



Commission on Government Forecasting and Accountability

MONTHLY BRIEFING

APRIL 2006

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ECONOMY: Temporary Rebound

Edward H. Boss, Jr., Chief Economist

The U.S. economy rebounded at a 4.8% annual rate in the quarter ended in March, the fastest pace in two and a half years as shown in Chart 1, according to the advance report on gross national product (GDP) issued by the Commerce Department. The rise was up from a meager Gulf Coast hurricane-depressed 1.7% annual rate in the previous quarter. The first quarter increase largely reflected acceleration in personal and government spending as well as faster gains in exports and business equipment and software spending. Partially offsetting these gains were the negative effects of increased imports and a decrease in private inventories.

Eighty percent of the dollar gain in inflation-adjusted GDP was accounted for by personal consumption expenditures, with half of that due to increased spending on durable goods such as automobiles and furniture and household goods which

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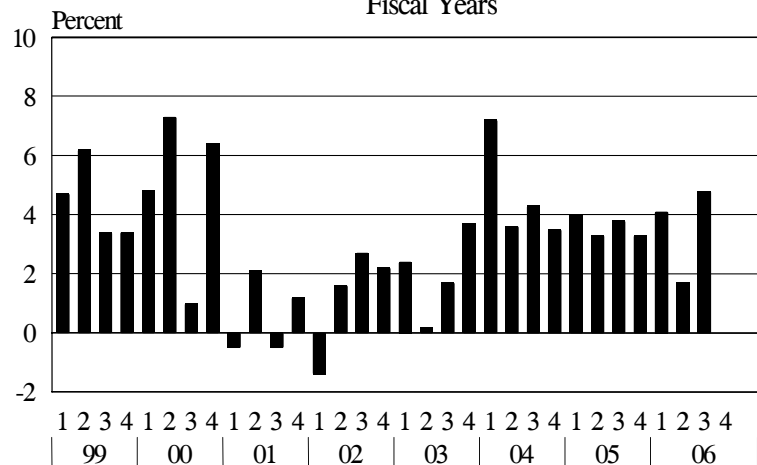
PAGE 9: **REVENUE:** April Revenues Shows Modest Improvement

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CHART 1
CHANGE IN REAL GDP
Fiscal Years



CGFA

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have life expectancies of three years or more. In terms of their contributions to the overall gain in real GDP last quarter, consumer spending contributed 3.81%, federal government spending contributed 0.73% after subtracting 0.18% in the previous quarter while the rise in business investment in equipment and software tripled its contribution, from 0.39% in the previous quarter to 1.24% last quarter. The rise in imports, in part due to higher oil imports, subtracted more from the overall gain than the previous quarter while there was a reduction in private inventories after a build up last quarter. Indeed, real final sales, GDP less the change in inventories, rose at a 5.4% rate compared to the overall 4.8% rate.

Despite the acceleration in growth last quarter, inflation reports moderated. The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 2.7% in the first quarter compared to 3.7% in the fourth. Moreover, the important core rate, which excludes the volatile food and energy sectors, remained steady at 2.1% above the year-ago level in each of the three months of the quarter. It should be pointed out, however, that the price measures do not reflect the recent sharp jump in energy prices that has driven up oil prices to record high levels in the \$70 to \$75 per barrel range.

Most analysts feel that last quarter's spurt in growth will be temporary. Global Insight and ISI, International Strategy and Investment, two services used by the Commission,

anticipate a slowdown in the current quarter. Global Insight sees GDP slowing from 4.8% last quarter to a 3.6% annual rate in the current quarter in its April outlook while ISI is forecasting a more significant slowing to a 3.0% annual rate. On Thursday April 27th, Federal Reserve Chairman Bernanke concurred with this assessment in testimony before the Joint Economic Committee of the U.S. Congress stating, "*Based on the information in hand, it seems reasonable to expect that economic growth will moderate toward a more sustainable pace as the year progresses.*" The following day, Friday April 28th, the University of Michigan issued its final April consumer confidence number which showed a more-than-anticipated 1.8 point drop to 87.4, while the Chicago Purchasing Managers' Index dropped to 52.7 from 60.4 in March.

The anticipated slowing in economic growth apparently has convinced the Federal Reserve's Open Market Committee to reconsider its long held policy of removing monetary stimulus at a measured pace which has been in force since mid-2004. Indeed, a key phrase in Chairman Bernanke's testimony was "*even if in the Committee's judgment the risks to its objectives are not entirely balanced, at some time in the future the Committee may decide to take no action at one or more meetings in the interest of allowing more time to receive information relevant to the outlook.*" The current belief is that the Federal Reserve will go ahead with another

quarter-point increase at its May meeting, raising the Federal Funds rate to 5% which would be the 16th rate

increase since June 2004, but then pause this summer as it reassess the impact it is having on both economic growth and inflation.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY			
<u>INDICATORS</u>	<u>March 2006</u>	<u>Feb. 2006</u>	<u>March 2005</u>
Unemployment Rate (Average)	5.1%	5.0%	5.9%
Annual Rate of Inflation (Chicago)	2.4%	-1.8%	3.3%
	<u>LATEST MONTH</u>	<u>% CHANGE OVER PRIOR MONTH</u>	<u>% CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (March)	6,512	0.0%	0.9%
Employment (thousands) (March)	6,179	-0.1%	1.7%
New Car & Truck Registration (March)	54,955	38.8%	31.8%
Single Family Housing Permits (March)	4,149	47.2%	-0.2%
Total Exports (\$ mil) (February)	3,019	-0.4%	16.5%
Chicago Purchasing Managers Index (April)	57.2	-5.3%	-12.8%

FY 2006 Special Transfers
Lynnae Kapp, Bond/Revenue Analyst

Statutory fund Sweeps for April equaled approximately \$32.0 million, bringing the year-to-date fund sweeps total to \$132.7 million. April was the last scheduled sweep month for

FY 2006, but funds that have not been previously swept (\$27.5 million) can still be transferred by the end of the fiscal year. The year-to-date total for all FY 2006 special transfers equals \$173.9 million.

Special Transfers in FY 2006 YTD as of April 30, 2006						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0014	Food & Drug Safety	\$111,560	\$421,401			\$532,961
0016	Teacher Certificate Fee Revolving Fund		\$982,399			\$982,399
0017	Keep IL Beautiful Fund			\$10,352		\$10,352
0021	Financial Institution Fund	\$434,600	\$2,448,690			\$2,883,290
0022	General Professions Dedicated Fund	\$932,600	\$3,975,808			\$4,908,408
0023	Economic Research and Information Fund	\$4,300	\$49,005			\$53,305
0024	IL Dept. of Ag. Laboratory Services Fund	\$62,400	\$174,795			\$237,195
0031	Drivers Education		\$30,152			\$30,152
0036	IL Veterans' Rehabilitation	\$34,600	\$218,940			\$253,540
0039	State Boating Act		\$401,824			\$401,824
0040	State Parks	\$867,696	\$1,045,889			\$1,913,585
0043	Military Affairs Trust Fund	\$23,000	\$45,468			\$68,468
0046	Aeronautics Fund		\$2,186			\$2,186
0048	Rural/Downstate Health Access Fund		\$4,644			\$4,644
0049	Industrial Hygiene Reg and Enforcement Fund		\$3,564			\$3,564
0057	IL State Pharmacy Disciplinary Fund	\$304,100				\$304,100
0067	Radiation Protection		\$212,010			\$212,010
0069	Natural Heritage Endowment Trust Fund		\$557,264			\$557,264
0071	Firearm Owner's Notification Fund		\$3,960			\$3,960
0074	EPA Special State Projects Trust		\$284,263			\$284,263
0078	Solid Waste Management		\$6,587,173			\$6,587,173
0085	Illinois Gaming Law Enforcement		\$650,646			\$650,646
0089	Subtitle D Management Fund		\$169,744			\$169,744
0094	DCFS Training Fund		\$704,053			\$704,053
0098	DuQuoin State Fair Harness Racing Trust Fund		\$3,368			\$3,368
0111	Toxic Pollution Prevention Fund		\$28,534			\$28,534
0113	Community Health Center Care Fund		\$104,480			\$104,480
0114	Emergency Response Reimbursement Fund		\$15,873			\$15,873
0118	Facility Licensing Fund	\$8,300	\$22,958			\$31,258
0119	IL Rural Bond Bank Trust Fund			\$35		\$35
0124	Workers Compensation Benefit Trust Fund		\$199,931			\$199,931
0126	New Technology Recovery			\$4,177		\$4,177
0127	IL Underground Utility Facilities Damage Prevention Fund		\$2,175			\$2,175
0128	Youth Alcohol & Substance Abuse Prevention		\$29,995			\$29,995
0130	School District Emergency Financial Assistance		\$2,130,848			\$2,130,848
0137	Plugging & Restoration	\$41,280				\$41,280
0145	Explosives Regulatory		\$23,125			\$23,125
0146	Aggregate Operation Regulatory		\$32,750			\$32,750
0147	Coal Mining Regulatory Fund		\$127,583			\$127,583
0152	State Crime Laboratory	\$61,000	\$44,965			\$105,965
0153	Agrichemical Incident Response Trust Fund		\$419,830			\$419,830
0154	EPA Court Trust Fund		\$338,646			\$338,646
0156	Motor Vehicle Theft Prevention Fund	\$50,240	\$1,415,361			\$1,465,601
0159	ISBE Teacher Certificate Institution Fund		\$122,117			\$122,117
0161	ISBE GED Testing Fund		\$146,196			\$146,196
0162	ISBE School Bus Driver Permit Fund			\$192		\$192
0163	Weights and Measures	\$233,736	\$1,078,121			\$1,311,857
0167	Registered Limited Liability Partnership Fund		\$150,000			\$150,000
0173	Emergency Planning & Training		\$28,845			\$28,845
0175	Illinois School Asbestos Abatement		\$183,191			\$183,191
0184	Violence Prevention Fund	\$82,806				\$82,806
0185	SOS Special License Plate Fund		\$520,200			\$520,200
0192	Professional Regulation Evidence Fund		\$2,817			\$2,817

Special Transfers in FY 2006 YTD as of April 30, 2006

FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0207	Pollution Control Board State Trust Fund		\$410,651			\$410,651
0213	Response Contractors Indemnification Fund		\$126			\$126
0215	Capital Development Board Revolving		\$453,054			\$453,054
0220	DCFS Childrens' Services	\$1,553,368				\$1,553,368
0222	State Police DUI Fund	\$51,700				\$51,700
0237	Medicaid Fraud/Abuse Prevent		\$60,306			\$60,306
0238	IL Health Facilities Planning Fund	\$69,460	\$23,066			\$92,526
0240	Emergency Public Health Fund	\$137,784	\$139,997			\$277,781
0242	ISAC Accounts Receivable Fund		\$26,374			\$26,374
0245	Fair & Exposition Fund	\$132,900				\$132,900
0246	State Police Vehicle		\$22,899			\$22,899
0248	Racing Board Fingerprint License Fund		\$16,835			\$16,835
0251	Dept. of Labor Special State Trust Fund		\$359,895			\$359,895
0255	Credit Enhancement Development			\$51		\$51
0256	Public Health Water Permit Fund		\$17,624			\$17,624
0258	Nurse Dedicated & Professional Fund	\$802,800				\$802,800
0261	Underground Resource Conservation Enforcement	\$53,160	\$294,251			\$347,411
0265	State Rail Freight Loan Repayment Fund		\$1,147,727			\$1,147,727
0274	Self-Insurers Administration Fund		\$286,964			\$286,964
0276	Drunk & Drugged Driving Prevention Fund		\$51,220			\$51,220
0277	Pollution Control Board Fund		\$23,004			\$23,004
0282	Hazardous Waste Occup. Licensing Fund		\$14,939			\$14,939
0285	Long-Term Care Monitor/Receiver Fund	\$79,104	\$427,850			\$506,954
0288	Community Water Supply Lab		\$716,232			\$716,232
0289	Motor Fuel and Petroleum Standards Fund		\$19,673			\$19,673
0290	Fertilizer Control Fund		\$207,398			\$207,398
0291	Regulatory Fund		\$55,246			\$55,246
0292	Securities Investors Education Fund		\$100,000			\$100,000
0294	Used Tire Management Fund		\$1,918,500			\$1,918,500
0295	SOS Interagency Grant Fund		\$40,900			\$40,900
0296	IL Executive Mansion Trust Fund		\$56,154			\$56,154
0297	Guardianship & Advocacy Fund		\$27,289			\$27,289
0298	Natural Areas Acquisition Fund	\$1,350,224				\$1,350,224
0299	Open Space Lands Acquisition and Development	\$3,154,720				\$3,154,720
0301	Working Capital Revolving Fund	\$1,000,000	\$1,404,868			\$2,404,868
0303	State Garage Revolving Fund		\$639,662			\$639,662
0304	Statistical Services Revolving Fund		\$3,635,837			\$3,635,837
0308	Paper and Printing Revolving Fund		\$48,476			\$48,476
0309	Air Transportation Revolving Fund		\$181,478			\$181,478
0310	Tax Recovery Fund		\$113,591			\$113,591
0312	Communications Revolving Fund		\$12,999,839			\$12,999,839
0314	Facilities Management Revolving Fund		\$0			\$0
0315	Efficiency Initiatives Revolving Fund		\$6,178,298			\$6,178,298
0317	Professional Services Fund	\$1,221,000	\$46,222			\$1,267,222
0323	Motor Vehicle Review Board Fund		\$250,000			\$250,000
0325	Community MH and DD Services Provider Participation Fee Trust			\$46,637		\$46,637
0332	Workers Compensation Revolving Fund		\$520,285			\$520,285
0335	Criminal Justice Information Projects Fund		\$18,212			\$18,212
0336	Environmental Lab Certification Fund	\$49,600	\$62,039			\$111,639
0339	IL Community College Board Contracts and Grants Fund		\$9			\$9
0340	Public Health Services Revolving Fund	\$44,680	\$92,276			\$136,956
0341	Provider Inquiry Trust Fund	\$59,732	\$207,098			\$266,830
0342	Audit Expense	\$1,185,400				\$1,185,400

Special Transfers in FY 2006 YTD as of April 30, 2006

FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0344	Care Providers for Persons w/ Developmental Disabilities	\$318,400	\$2,378,270			\$2,696,670
0348	Nursing Home Grant Assistance Fund			\$145		\$145
0360	Lead Poisoning, Screening, Prevention & Abatement Fund	\$156,375				\$156,375
0361	State Appellate Defender Special State Projects		\$5,955			\$5,955
0362	Securities Audit and Enforcement		\$3,400,000			\$3,400,000
0363	Dept. Business Service Spec. Ops Fund		\$2,000,000			\$2,000,000
0368	Drug Treatment Fund		\$160,030			\$160,030
0369	Feed Control Fund	\$76,032	\$478,234			\$554,266
0370	Tanning Facility Permit Fund	\$6,882	\$64,571			\$71,453
0371	Innovations in Long-term Care Quality Demonstration Grants Fund		\$565,494			\$565,494
0372	Plumbing Licensure & Program Fund	\$127,624				\$127,624
0375	Natural Heritage Fund		\$834			\$834
0376	State Police Motor Vehicle Theft Prevention		\$164,843			\$164,843
0378	Insurance Premium Tax Refund Fund	\$180,000				\$180,000
0380	Corporate Franchise Tax Refund Fund		\$500,000		\$1,050,921	\$1,550,921
0382	Dept. of Insurance State Trust Fund		\$18,009			\$18,009
0384	Tax Compliance & Administration	\$88,960	\$429,377			\$518,337
0386	Appraisal Administration	\$218,500	\$250,000			\$468,500
0387	Small Business Environmental Assistance Fund		\$13,686			\$13,686
0388	Regulatory Evaluation and Basic Enforcement		\$64,221			\$64,221
0389	Sexual Assault Services Fund		\$12,210			\$12,210
0390	IL Habitat Endowment Trust Fund		\$0			\$0
0397	Trauma Center Fund	\$122,364				\$122,364
0398	EMS Assistance Fund		\$40,923			\$40,923
0416	Armory Rental Fund		\$111,538			\$111,538
0417	State College and University Trust Fund		\$139,439			\$139,439
0418	University Grant Fund		\$23,881			\$23,881
0420	MAP Reserve Fund		\$879,700			\$879,700
0421	Public Aid Recoveries Trust	\$3,941,944	\$7,610,631			\$11,552,575
0422	Alternative Fuels Fund	\$124,800	\$1,056,833			\$1,181,633
0423	ISAC Higher EdNet Fund			\$1		\$1
0430	Livestock Management Facilities Fund		\$47,800			\$47,800
0431	Second Injury Fund		\$151,493			\$151,493
0434	Court of Claims Admin and Grant Fund		\$24,949			\$24,949
0438	IL State Fair		\$50,176			\$50,176
0440	Agricultural Master Fund		\$17,827			\$17,827
0441	Kaskaskia Commons Permanent Fund		\$79,813			\$79,813
0448	DORS State Project Fund			\$13,917		\$13,917
0452	IL Tourism Tax		\$647,749			\$647,749
0483	Secretary of State Special Services		\$2,500,000			\$2,500,000
0502	Early Intervention Services Revolving Fund	\$83,392	\$1,044,935			\$1,128,327
0514	State Asset Forfeiture Fund	\$125,100	\$71,988			\$197,088
0517	Police Training Board Service Fund		\$1,540			\$1,540
0520	Federal Asset Forfeiture Fund		\$1,871			\$1,871
0523	Department of Corrections Reimbursement	\$460,000	\$2,208,323			\$2,668,323
0524	Health Facility Plan Review Fund	\$66,292	\$165,972			\$232,264
0525	Statewide Grand Jury Prosecution Fund		\$7,645			\$7,645
0535	Sex Offender Registration		\$7,647			\$7,647
0536	LEADS Maintenance		\$76,981			\$76,981
0537	State Offender DNA ID System Fund	\$198,700	\$81,740			\$280,440
0538	IL Historic Sites		\$134,366			\$134,366
0544	School Technology Revolving Fund			\$496		\$496
0546	Public Pension Regulation Fund	\$54,600	\$222,433			\$277,033

Special Transfers in FY 2006 YTD as of April 30, 2006						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0548	Drycleaner Environ Response Fund		\$0			\$0
0555	Good Samaritan Energy Trust Fund		\$7,191			\$7,191
0562	Pawnbroker Regulation Fund	\$14,500	\$94,131			\$108,631
0564	Renewable Energy Resources Trust Fund		\$3,508			\$3,508
0567	Charter Schools Revolving Fund		\$650,721			\$650,721
0569	School Technology Revolving Loan fund	\$411,500	\$19,158			\$430,658
0571	Energy Efficiency Trust Fund	\$240,000	\$1,300,938			\$1,540,938
0573	Petroleum Resources Revolving Fund		\$21,385			\$21,385
0574	Off-Highway Vehicle Trails		\$244,815			\$244,815
0576	Pesticide Control		\$420,223			\$420,223
0582	DCFS Special Purposes Trust Fund		\$19,459			\$19,459
0589	Trans. Safety Highway Hire-back	\$24,000				\$24,000
0595	IL Rural Rehab Fund		\$8,190			\$8,190
0610	Energy Assistance Contribution			\$258,585		\$258,585
0621	International Tourism Fund	\$589,770				\$589,770
0628	IL Building Commission Revolving Fund			\$1,398		\$1,398
0629	Real Estate Recovery Fund	\$7,174				\$7,174
0632	Horse Racing	\$600,000				\$600,000
0634	IL Aquaculture Develop Fund			\$1		\$1
0635	Death Certificate Surcharge	\$150,544	\$1,134,341			\$1,284,885
0637	State Police Wireless Service Emergency	\$118,800				\$118,800
0641	Auction Regulation Administration	\$51,000				\$51,000
0642	DHS State Projects Fund		\$89,917			\$89,917
0643	Auction Recovery Fund	\$5,178				\$5,178
0648	Downstate Public Transportation	\$5,771,800				\$5,771,800
0649	Motor Carrier Safety Inspection	\$40,400	\$147,477			\$187,877
0651	Watershed Park Fund		\$19,786			\$19,786
0658	State Off-set Claims Fund		\$0			\$0
0669	Airport Land Loan Revolving Fund		\$1,669,970			\$1,669,970
0672	Homelessness Prevention Fund			\$3,697		\$3,697
0677	ISAC Contracts and Grants Fund		\$5,589			\$5,589
0684	DCFS Refugee Assistance Fund			\$328		\$328
0688	IEMA State Projects Fund		\$13			\$13
0702	Assisted Living and Shared Housing Reg. Fund		\$24,493			\$24,493
0703	State Whistleblower Reward & Protection		\$1,592			\$1,592
0705	Whistleblower Reward & Protection Fund	\$68,500	\$199,699			\$268,199
0708	IL Standardbred Breeders Fund	\$134,800				\$134,800
0709	IL Thoroughbred Breeders Fund	\$192,512				\$192,512
0712	Post Transplant Maintenance and Retention Fund		\$75,100			\$75,100
0720	Family Care Fund		\$22,585			\$22,585
0728	Drug Rebate Fund		\$17,315,821			\$17,315,821
0729	IL Century Network Special Purposes Fund			\$3,889		\$3,889
0731	IL Clean Water Fund		\$1,835,796			\$1,835,796
0738	Alternative Compliance Market Account Fund	\$8,000	\$53,120			\$61,120
0739	Group Worker's Compensation Pool Insolvency		\$136,547			\$136,547
0740	Medicaid Buy-In Program Revolving Fund		\$318,894			\$318,894
0745	State's Attorneys Appellate Prosecutor's County Fund		\$70,101			\$70,101
0746	Home Inspector Administration		\$244,503			\$244,503
0753	IL Future Teachers Corps Scholarship Fund		\$4,836			\$4,836
0757	Child Support Administrative		\$1,117,266			\$1,117,266
0762	Local Initiative Fund		\$1,940,646			\$1,940,646
0763	Tourism Promotion	\$3,152,700				\$3,152,700
0769	Lawyers Assistance Program Fund		\$0			\$0

Special Transfers in FY 2006 YTD as of April 30, 2006						
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	Repealed Funds	Fee Increase	TOTAL
0770	Digital Divide Elimination Fund	\$401,200				\$401,200
0774	Oil Spill Response Fund		\$167,547			\$167,547
0776	Presidential Library and Museum Fund		\$727,250			\$727,250
0808	Medical Special Purpose Trust Fund		\$930,668			\$930,668
0821	Dram Shop		\$110,554			\$110,554
0830	Dept. of Aging State Projects Fund		\$10,059			\$10,059
0831	Natural Recourses Restoration Trust Fund		\$63,002			\$63,002
0835	State Fair Promotional Activities Fund		\$8,734			\$8,734
0840	Hazardous Waste Research Fund	\$31,520	\$125,209			\$156,729
0844	Continuing Legal Education Trust Fund		\$23,419			\$23,419
0845	Environmental Protection Trust Fund		\$0			\$0
0849	Real Estate Research & Education	\$11,500				\$11,500
0850	Real Estate License Administration		\$1,500,000			\$1,500,000
0858	Land Reclamation Fund		\$0			\$0
0865	Domestic Violence Shelter & Service Fund	\$39,100				\$39,100
0866	Snowmobile Trail Establishment Fund		\$3,124			\$3,124
0878	Drug Traffic Prevention Fund	\$9,300	\$22,123			\$31,423
0884	DNR Special Projects Fund		\$301,649			\$301,649
0888	Design Professionals Administration & Investigation	\$104,100	\$51,701			\$155,801
0896	Public Health State Projects	\$353,600	\$816,202			\$1,169,802
0903	State Surplus Property Revolving Fund		\$194,142			\$194,142
0906	State Police Services	\$1,614,700				\$1,614,700
0910	Youth Drug Abuse Prevention Fund		\$4,091			\$4,091
0914	Natural Recourses Information Fund		\$64,596			\$64,596
0921	DHS Recoveries Trust	\$118,000	\$1,591,834			\$1,709,834
0922	Insurance Producer Administration	\$1,118,148				\$1,118,148
0924	LT Governor's Grant Fund		\$188			\$188
0925	Coal Technology Development Assistance	\$1,824,000				\$1,824,000
0927	IL National Guard Armory Construction Fund		\$31,469			\$31,469
0931	JJ Wolf Memorial for Conservation Investigation		\$8,137			\$8,137
0938	Hearing Instrument Dispenser Examining and Disciplinary Fund	\$6,312	\$102,842			\$109,154
0944	Environmental Protection Permit & Inspection		\$180,571			\$180,571
0947	Governor's Grant Fund		\$1,592			\$1,592
0951	Narcotics Profit Forfeiture Fund		\$39,379			\$39,379
0954	Illinois State Podiatric Disciplinary Fund		\$317,239			\$317,239
0962	Park & Conservation	\$491,656	\$3,050,154			\$3,541,810
0969	Local Tourism Fund		\$132,876			\$132,876
0973	Build IL Capital Revolving Loan Fund		\$4,024,106			\$4,024,106
0974	IL Equity Fund		\$119,193			\$119,193
0975	Large Business Attraction Fund	\$55,040	\$340,777			\$395,817
0982	IL Beach Marina		\$177,801			\$177,801
0984	International & Promotional Fund	\$11,680				\$11,680
0993	Public Infrastructure Construction Loan		\$63,802			\$63,802
0996	Educational Labor Relations Board Fair Share Trust Fund		\$0			\$0
0997	Insurance Financial Regulation	\$1,520,800	\$800,000			\$2,320,800
	GRAND TOTAL	\$39,839,649	\$132,699,919	\$343,900	\$1,050,921	\$173,934,389

REVENUE

April Revenues Shows Modest Improvement

Jim Muschinske, Revenue Manager

General funds revenues increased \$87 million in April excluding last year's \$214 million in Hospital Provider Fund cash flow transfers. While the economic sources continued to perform well, a number of the smaller revenue sources experienced declines for the month. Also, this April had one less receipting day in comparison to last year.

Gross personal income tax receipts continued to perform well as revenues increased \$75 million, or \$70 million net of refunds. Gross corporate income tax also improved with an impressive gain of \$59 million (the same on a net basis). Sales tax managed only a \$14 million increase reflecting the impact of one less receipting day. The Cook County IGT rose by \$11 million, while interest on investments continued to do well and rose \$7 million. Corporate franchise taxes and fees posted a modest \$1 million increase for the month.

Despite an overall increase in monthly revenues, a number of revenue sources suffered declines. Other sources fell \$17 million in April, while public utility taxes faltered by \$14 million. Inheritance tax revenues fell by \$12 million, in large part due to last year's unusually large month of receipts. Insurance taxes and fees declined by \$6 million and liquor taxes dipped by \$2 million.

April transfers fell modestly as overall transfers declined \$16 million. Riverboat transfers dropped by \$13

million due to the lower tax rates, and other transfers were down by \$7 million. Lottery transfers offset some of those declines as receipts rose by \$4 million. Federal sources experienced a modest drop with receipts falling \$8 million for the month.

Year to Date

With only two months of the fiscal year remaining, excluding short-term borrowing and related cash flow transfers, overall revenues are up \$707 million. Despite only a modest increase in April receipts, sources most closely tied to the economy have performed well. However, offsetting some of those gains are falloffs in transfers such as the Cook County IGT, riverboat transfers, chargebacks, and statutory fund sweeps.

Through April, gross personal income tax receipts are up \$439 million, or \$421 million net of refunds. Sales tax receipts are up \$358 million, while gross corporate income taxes are up \$212 million, or \$223 million net of refunds. Interest income has contributed \$62 million to the yearly advance while all other sources experiencing gains added another \$26 million.

Not all areas have fared as well as the economically related sources. The Cook County IGT is off \$71 million in large part due to timing of the transfers but also because of an anticipated decline in the total yearly transfer amount. The cigarette tax is down \$50 million due to a temporary change in the distribution of the tax early last fiscal year, inheritance taxes have fallen \$40 million, insurance taxes

are off \$28 million, and other sources are down \$19 million.

Through April, excluding cash flow transfers, total transfers are down \$213 million, reflecting the timing of statutory fund sweeps as well as charge-back activity, in addition to the lower riverboat tax rates. Other fund transfers are down \$191 million while

riverboat transfers and receipts trail by \$92 million [although due to the hold-harmless provision the decline in riverboat transfers is expected to be relatively small by year end]. Offsetting some of those declines is a \$70 million increase in lottery transfers. After enjoying significant increases for most of the fiscal year, federal sources have cooled and as expected are up just \$38 million for the year.

Revised GOMB FY 2006 Revenue Forecast

On May 2nd, the GOMB informed the Commission of a revision to their FY 2006 revenue estimate. As shown in the table below, the GOMB has increased its estimate for FY 2006 by \$151 million from its earlier fore-

cast presented in the February Budget Book. When coupled with the \$424 million increase made at the time of the Budget Book, the GOMB estimates that FY 2006 general funds revenues will exceed the enacted budget projections by \$575 million.

Changes to GOMB FY 2006 General Revenue Forecast (\$ millions)	
	<u>GOMB</u>
Enacted FY 2006 Budget May-05	\$26,671
Increases per Budget Book Feb-06	<u>\$424</u>
FY 2006 GOMB Estimate Feb-06	\$27,095
Net Change Income Taxes	(\$6)
Sales Tax	\$75
Net Change Other State Sources	\$47
Net Change Transfers	(\$4)
Federal Sources	\$39
Total Change Since Budget Book	\$151
GOMB FY 2006 Estimate May-06	\$27,246
Total Increase From Enacted FY 2006 Budget	\$575
*Does not include \$276 million in Budget Stabilization Fund transfer or \$1 billion in short-term borrowing.	

As shown in the table on the following page, with their latest revision, GOMB's FY 2006 estimate now stands \$131 higher than the Commission's estimate presented in March 2006. For the most part, the differences of the various revenue sources are relatively small. It is

interesting to note that at the time of the Budget Book, the GOMB's estimate of federal sources was reduced \$79 million from the enacted assumptions. With this latest May revision, the GOMB has reversed a large part of that earlier reduction by increasing their estimate by \$39 million.

FY 2006 CGFA/GOMB ESTIMATE COMPARISON

Includes GOMB Revised May 2nd, 2006 Estimate

(millions)

	CGFA FY 2006 <u>Estimate March-06</u>	GOMB FY 2006 <u>Estimate May-06</u>	\$ <u>Difference</u>
<u>Revenue Sources</u>			
State Taxes			
Personal Income Tax	\$9,380	\$9,400	(\$20)
Corporate Income Tax	\$1,839	\$1,825	\$14
Sales Taxes	\$7,010	\$7,025	(\$15)
Public Utility (regular)	\$1,092	\$1,081	\$11
Cigarette Tax	\$400	\$400	\$0
Liquor Gallonage Taxes	\$150	\$151	(\$1)
Vehicle Use Tax	\$34	\$34	\$0
Inheritance Tax (gross)	\$265	\$285	(\$20)
Insurance Taxes & Fees	\$307	\$320	(\$13)
Corporate Franchise Tax & Fees	\$190	\$191	(\$1)
Interest on State Funds & Investments	\$136	\$145	(\$9)
Cook County Intergovernmental Transfer	\$350	\$350	\$0
<u>Other Sources</u>	<u>\$475</u>	<u>\$489</u>	<u>(\$14)</u>
Subtotal	\$21,628	\$21,696	(\$68)
Transfers			
Lottery	\$670	\$678	(\$8)
Riverboat Transfers & Receipts	\$688	\$688	\$0
<u>Other</u>	<u>\$700</u>	<u>\$715</u>	<u>(\$15)</u>
Total State Sources	\$23,686	\$23,777	(\$91)
Federal Sources	\$4,712	\$4,751	(\$39)
Total Federal & State Sources	\$28,398	\$28,528	(\$130)
<u>Nongeneral Funds Distribution:</u>			
Refund Fund*			
Personal Income Tax	(\$915)	(\$917)	\$2
Corporate Income Tax	(\$368)	(\$365)	(\$3)
Subtotal General Funds	\$27,115	\$27,246	(\$131)
Change from Prior Year	\$955	\$1,086	(\$131)
Percent Change	3.7%	4.2%	
Short-Term Borrowing	\$1,000	\$1,000	\$0
Budget Stabilization Fund Transfer	\$276	\$276	\$0
Total General Funds	\$28,391	\$28,522	(\$131)
Change from Prior Year	\$208	\$339	
Percent Change	0.7%	1.2%	
CGFA			

GENERAL FUNDS RECEIPTS: APRIL

FY 2006 vs. FY 2005

(\$ million)

Revenue Sources	APRIL FY 2006	APRIL FY 2005	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$1,257	\$1,182	\$75	6.3%
Corporate Income Tax (regular)	350	291	\$59	20.3%
Sales Taxes	574	560	\$14	2.5%
Public Utility Taxes (regular)	68	82	(\$14)	-17.1%
Cigarette Tax	33	33	\$0	0.0%
Liquor Gallonage Taxes	10	12	(\$2)	-16.7%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax (Gross)	19	31	(\$12)	-38.7%
Insurance Taxes and Fees	44	50	(\$6)	-12.0%
Corporate Franchise Tax & Fees	12	11	\$1	9.1%
Interest on State Funds & Investments	14	7	\$7	100.0%
Cook County IGT	40	29	\$11	37.9%
Other Sources	29	46	(\$17)	-37.0%
Subtotal	\$2,453	\$2,337	\$116	5.0%
Transfers				
Lottery	57	53	\$4	7.5%
Riverboat transfers & receipts	35	48	(\$13)	-27.1%
Other	89	96	(\$7)	-7.3%
Total State Sources	\$2,634	\$2,534	\$100	3.9%
Federal Sources	\$270	\$278	(\$8)	-2.9%
Total Federal & State Sources	\$2,904	\$2,812	\$92	3.3%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$123)	(\$118)	(\$5)	4.2%
Corporate Income Tax	(\$70)	(70)	\$0	0.0%
Subtotal General Funds	\$2,711	\$2,624	\$87	3.3%
Short-Term Borrowing	\$0	\$0	\$0	N/A
Hospital Provider Fund (cash flow transfer)	\$0	\$214	(\$214)	N/A
Budget Stabilization Fund Transfer	\$0	\$0	\$0	N/A
Total General Funds	\$2,711	\$2,838	(\$127)	-4.5%

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

2-May-06

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2006 vs. FY 2005

(\$ million)

Revenue Sources	FY 2006	FY 2005	CHANGE FROM FY 2005	% CHANGE
State Taxes				
Personal Income Tax	\$7,703	\$7,264	\$439	6.0%
Corporate Income Tax (regular)	1,440	1,228	\$212	17.3%
Sales Taxes	5,841	5,483	\$358	6.5%
Public Utility Taxes (regular)	905	886	\$19	2.1%
Cigarette Tax	333	383	(\$50)	-13.1%
Liquor Gallonage Taxes	124	123	\$1	0.8%
Vehicle Use Tax	29	27	\$2	7.4%
Inheritance Tax (Gross)	223	263	(\$40)	-15.2%
Insurance Taxes and Fees	248	276	(\$28)	-10.1%
Corporate Franchise Tax & Fees	148	144	\$4	2.8%
Interest on State Funds & Investments	117	55	\$62	112.7%
Cook County IGT	256	327	(\$71)	-21.7%
Other Sources	324	343	(\$19)	-5.5%
Subtotal	\$17,691	\$16,802	\$889	5.3%
Transfers				
Lottery	561	491	\$70	14.3%
Riverboat transfers & receipts	479	571	(\$92)	-16.1%
Other	489	680	(\$191)	-28.1%
Total State Sources	\$19,220	\$18,544	\$676	3.6%
Federal Sources	\$4,090	\$4,052	\$38	0.9%
Total Federal & State Sources	\$23,310	\$22,596	\$714	3.2%
Nongeneral Funds Distribution:				
Refund Fund				
Personal Income Tax	(\$751)	(\$733)	(\$18)	2.5%
Corporate Income Tax	(\$288)	(\$299)	\$11	-3.7%
Subtotal General Funds	\$22,271	\$21,564	\$707	3.3%
Short-Term Borrowing	\$1,000	\$765	\$235	N/A
Hospital Provider Fund (cash flow transfer)	\$0	\$977	(\$977)	N/A
Budget Stabilization Fund Transfer	\$276	\$276	\$0	N/A
Total General Funds	\$23,547	\$23,582	(\$35)	-0.1%
SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.				
CGFA				2-May-06

GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE
FY 2006 ESTIMATE vs. FY 2005 ACTUAL
(\$ million)

<u>Revenue Sources</u>	<u>March-06 ESTIMATE FY 2006</u>	<u>FYTD 2006</u>	<u>AMOUNT NEEDED FY 2006 EST.</u>	<u>FYTD 2005</u>	<u>GROWTH NEEDED</u>	<u>% CHANGE</u>
State Taxes						
Personal Income Tax	\$9,380	\$7,703	\$1,677	\$7,264	\$68	4.2%
Corporate Income Tax (regular)	1,839	1,440	\$399	1,228	\$79	24.7%
Sales Taxes	7,010	5,841	\$1,169	5,483	\$57	5.1%
Public Utility Taxes (regular)	1,092	905	\$187	886	\$17	10.0%
Cigarette Tax	400	333	\$67	383	\$0	0.0%
Liquor Gallonage Taxes	150	124	\$26	123	\$2	8.3%
Vehicle Use Tax	34	29	\$5	27	\$0	0.0%
Inheritance Tax (Gross)	265	223	\$42	263	(\$5)	-10.6%
Insurance Taxes and Fees	307	248	\$59	276	(\$7)	-10.6%
Corporate Franchise Tax & Fees	190	148	\$42	144	\$5	13.5%
Interest on State Funds & Investments	136	117	\$19	55	\$1	5.6%
Cook County IGT	350	256	\$94	327	(\$12)	-11.3%
Other Sources	475	324	\$151	343	\$26	20.8%
Subtotal	\$21,628	\$17,691	\$3,937	\$16,802	\$231	6.2%
Transfers						
Lottery	670	561	\$109	491	(\$14)	-11.4%
Riverboat transfers & receipts	688	479	\$209	571	\$81	63.3%
Other	700	489	\$211	680	(\$27)	-11.3%
Total State Sources	\$23,686	\$19,220	\$4,466	\$18,544	\$271	6.5%
Federal Sources	\$4,712	\$4,090	\$622	\$4,052	(\$17)	-2.7%
Total Federal & State Sources	\$28,398	\$23,310	\$5,088	\$22,596	\$254	5.3%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	(\$915)	(\$751)	(\$164)	(\$733)	(\$3)	1.9%
Corporate Income Tax	(368)	(\$288)	(\$80)	(299)	(\$3)	3.9%
Subtotal General Funds	\$27,115	\$22,271	\$4,844	\$21,564	\$248	5.4%
Short-Term Borrowing	\$1,000	\$1,000	\$0	\$765	\$0	N/A
Hospital Provider Fund (cash flow transfer)	\$0	\$0	\$0	\$977	(\$5)	N/A
Budget Stabilization Fund Transfer	\$276	\$276	\$0	\$276	\$0	N/A
Total General Funds	\$28,391	\$23,547	\$4,844	\$23,582	\$243	5.3%
CGFA						2-May-06

GENERAL FUNDS PERFORMANCE TO DATE
GOVERNOR'S OFFICE OF MANANGEMENT AND BUDGET

FY 2006 ESTIMATE vs. FY 2005 ACTUALS

(\$ million)

	GOMB MAY-06 Estimate FY 2006	FYTD 2006	AMOUNT NEEDED FY 2006 Est.	FYTD 2005	GROWTH NEEDED	% CHANGE
Revenue Sources						
State Taxes						
Personal Income Tax	\$9,400	\$7,703	\$1,697	\$7,264	\$88	5.5%
Corporate Income Tax (regular)	1,825	1,440	\$385	1,228	\$65	20.3%
Sales Taxes	7,025	5,841	\$1,184	5,483	\$72	6.5%
Public Utility Taxes (regular)	1,081	905	\$176	886	\$6	3.5%
Cigarette Tax	400	333	\$67	383	\$0	0.0%
Liquor Gallonage Taxes	151	124	\$27	123	\$3	12.5%
Vehicle Use Tax	34	29	\$5	27	\$0	0.0%
Inheritance Tax (Gross)	285	223	\$62	263	\$15	31.9%
Insurance Taxes and Fees	320	248	\$72	276	\$6	9.1%
Corporate Franchise Tax & Fees	191	148	\$43	144	\$6	16.2%
Interest on State Funds & Investments	145	117	\$28	55	\$10	55.6%
Cook County IGT	350	256	\$94	327	(\$12)	-11.3%
Other Sources	489	324	\$165	343	\$40	32.0%
Subtotal	\$21,696	\$17,691	\$4,005	\$16,802	\$299	8.1%
Transfers						
Lottery	678	561	\$117	491	(\$6)	-4.9%
Gaming Fund Transfer	688	479	\$209	571	\$81	63.3%
Other	715	489	\$226	680	(\$12)	-5.0%
Total State Sources	\$23,777	\$19,220	\$4,557	\$18,544	\$362	8.6%
Federal Sources	\$4,751	\$4,090	\$661	\$4,052	\$22	3.4%
Total Federal & State Sources	\$28,528	\$23,310	\$5,218	\$22,596	\$384	7.9%
Nongeneral Funds Distribution:						
Refund Fund						
Personal Income Tax	(\$917)	(\$751)	(\$166)	(\$733)	(\$5)	3.1%
Corporate Income Tax	(365)	(288)	(\$77)	(299)	\$0	0.0%
Subtotal General Funds	\$27,246	\$22,271	\$4,975	\$21,564	\$379	8.2%
Short-Term Borrowing	\$1,000	\$1,000	\$0	\$765	\$0	N/A
Hospital Provider Fund (cash flow transfer)	\$0	\$0	\$0	\$977	(\$5)	N/A
Budget Stabilization Fund Transfer	\$276	\$276	\$0	\$276	\$0	N/A
Total General Funds	\$28,522	\$23,547	\$4,975	\$23,582	\$374	8.1%
CGFA						2-May-06

Costs of Issuance

Lynnae Kapp, Bond/Revenue Analyst

In March, the State made its first Build Illinois bond sale for FY 2006. The \$65 million competitive bid sale had a total cost of issuance of \$311,080. Cost of issuance is limited to 0.5% of the bond sale amount, which in this case would be approximately \$325,000, and includes underwriter's fees and dis-

counts, but not bond insurance. No salaries of State employees or other State office operating expenses shall be paid out of non-appropriated proceeds. The costs of issuance are listed in the following table, provided by the Governor's Office of Management and Budget.

Build Illinois Sales Tax Revenue Bonds \$65,000,000 Series March 2006 Cost of Issuance Disclosure					
Line Item	Status	Participation Percentage	Amount	Total	
Underwriting Syndicate	Morgan Stanley & Co., Inc.	100.00%	210,000.00	210,000.00	
Bond Counsel	Katten Muchin Rosenman		20,786.80		
Underwriters Counsel	None			20,786.80	
Financial Advisor	[A] Scott Balice Strategies	WBE	17,000.00		
Budget, Rating & Cashflow advisor	[A] Ronald D. Picur, PhD.		9,000.00		
Market Pricing Advisor	Delphis Hanover Corporation		3,120.00	29,120.00	
Rating Agencies	Moody's Investor Services		12,150.00		
	Standard and Poor's		20,000.00		
	Fitch Ratings		15,000.00	47,150.00	
Printing & shipping	ImageMaster	MBE	2,523.48		
	Parity Website Bidding Fee		1,500.00		
	TM3 Wire Service (typical range \$1,200 to \$1,800)		-	4,023.48	
Total Expenses (Excluding Bond Insurance) (Max allowable = Par x 0.5% = \$325,000)				311,080.28	
Transfer to Program Expense Fund				13,919.72	
Bond Insurance	FINANCIAL SECURITY ASSURANCE INC (FSA)		125,500.00	125,500.00	
Total Expenses (Including Bond Insurance)				436,580.28	
MBE/WBE FIRM SUBTOTALS	Underwriting	0.0%	-		
	Legal	0.0%	-		
	Financial Advisory	58.4%	17,000.00		
[A] Budget, Rating & Financial advisory services in combination equal to the lowest fee of the qualified advisory group					

*MBE and WBE denote Minority Business Enterprises and Womens Business Enterprises. State law requires a minimum amount of all state contracts to be with businesses owned by minorities, females, and persons with disabilities.