



2025 Quarterly Revenue Analysis: Q2

City of Chicago
Fiscal Year 2025

City of Chicago
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TO THE CHICAGO CITY COUNCIL

The City of Chicago Office of Budget and Management (OBM) [released](#) its June 2025 *Monthly Revenue Report*, providing insight into the City's total revenue collections during the second quarter (Q2) of 2025. The revenue data discussed in this report is sourced from OBM's Monthly Revenue Reports for April, May, and June 2025, and is limited to revenue collections for the City's Corporate Fund.

The Municipal Code of Chicago, Chapter 2-5, requires the City Council Office of Financial Analysis (COFA) to provide other financial analysis upon the request of any City Council members. COFA's analysis of the OBM *Monthly Revenue Report* has been requested in the past. Additionally, OBM has ceased publication of quarterly summaries of revenue collections. Therefore, COFA publishes a quarterly report to review, analyze, and synthesize OBM's Monthly Revenue Reports for each quarter to provide a glance into how the revenue streams have performed throughout the year.

Table 1. Corporate Fund Revenue, Summary Budget vs. Collections, Q2 2025

Revenues	YTD		
Corporate Fund (in thousands)	FY25 Budget	FY25 Collections	% Variance
Local Tax Revenue			
Utility Tax	\$ 141,261	\$ 159,710	13.1%
Chicago Sales Tax	\$ 27,872	\$ 24,652	-11.6%
Transaction Tax	\$ 365,165	\$ 422,450	15.7%
Transportation Tax	\$ 188,447	\$ 205,257	8.9%
Recreation Tax	\$ 154,717	\$ 160,536	3.8%
Business Tax	\$ 51,784	\$ 56,501	9.1%
Local Non-Tax			
Licenses, Permits, Certificates	\$ 61,523	\$ 60,570	-1.5%
Fines, Forfeitures, Penalties	\$ 148,742	\$ 164,382	10.5%
Charges for Service	\$ 163,708	\$ 144,462	-11.8%
Municipal Parking	\$ 5,087	\$ 5,114	0.5%
Leases, Rentals, Sales	\$ 4,300	\$ (661)	-115.4%
Interest	\$ -	\$ -	-
Internal Service Earnings	\$ 123,024	\$ 143,117	16.3%
Other Revenue	\$ 127,948	\$ 122,990	-3.9%
State Tax / Revenues			
Income Tax	\$ 171,416	\$ 184,526	7.6%
PPRT	\$ 102,335	\$ 64,087	-37.4%
Auto Rental Tax	\$ 796	\$ 866	8.8%
State Reimbursements	\$ 882	\$ 704	-20.2%
Proceeds and Transfers			
Parking Meter Revenue			
Replacement Interest	\$ -	\$ -	-
Sales Tax Corporation Residual	\$ 114,395	\$ 121,668	6.4%
Skyway Reserve Interest	\$ -	\$ -	-
TOTAL	\$ 1,953,402	\$ 2,040,931	4.5%

Source: OBM June 2025 Monthly Revenue Report

Corporate Fund Revenue Collections: Q2 2025

Total revenue collections by [June 2025](#) *exceed budgeted amounts by \$87.5 million*, 4.5% above anticipated collections in Q2 of 2025. Total revenues for the City through June are 36% of total budget for FY 2025.

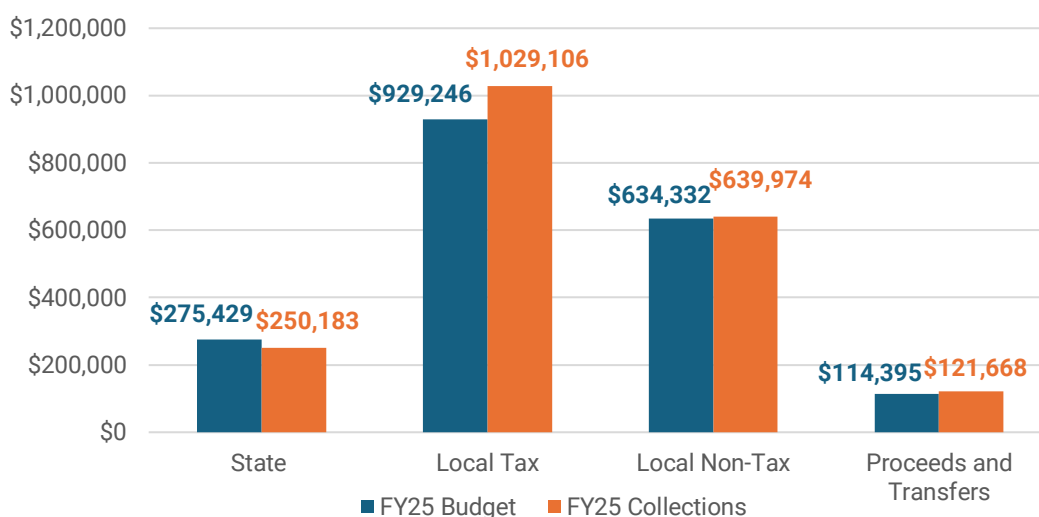
Revenue Overview by Source Category

The following report highlights the primary drivers of revenue collections within each revenue category for the City's Corporate Fund for Q2 of 2025 as well as provides additional context that may impact City revenue collections for the year.

Due to the timing of payments and variance in services and the market, monthly revenue collections may outpace annual budget expectations for one month and underperform budget expectations the next. While monthly revenue reports – particularly early in the fiscal year – may not provide much insight into the current collections' alignment with budgeted annual revenues, monthly revenue reports from OBM provide valuable insight into revenue collections at a particular point in time to inform the City's financial management. By June 2025, marking the half-way point of FY 2025, monthly revenue reports start providing more useful information on how revenues are meeting expectations set at the start of the fiscal year.

In [June 2025](#), local taxes are the category experiencing the most positive variances, while state taxes and revenues received by the City see the highest negative variances. Transaction taxes, utility taxes, and fines, forfeitures, and penalties are driving positive trends, while leases, rentals, and sales, the Personal Property Replacement Tax (PPRT), and State reimbursements drive downward trends.

Figure 1. Corporate Fund Revenue, by Source Category, Q2 2025 (in thousands)



Source: OBM June 2025 Monthly Revenue Report

Local Tax. Local tax collections are trending above budgeted levels except for sales tax. Transaction taxes represented one source driving collections beyond anticipated levels in Q2 (15.7% above budget). Transaction taxes include Personal Property Lease Transaction (PPLT), Motor Vehicle Lessor, and Real Property Transfer Taxes (RPTT), with PPLT behind the positive variance for transaction taxes. High industry growth and product demand related to equipment, automobiles, and cloud-based storage contributed to higher PPLT revenue and budgeted, [according](#) to OBM throughout Q2. Further, OBM reports higher than anticipated utility tax collections (13.1% above budget) are due to natural gas pricing and usage – with [colder temperatures](#) extending into April driving costs up at the beginning of Q2 and continuing usage trends impacting the rest of the quarter. Chicago’s sales tax collections were 11.6% under the anticipated budget in [June](#) 2025, and 12.3% and 11.6% below expectations in [April](#) and [May](#), respectively.

Local Non-Tax. Local non-tax revenue sources are overall above budget Q2 2025. OBM points to Internal Service Earnings as one revenue source running ahead of schedule throughout Q2 (16.3% above budget). Internal Service Earnings reflect reimbursements to the Corporate Fund from other City of Chicago funds – though notably, these reimbursements occur on a regular basis over the year but actual timing of transfers vary year-over-year, making exact revenue collection expectations for this source challenging. Fines, forfeitures, and penalties are also contributing to the positive variance in local non-tax revenues.

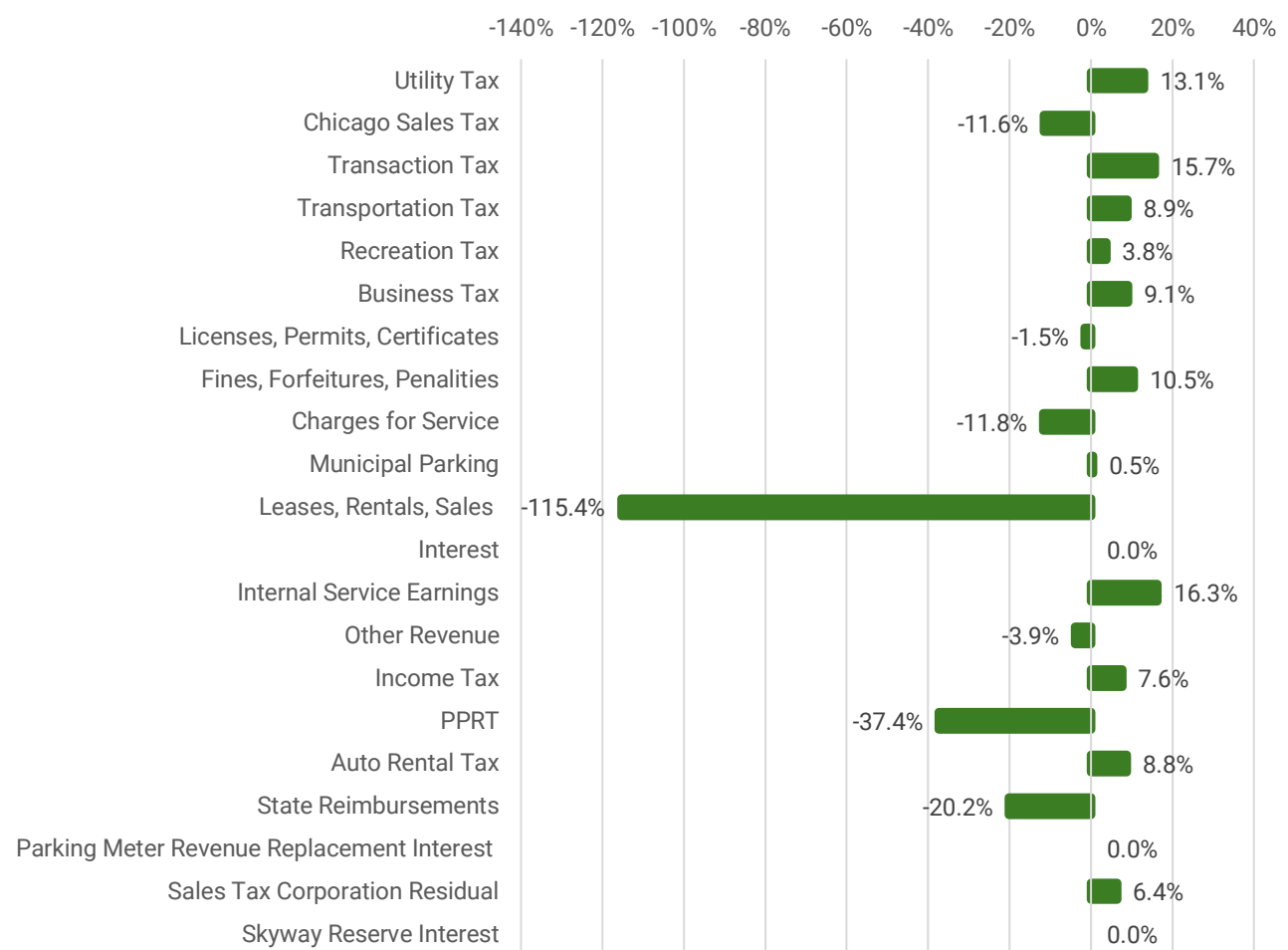
Charges for services are below anticipated (-11.8%) largely due to the Ground Emergency Medical Transportation program – a federally funded Medicaid program allowing cities to collect additional Medicaid reimbursement for ambulance services. The changes in the City’s reimbursement from Medicaid for ambulance services began in [May](#) and extended to [June](#) 2025, according to OBM. Leases, rentals, and sales continued to be significantly below budget throughout the quarter, with revenue approximately 80% below expectations in [April](#) and [May](#) and over 115% below budget by [June](#). While timing of certain payments occur later, OBM offers no commentary on the reason for discrepancies between budgeted and actual revenue collection for leases, rentals, and sales at the close of Q2.

State Taxes and Revenues. Transfers from the State are below budget expectations. Revenue from the Personal Property Replacement Tax (PPRT) is the primary reason for lower-than-anticipated collections from the state, with actual collections nearly 40% below budget. OBM noted in earlier revenue reports that State transfers to the City occur at certain points throughout the year and many payments have not yet been transferred for FY 2025. While the City [did not budget](#) for any PPRT payments from the State in Q1, Q2 includes budgeted expectations for PPRT. [According](#) to OBM, PPRT revenue is nearly \$1 billion below this time last year. Other State reimbursements further contribute to the negative variance in revenue from State funds, though the variance between budgeted revenues and actual revenues decreased throughout Q2. The City reported a negative variance of 70.6% and 83.5% under budget in [April](#) and [May](#), which declined to just over 20% below budget by [June](#).

Income tax received from the State showed positive variance in Q2 following lower-than-expected performance in [Q1](#). Auto rental taxes, also a tax not accounted for in the Q1 budget due to timing of State transfers, showed positive variance between budget and actual collections throughout Q2.

Proceeds and Transfers. Most proceeds and transfers to the Corporate Fund will not occur until later in the fiscal year. OBM began accounting for proceeds and transfers from the Sales Tax Corporation Residual in Q2, with lower performance in April (1.7% below budget) that recovered in May and June to exceed budgeted expectations by 0.8% and 6.4%, respectively.

Figure 2. Corporate Fund Revenue, %Variance, Q2 2025



Source: OBM June 2025 Monthly Revenue Report

Intergovernmental Impacts on 2025 Revenues

City revenues are impacted by economic trends at the State and Federal levels, and notable developments are outlined below.

Funds from ***Federal*** sources to the State declined throughout FY 2025, a 4.6% decrease from FY 2024. The Trump Administration made significant cuts to Federal grant opportunities, the Federal workforce, and various Federal programs in Q1 and Q2 that will likely have implications on tax revenues. In addition to workforce reductions in Federal jobs in the Chicago area, additional Federal policies may impact Chicago's local economic activity, influence spending decisions of Chicago residents, and subsequently impact the City's tax and non-tax revenues. Implications of the Administration's changes to trade policies will be seen in coming months, though inflation indicators continue to rise at a steady, modest rate in Q2 – signaling potential constrictions in the Chicago economy in the second half of 2025.

The ***State*** closed its FY 2025 at the end of June 2025. While the State received lower-than-expected Federal funding, it reported strong growth in State revenues to offset Federal shortfalls. A portion of income tax revenue – both personal and corporate – is distributed across local governments in the State through the State's Local Government Distributive Fund. Personal Income Tax distributed to Illinois' local governments increased 10.1% compared to FY 2024 at the end of FY 2025, though Corporate Income Tax was 9.4% below FY 2024 levels. PPRT revenues from the State shared with the City experienced significant declines, according to OBM, though is expected to grow.

State legislative actions in FY 2025 – such as the increased pension benefits for police officers and firefighters in the City of Chicago – will not impact revenue collections in 2025 but will further strain the City's budget and require new or enhanced revenue in future years. The full impact of Federal activities and State policies may not be felt immediately but need to be taken into consideration in future budget discussions.

Disclaimer

The OBM report contains the most current information for FY 2025 available at the time of publication. However, revenue data is not finalized until the annual audit is complete as part of the Annual Comprehensive Financial Report (ACFR) published in the summer following the close of the fiscal year. OBM notes: “Some of the City's revenues experience a lag between the time the underlying economic activity occurred, and the resulting revenue is collected. Further, seasonality in some revenue streams and the irregular nature of others may lead to significant variances from one month to the next.”