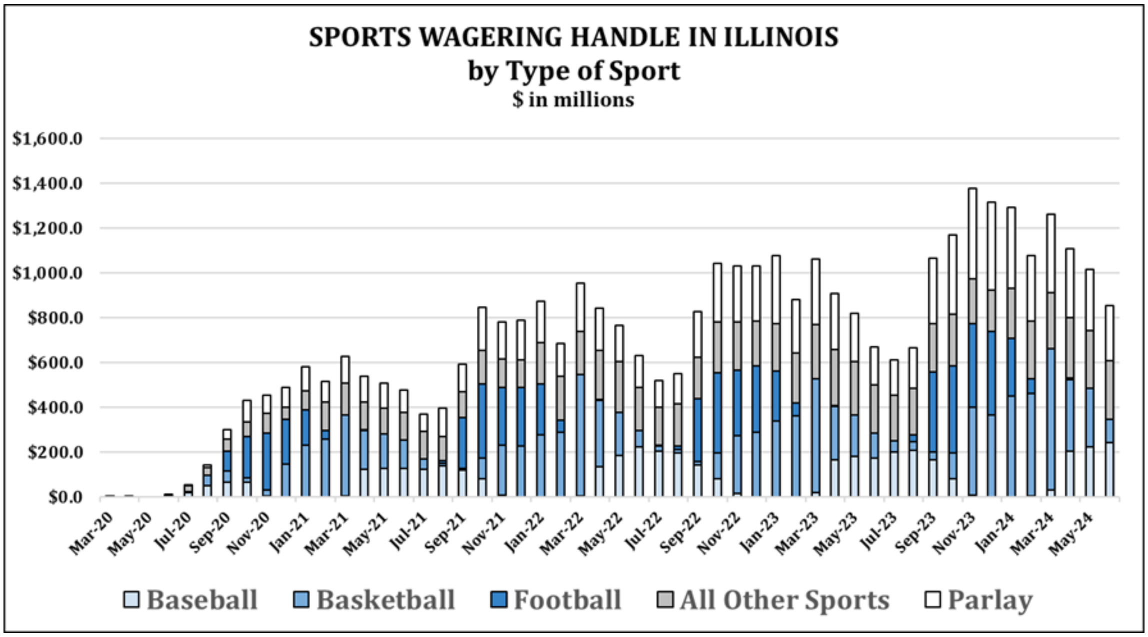
Fiscal Year	Terminals in Operation at end of FY	Net Terminal Income ($ in mil)	NTI per Terminal per Day	Tax Revenue* ($ in mil)	State Share of Total* ($ in mil)	Local Share of Total* ($ in mil)
FY 2014	17,467	$485.4	$76.14	$145.6	$121.4	$24.3
FY 2015	20,730	$804.8	$106.36	$241.4	$201.2	$40.2
FY 2016	23,891	$1,020.8	$117.06	$306.2	$255.2	$51.0
FY 2017	26,873	$1,202.0	$122.55	$360.6	$300.5	$60.1
FY 2018	29,283	$1,406.5	$131.59	$421.9	$351.6	$70.3
FY 2019	32,033	$1,592.5	$136.21	$477.8	$398.1	$79.6
FY 2020**	36,145	$1,222.6	$130.60	$403.5	$342.3	$61.1
FY 2021**	40,157	$1,934.0	$156.88	$657.6	$560.9	$96.7
FY 2022	43,128	$2,632.4	$167.23	$895.0	$763.4	$131.6
FY 2023	45,987	$2,821.1	$168.07	$959.2	$818.1	$141.1
FY 2024	48,176	$2,932.5	$166.77	$997.0	$850.5	$146.6

* Prior to July 1st of 2019, tax imposed on video gaming net terminal income was at 30% of which 5/6 of the tax revenues went to the Capital Projects Fund and the remaining 1/6 went to local governments. As of July 1st of 2019, an additional tax of 3% began, bringing the tax to 33%. On July 1st 2020, the tax increased to 34%. Revenues from the additional tax are to be deposited into the Capital Projects Fund.

**Due to COVID-19, play was suspended between March 16th and June 30th of 2020 and then again from November 19th thru January 15th of 2021. After January 15th of 2021, play was allowed to resume in a region once its region met certain COVID-19 guidelines.

Sports Wagering

The following table provides an overview of Illinois' sports wagering statistics in its first five years of operation. As shown, a little over one billion wagers have been made during this time. More than $36.8 billion in bets have been handled with almost $33.8 billion in payouts. The growth in handle as well as the seasonal variation and types of sports bet upon is evidenced by the chart below.



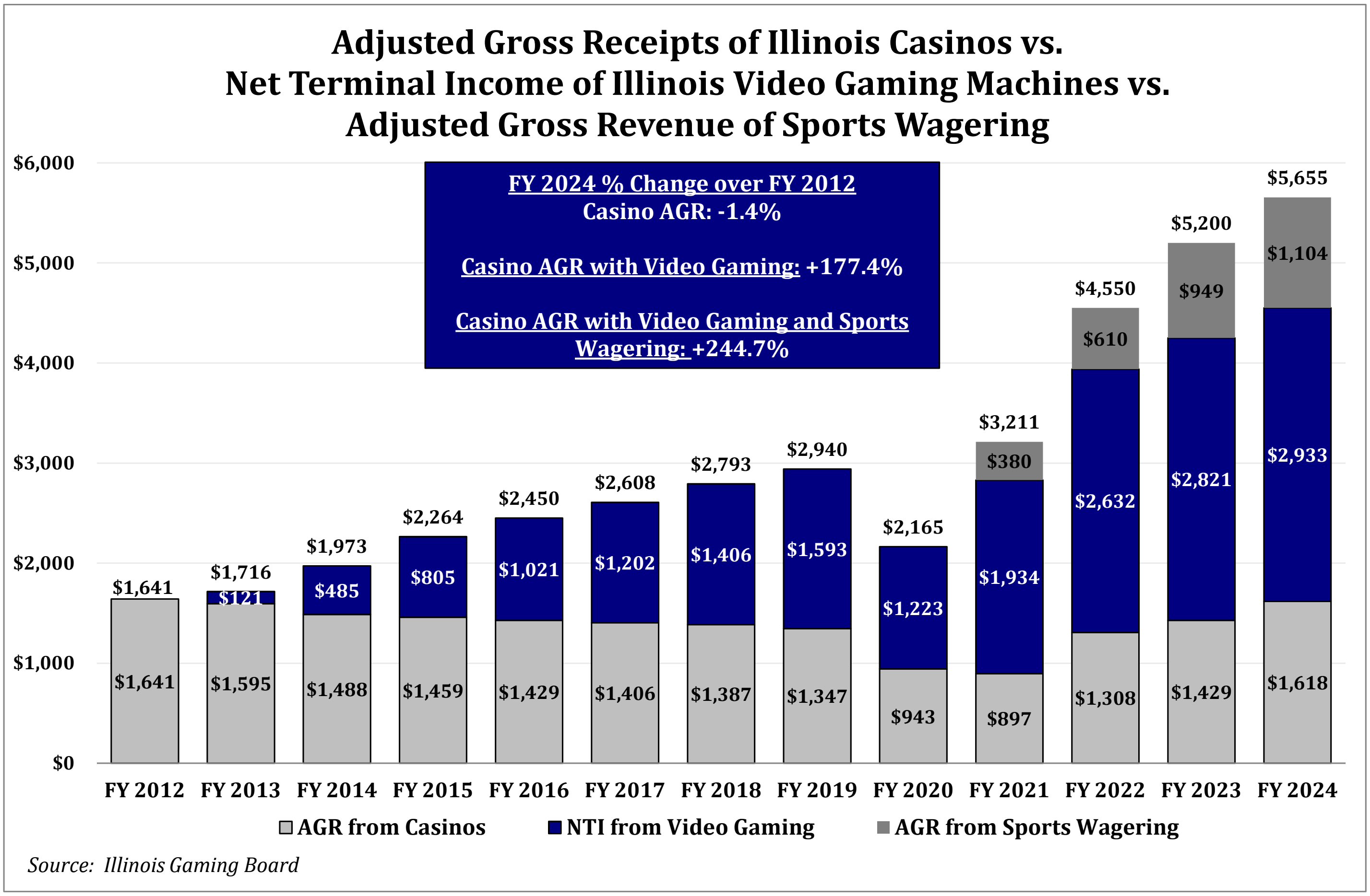
This above activity has resulted in over $3 billion in adjusted gross receipts from sports wagering, thereby generating approximately $456 million in tax revenues. The 16.4% AGR increase between FY 2023 and FY 2024, is largely the result of advertising efforts to drive further sports betting activity. In FY 2025, a new graduated tax structure is estimated to bring an additional $200 million annually in tax sports wagering tax revenues. A more detailed look at this change is provided in the Commission's *Wagering in Illinois 2024 Update*. In FY 2024 alone, $1.104 billion in AGR was generated, resulting in tax revenue of $166 million.

ILLINOIS SPORTS WAGERING STATISTICS BY FISCAL YEAR *$ in millions*					
Fiscal Year	**Wagers**	**Handle**	**Payout**	**AGR**	**Tax Revenue**
FY 2020	192,007	$9	$8	$0	$0
FY 2021	146,883,248	$5,106	$4,727	$380	$57
FY 2022	221,742,054	$8,515	$7,904	$610	$92
FY 2023	304,730,417	$10,407	$9,459	$949	$142
FY 2024	335,880,788	$12,801	$11,697	$1,104	$166
Total	1,009,428,514	$36,838	$33,795	$3,043	$456

Source: Illinois Gaming Board

Overview

Since FY 2012, the fiscal year before video gaming was implemented, adjusted gross receipts from Illinois casinos totaled $1.641 billion. In subsequent years, after video gaming's proliferation, the AGR of Illinois casinos struggled, dropping to $1.308 billion in FY 2022. While it has since rebounded with the help of new casinos beginning operations, its FY 2024 total of $1.618 billion remains 1.4% below the FY 2012 tally. However, when including video gaming revenues, overall gaming revenues have grown from $1.641 billion to $4.551 billion, an increase of 177.4%. This total rises even higher to $5.655 billion (+244.7%) when including the AGR from sports wagering.

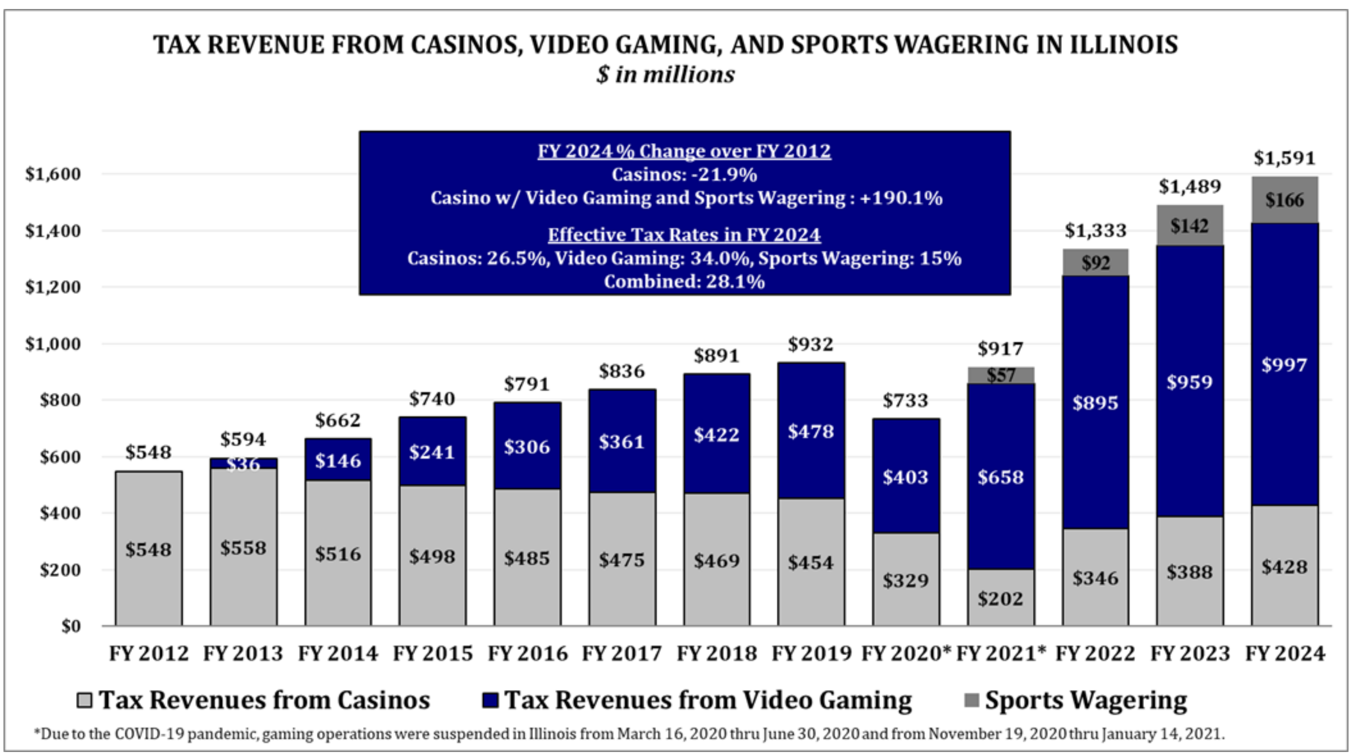


The AGR and NTI figures shown above are the taxable base, from which each gaming source collects revenues. In FY 2012, casinos on their own generated $548 million in tax revenues. This tax total has fallen to $428 million in FY 2024 as a result of a reduced graduated tax structure and the effects of added competition from other gaming components. However, when including the tax revenues generated from Video Gaming, gaming related taxes have seen significant growth overall—rising from $548 million in FY 2012 to $1.425 billion in FY

2024. Furthermore, when including sports wagering tax revenues in this equation, the latest tally is $1.591 billion, which represents a 190.1% increase since FY 2012.

Due to differences in the tax rate structure between the various forms of wagering, each wagering category contributes a different level of tax contribution to the State. Historically, the tax rates have varied considerably in many wagering categories. Casinos follow a graduated tax structure system where they are assigned tax rates for table games and electronic gaming devices depending on the total AGR received (the Chicago casino follows a slightly different privilege tax structure). In FY 2020, a new graduated tax structure was implemented for casinos. This new structure reduced the effective average tax rate for subsequent fiscal years. Video Gaming has also had recent tax rate changes. The video gaming flat tax rate has risen from 33% in FY 2019 to 34% in FY 2020, and now to 35% in FY 2025. As mentioned earlier, sports wagering has implemented a new graduated tax structure in FY 2025. This replaces the previous flat rate tax of 15%.

The effective tax rate of 26.5%, as shown in the chart below, represents an average effective tax rate for all of Illinois' casinos. This is in contrast to video gaming and sports wagering, which are both given a FY 2024 flat tax rate of 34.0% and 15.0% on net terminal income and sports wagering AGR, respectively.



Total Revenues Fall Due to Anticipated Drop in Federal Receipts, but Base Revenues See Improvement in October

Eric Noggle, Revenue Manager

It was a mixed month for revenues deposited into the State's General Funds in October. While total revenues fell $260 million [-5.8%] due to a sharp decline in federal receipts, base receipts did grow $373 million [+9.8%]. However, much of this base growth is attributed to the timing of transfers and specific revenue sources. This month had one more receipting day than last October.

The overall drop in General Funds receipts was not surprising due to the anticipated decline in Federal Sources. In October 2024, the State received $386 million in Federal Sources, which is significantly lower than the $1.018 billion received in October 2023. This large discrepancy is because last year's total included $633 million in retroactive Medicaid-related matching funds associated with claims for service dates between the end of 2020 and June 2022 *(see October 2023 monthly for further details)*. Since receiving these funds, the Commission has chosen to label these receipts as "one-time" in nature for the sake of year-over-year "base" revenue comparisons. When excluding these retroactive receipts, "base" Federal Sources this month were actually slightly ahead of last year's comparable total by $1 million. Furthermore, separating out these one-time dollars shows that overall "base" receipts saw the moderate improvement of $373 million in October.

Much of the gains seen this month came from Transfers In, though the extent of the combined gain of $291 million for this category is mostly timing related. In October, the General Funds received its annual Income Tax Refund Fund Transfer for FY 2025 in the amount of $253 million. This is the transfer of remaining monies in the fund at the end of the prior fiscal year to the General Revenue Fund. As discussed in last month's briefing, the FY 2024 comparable transfer of $555 million occurred in September of last year, which is the primary reason for last month's overall decline of $679 million. The absence of this transfer in October of last year creates a year-over-year gain of $253 million this month, but a year-to-date decline of $302 million for this revenue source. *(Note: While the revenue projection at the time the FY 2025 budget was crafted correctly assumed that this transfer would be less than last year, the $253 million actually transferred is moderately less (by $47 million) than the $300 million anticipated)*. Rounding out the Transfer In category was an increase of $21 million from the casino-related Gaming Transfer; an additional $13 million from Other Transfers; a $9 million gain from the new Sports Wagering Transfer; but, a $5 million decline in Lottery Transfers.

It was also a positive month for "All Other State Sources", which were collectively up $145 million for the month. It appears that, in many cases, these gains were also timing related as several sources with notable growth also had sizeable declines in September. For example, after a drop of $73 million last month, Insurance Taxes and Fees were $76 million higher than October of last year. Interest on State Funds & Investments offset September's $36 million decline with sizeable growth of $62 million in October. Estate Tax receipts grew $21 million this month after falling $36 million last month. The growth in these revenue sources counterbalanced the October declines from the remaining sources in the "All Other State Sources" category, including Other Sources [-$8 million]; the Corporate Franchise Tax [-$3 million]; the Cigarette Tax [-$2 million], and Public Utility Taxes [-$1 million].

The overall improvement in "base" receipts was despite the subpar performance of the "Big Three" revenue sources. After posting large gains in September, Personal Income Tax revenues were essentially flat this month with a slight decline of -$5 million [-0.2%] or -$4 million on a net basis. Corporate Income Tax revenues fell $94 million [-33.1%] or -$75 million on a net basis in a relatively small month for these particular receipts. Sales Tax receipts had a mere gain of $2 million or +$15 million on a net basis. While slight and typically unimpressive, any positive growth from this revenue source is noticeable improvement from the average decline of -4.0% (gross) experienced through the 1st quarter of FY 2025. Whether this latest result is the beginning of a turnaround in sales tax receipts or just a momentary blip in the midst of a downward trend, remains to be seen.

Summary of Receipts

OCTOBER

FY 2024 vs. FY 2025

($ millions)

Revenue Sources	**FY 2024**	**FY 2025**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$1,920	$1,916	($4)	-0.2%
Net Corporate Income Tax	$227	$152	($75)	-33.0%
Net Sales Tax	$901	$916	$15	1.7%
All Other State Sources	$253	$398	$145	57.3%
Transfers In	$126	$417	$291	231.0%
Federal Sources [base]	$385	$386	$1	0.3%
Base General Funds	$3,812	$4,185	$373	9.8%
Prior Year Federal Matching Funds	$633	$0	($633)	-100.0%
Total General Funds	**$4,445**	**$4,185**	**($260)**	**-5.8%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Nov-24

OCTOBER **FY 2024 vs. FY 2025** **($ millions)**				
Revenue Sources	**Oct. FY 2024**	**Oct. FY 2025**	**$ CHANGE**	**% CHANGE**
State Taxes				
Personal Income Tax	$2,260	$2,255	($5)	-0.2%
Corporate Income Tax (regular)	284	190	(94)	-33.1%
Sales Taxes	1,005	1,007	2	0.2%
Public Utility Taxes (regular)	54	53	(1)	-1.9%
Cigarette Tax	20	18	(2)	-10.0%
Liquor Gallonage Taxes	14	14	0	0.0%
Estate Tax	49	70	21	42.9%
Insurance Taxes and Fees	2	78	76	3,800.0%
Corporate Franchise Tax & Fees	17	14	(3)	-17.6%
Interest on State Funds & Investments	63	125	62	98.4%
Cook County IGT	0	0	0	N/A
Other Sources	34	26	(8)	-23.5%
Total State Taxes	$3,802	$3,850	$48	1.3%
Transfers In				
Lottery	$70	$65	($5)	-7.1%
Gaming	0	21	21	N/A
Sports Wagering	0	9	9	N/A
Cannabis	9	9	0	0.0%
Refund Fund	0	253	253	N/A
Other	47	60	13	27.7%
Total Transfers In	$126	$417	$291	231.0%
Total State Sources	$3,928	$4,267	$339	8.6%
Federal Sources [base]	$385	$386	$1	0.3%
Total Federal & State Sources	$4,313	$4,653	$340	7.9%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($207)	($206)	$1	-0.5%
Corporate Income Tax	($40)	($27)	13	-32.5%
Local Government Distributive Fund				
Personal Income Tax	(133)	(133)	0	0.0%
Corporate Income Tax	(17)	(11)	6	-35.3%
Sales Tax Distributions				
Deposits into Road Fund	(52)	(66)	(14)	26.9%
Distribution to the PTF and DPTF	(52)	(25)	27	-51.9%
General Funds Subtotal [Base]	**$3,812**	**$4,185**	**$373**	**9.8%**
Prior Year Federal Matching Funds	$633	$0	($633)	-100.0%
Total General Funds	**$4,445**	**$4,185**	**($260)**	**-5.8%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Nov-24

Year to Date

With October's overall decline, General Funds receipts through the first third of FY 2025 are now down $502 million [-3.0%] as compared to the first four months of FY 2024. However, this overall decline includes the $633 million in one-time federal dollars from FY 2024 that will not repeat in FY 2025. This decline in Federal Sources was incorporated into the assumed revenue estimates for the FY 2025 budget and, therefore, does not alter final revenue expectations. Excluding these one-time federal dollars from the equation, "base" General Funds receipts are now modestly ahead of last year's pace by $132 million or +0.8%.

Despite its lackluster performance in October, the Personal Income Tax continues to see the highest revenue growth thus far in FY 2025. Through the first four months, gross receipts are $686 million higher than last year for a growth rate of +8.0%. On a net basis, when subtracting out distributions to the Income Tax Refund Fund and the Local Government Distributive Fund, the growth slips slightly to $583 million.

Corporate Income Tax receipts, on the other hand, are well behind last year's pace. Through October, gross receipts are $255 million lower than last year for a decline of -13.6%. On a net basis, these receipts are $204 million lower for a decline of -13.6%. As discussed last month, part of the reason for this decline is because more business-related income tax revenues are being allocated away from this revenue source and into Personal Income Tax totals. This is also a corresponding reason for the extent of the growth seen so far in Personal Income Tax receipts.

While Sales Tax receipts continue to be the most concerning revenue source in FY 2025 in terms of year-to-date performance, its slight growth in October is somewhat encouraging. Although this source remains down $120 million (gross) through October, the slight uptick this month improves its gross year-to-date percentage change from -4.0% to -3.0% and its net change (when adjusting out distributions to the Road Fund and certain transportation funds) from -2.4% to -1.4%. Still, this revenue source needs to see much more improvement over the final two-thirds of the fiscal year to meet budgetary expectations.

After a subpar performance last month, the strong receipting month in October has boosted All Other State Sources $227 million above last year's four-month pace. As noted on the previous pages, a timing element appeared to help many of this category's sources in October, thereby offsetting declines from prior months. With October's strong gains, receipts from Interest on State Funds & Investments are now $104 million or +46.2% above last year. While this level of growth is expected to slow as the fiscal year goes along due to the anticipated lowering of interest rates, its overall strong performance through the first third of the year is good news for State coffers. Revenues from Insurance Taxes and Fees have also performed well so far in FY 2025 [up $82 million or +56.2%], though its level of growth may be timing related. Other revenue sources in this category with positive growth through October include Other Sources [+$28 million]; Public Utility Taxes [+$13 million]; and the Estate Tax [+$11 million]. Revenue Sources with year-to-date declines include the Corporate Franchise Tax [-$5 million]; the Cigarette Tax [-$4 million]; and the Liquor Tax [-$2 million].

As mentioned in last month's Monthly Briefing, the absence of the Income Tax Refund Fund Transfer in FY 2025 through September was the primary reason that Transfers In were collectively down $609 million through the first three months of the fiscal year. October's receipting of the FY 2025 transfer amount of $253 million, helps alleviate a significant portion of this decline. Combining this transfer with the year-to-date gains from some of the other transfers [Gaming: +$18 million; Sports Wagering: +$17 million; Cannabis: +$1 million] the Transfers In year-to-date deficit has improved from -$609 million to -$318 million. Limiting the improvement was year-to-date declines in Lottery Transfers [-$30 million] and Other Transfers [-$22 million].

In regard to Federal Sources, the slight $1 million increase in October results in "base" Federal Sources now being $105 million below last year's pace through October. However, if incorporating the $633 million in one-time revenues received in October 2023 into the equation, the Federal Sources total would be $738 million below last year's levels through the first third of the fiscal year.

Summary of Receipts

GENERAL FUNDS RECEIPTS: THROUGH OCTOBER

FY 2024 vs. FY 2025

($ millions)

Revenue Sources	**FY 2024**	**FY 2025**	**$ CHANGE**	**% CHANGE**
Net Personal Income Tax	$7,267	$7,849	$583	8.0%
Net Corporate Income Tax	$1,499	$1,295	($204)	-13.6%
Net Sales Tax	$3,683	$3,632	($51)	-1.4%
All Other State Sources	$1,124	$1,351	$227	20.2%
Transfers In	$1,156	$838	($318)	-27.5%
Federal Sources [base]	$1,401	$1,296	($105)	-7.5%
Base General Funds	$16,130	$16,261	$132	0.8%
Prior Year Federal Matching Funds	$633	$0	($633)	-100.0%
Total General Funds	**$16,763**	**$16,261**	**($502)**	**-3.0%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Nov-24

GENERAL FUNDS RECEIPTS: THROUGH OCTOBER

FY 2024 vs. FY 2025

($ millions)

Revenue Sources	FY 2024	FY 2025	$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	$8,552	$9,238	$686	8.0%
Corporate Income Tax (regular)	1,871	1,616	(255)	-13.6%
Sales Taxes	3,995	3,875	(120)	-3.0%
Public Utility Taxes (regular)	208	221	13	6.3%
Cigarette Tax	74	70	(4)	-5.4%
Liquor Gallonage Taxes	64	62	(2)	-3.1%
Estate Tax	205	216	11	5.4%
Insurance Taxes and Fees	146	228	82	56.2%
Corporate Franchise Tax & Fees	77	72	(5)	-6.5%
Interest on State Funds & Investments	225	329	104	46.2%
Cook County IGT	0	0	0	N/A
Other Sources	125	153	28	22.4%
Total State Taxes	$15,542	$16,080	$538	3.5%
Transfers In				
Lottery	$285	$255	($30)	-10.5%
Gaming	31	49	18	58.1%
Sports Wagering	0	17	17	N/A
Cannabis	36	37	1	2.8%
Refund Fund	555	253	(302)	-54.4%
Other	249	227	(22)	-8.8%
Total Transfers In	$1,156	$838	($318)	-27.5%
Total State Sources	$16,698	$16,918	$220	1.3%
Federal Sources [base]	$1,401	$1,296	($105)	-7.5%
Total Federal & State Sources	$18,099	$18,214	$115	0.6%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	($783)	($845)	($62)	8.0%
Corporate Income Tax	(262)	(227)	35	-13.4%
Local Government Distributive Fund				
Personal Income Tax	(503)	(543)	(40)	8.0%
Corporate Income Tax	(110)	(95)	15	-13.6%
Sales Tax Distributions				
Deposits into Road Fund	(184)	(218)	(34)	18.5%
Distribution to the PTF and DPTF	(128)	(25)	103	-80.5%
General Funds Subtotal [Base]	**$16,130**	**$16,261**	**$132**	**0.8%**
Prior Year Federal Matching Funds	$633	$0	($633)	-100.0%
Total General Funds	**$16,763**	**$16,261**	**($502)**	**-3.0%**

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding 1-Nov-24