

# Illinois Revenue Update

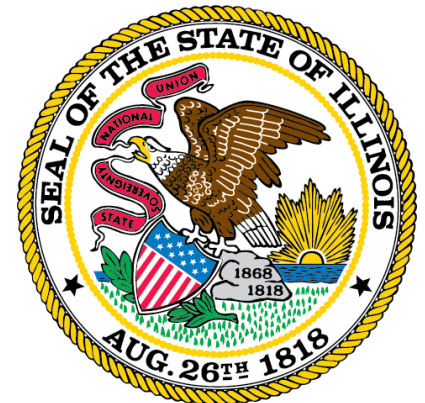
## Board of Directors – The Civic Federation

David Harris

Director

Illinois Department of Revenue

January 20, 2022





# Summing Up in a Few Words

**What a difference a year makes!**

**From the uncertainty of the pandemic's possible lasting effects on the economy revenue to one of the best revenue years in Illinois history.**





# Recent Key Personnel Actions

Colin Bowes-Carlson

General Counsel

*Northwestern Univ / Benjamin Cardozo School of Law*

*Baker & McKenzie, LLP*



# Positive News

Credit rating UPGRADE for Illinois

Moody's & S&P upgraded IL's bond rating in July

- \* First upgrade in 20 years
- 17 straight previous downgrades

Why the upgrades?

- \* Reasonable and balanced budgets for 3 years
- \* Prudent spending plans



# Revenue Flows

Positive revenue flows in virtually all tax categories

Individual Income tax FY-to-Date

- \* - 4.3% from FY'21 BUT delay of 2020 tax payments to July (FY'21)

FY'22 ahead by \$180 million over forecast for current FY

Sales tax FY-to-date

- \* +15.2% above FY'21, which was also a good year

\$288 million above forecast for current FY

Corporate Income tax FY-to-date

- \* Approx 25% increase (\$360 million) despite delayed filing date

Well above forecast for current FY



# Revenue Flows

Previous “Normal” Year : IDoR receipts \$48 Billion to \$49 Billion

FY’21 receipts were almost \$54 billion

- \* a \$1.4 billion day

*“That’s a lot of scratch in one 24-hour period”*

FY’22 could approach \$59 billion

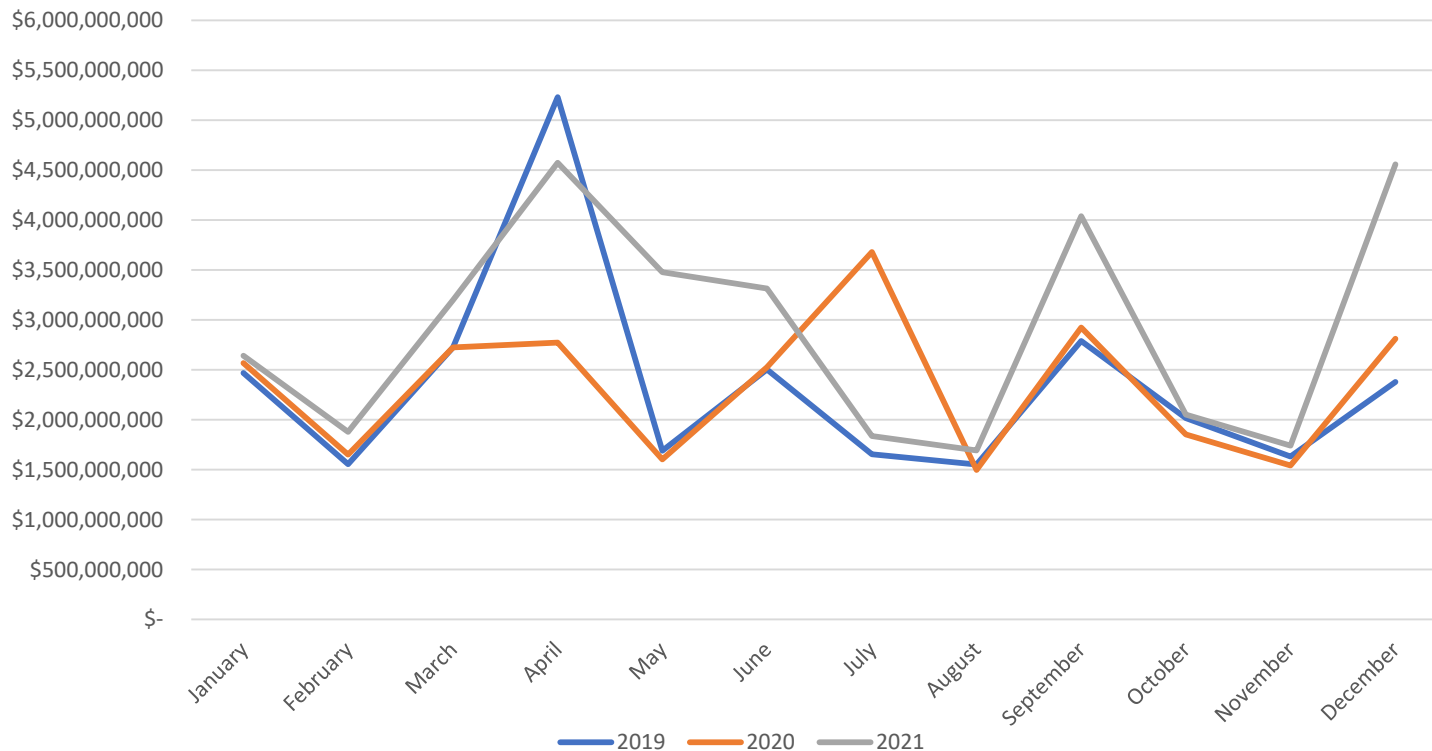
- \* Based on FY’22 Q1 & Q2 receipts
- \* Corporate receipts in December were \$960 million

Words of caution

- \* We have seen rapid precipitous declines (Sales Tax) in recent past  
E.g., \$400 million decline in one month at start of COVID pandemic
- \* National retail sales were lower by 1.6% in Dec



# Income Tax Receipts

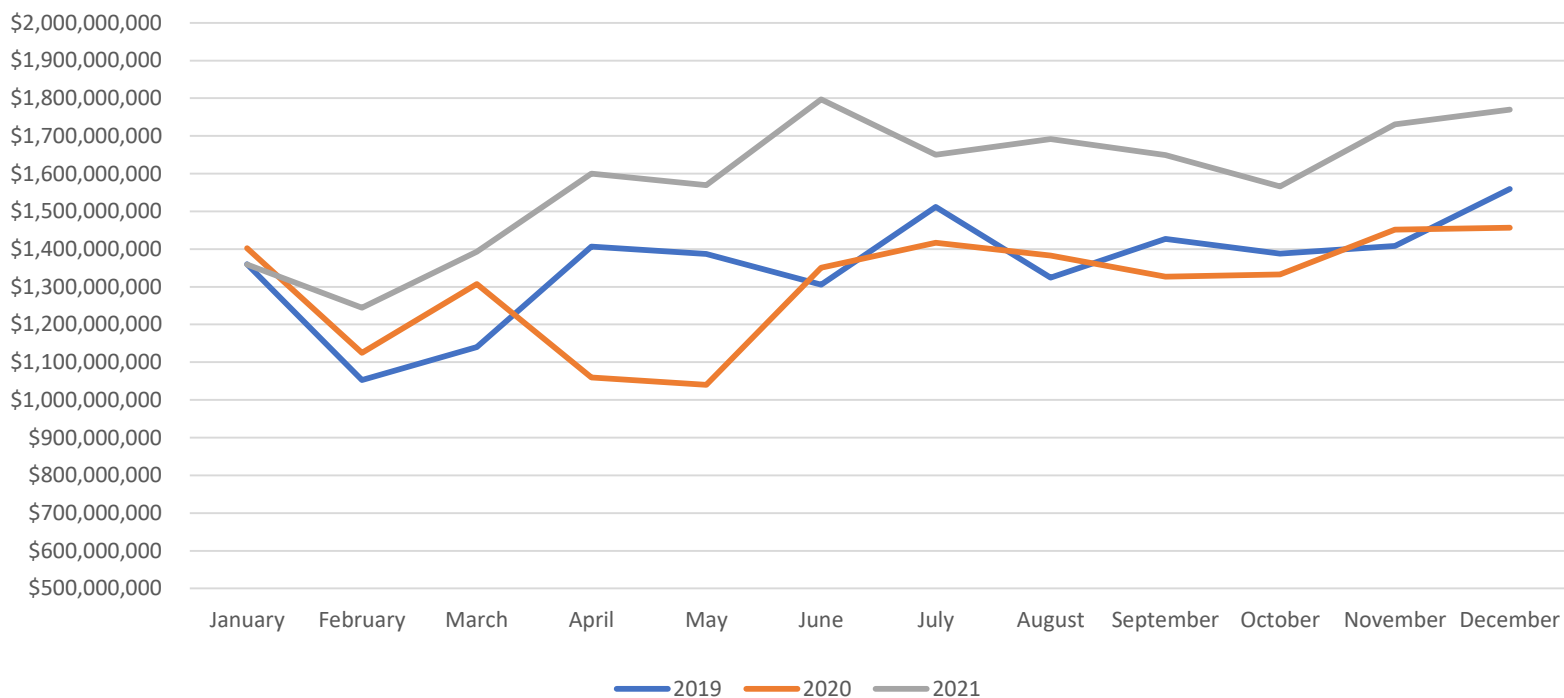


- Income tax receipts in calendar year 2021 were up 24.3% and 24.2% compared to the same time periods in 2020 and 2019
- Business income tax receipts were up 185% in December 2021 compared to September 2020
- Individual income tax receipts were up 9.3% in December 2021 compared to September 2020



# Sales & Use Tax Receipts

Sales and Use Tax Receipts

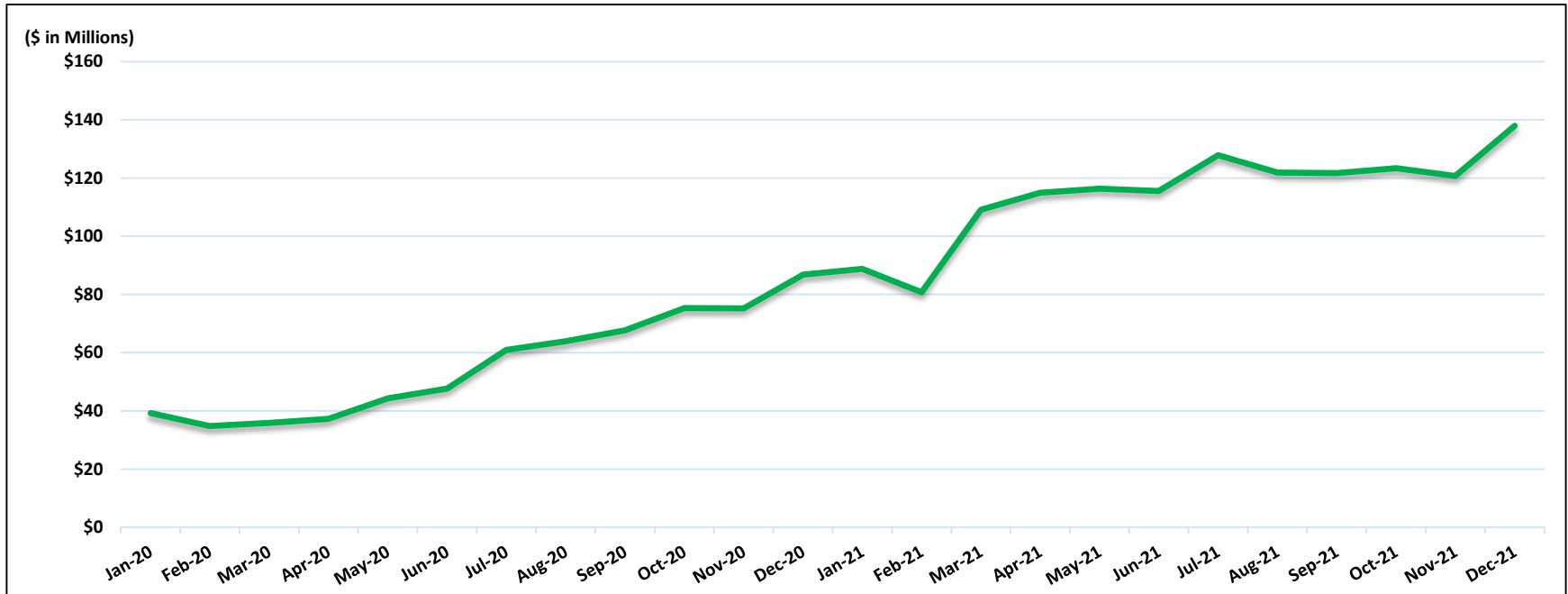


- Sales and use tax receipts in calendar year 2021 were up 21.5% and 16.9% compared to the same time periods in 2020 and 2019
- Impact of “Leveling the Playing Field” statutory changes.





# Adult Use Recreational Cannabis Sales



CY'20 Sales – \$669,084,410.12

CY'21 Sales - \$1,379,088,278.61

FY'21 Sales - \$1,055,526,261.30

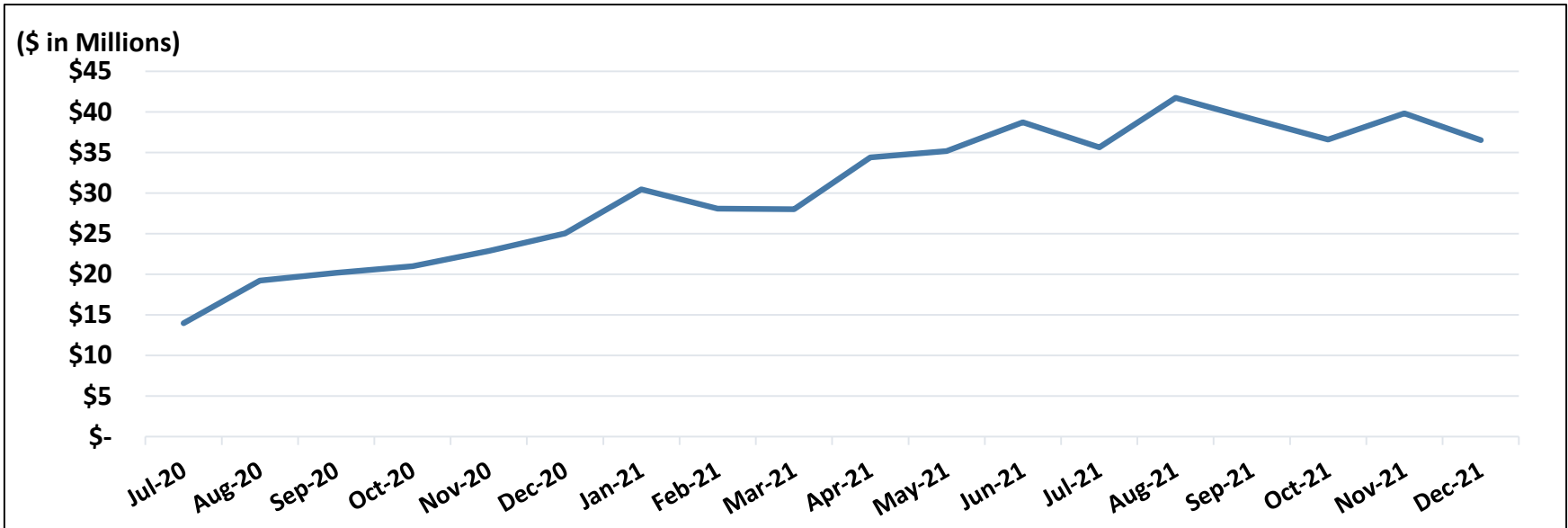
FY'22 Sales (July-December) - \$753,466,650.51





# Adult Use Rec Cannabis Tax Collections

## July 2020-December



FY'21 Total - \$317,074,561.87      FY'22 (July – December) - \$229,403,651.76  
Total = \$546,478,213.63



# Cannabis Tax Benefit : Counties & Municipalities

## Cannabis tax support to Counties & Municipalities

- \* Municipal Cannabis Retailers Occupation Tax

  - Up to 3%

  - \$23,692,597** for first half of FY'22

- \* County Cannabis Retailers Occupation Tax

  - Up to 3.5% (unincorporated); 3% (incorporated)

  - \$11,247,572** for first half of FY'22

- \* Economic Benefits of Cultivation Centers

  - Locations – spread throughout IL (ISP districts)

  - Employment – stable base & expansion



# Hotel Operators' Tax Receipts

## Hotel Tax Receipts Remitted to State Comptroller

- ✓ FY'19      \$443.782 million (\$296.393M / \$28.288M)
- ✓ FY'20      \$379.416 million (\$250.995M / \$23.409M)
- ✓ FY'21      \$112.126 million (\$93.596M / \$6.852M)
- ✓ ½ FY'22    \$173.187 million (\$127.355M / \$8.526M)

Initial numbers are **GROSS** receipts including receipts that go to the Tourism Funds and IL Sports Facility Authority. Numbers in parens are Statewide HOOT / Chicago Municipal Hotel Tax.



# FY'22 State Budget

FY'22 Revenues: \$ 44,367 billion

*Includes ARPA reimbursement*

FY'22 Expenditures: \$ 44, 279 billion

*Includes MLF paydown*

*Includes Interfund repayment*

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FY'22 Surplus: \$ 88 million



# Some Tax Change Highlights

- \* Limit NLDs to \$100k for next 3 years
- \* TCJA: Eliminate 100% bonus depreciation
- \* TCJA: Align treatment of foreign/domestic dividends
- \* Pass-through entities elect to pay tax at entity level
- \* Re-imagine Electric Vehicles tax incentives
- \* Eliminate \$10,000 cap on vehicle trade-in
- \* Net Loss Deductions carry forward to 20 (vs 12) years
- \* Invest in Kids : expand to tech/trade schools



# Department Actions

Auto recompute 370,000 tax returns

- \* Feb tax filing vs Mar enactment date of ARPA (\$10,200 UI non-tax)  
*\$136 million to taxpayers*

EIC outreach to 34,600 taxpayers

- \* Fed EITC but not IL EIC : 11,338 EIC refunds for \$6.03 million

New website design

- \* User friendly / graphically more welcoming

IDoR's YouTube channel / video highlights

- \* *E.g., Two-factor authentication*

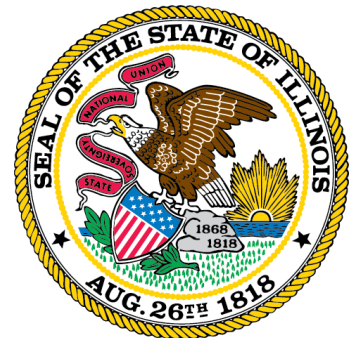
New strategic plan

# Questions?

**DAVID HARRIS, Director**

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Website [tax.illinois.gov](http://tax.illinois.gov)





# Thank You



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