

2024 Quarterly Revenue Analysis – Q4

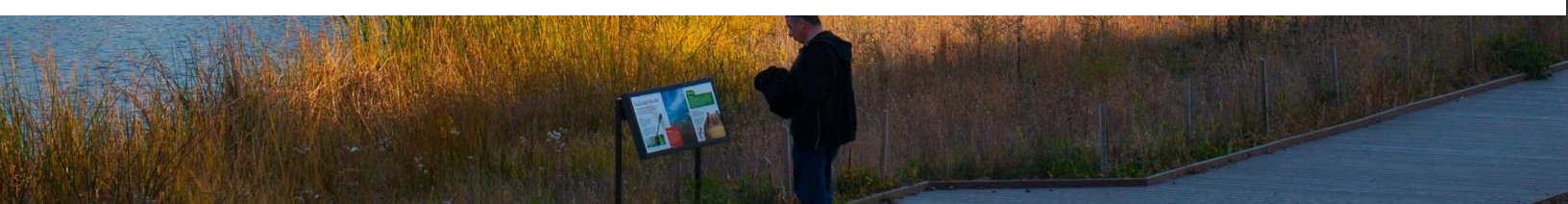
City of Chicago

Fiscal Year 2024



City of Chicago
Council Office of Financial Analysis
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TO THE CHICAGO CITY COUNCIL

The City of Chicago Office of Budget and Management (OBM) released the City's December 2024 *Monthly Revenue Report*. The report specifically outlines the year-to-date (YTD) revenue collections for the Corporate Fund in Fiscal Year 2024 (FY 24) compared with the anticipated collections in the FY 24 budget. This point-in-time snapshot for FY 24 provides a glance into how the revenue streams fared throughout the year compared to what was initially anticipated.

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. Therefore, this report reviews, analyzes, and synthesizes OBM's *Monthly Revenue Report for December of 2024* to meet this previous request. The source for the data within the report is the City of Chicago OBM *Monthly Revenue Report for December of 2024*. **Please note that some of the calculations on the tables may not sum due to rounding.**

Revenues	YTD		
<i>Corporate Fund (in thousands)</i>	<i>FY24 Budget</i>	<i>FY24 Collections</i>	<i>% Variance</i>
<i>Local Tax Revenue</i>			
Utility Tax	\$338,703	\$320,490	-5.4%
Chicago Sales Tax	\$90,703	\$97,248	7.2%
Transaction Tax	\$735,544	\$768,308	4.5%
Transportation Tax	\$386,230	\$391,904	1.5%
Recreation Tax	\$312,710	\$319,225	2.1%
Business Tax	\$145,277	\$160,086	10.2%
<i>State Tax / Revenues</i>			
Income Tax	\$353,234	\$367,016	3.9%
PPRT	\$341,806	\$202,111	-40.9%
Auto Rental Tax	\$3,194	\$4,087	28.0%
State Reimbursements	\$2,000	\$1,143	-42.9%
<i>Proceeds and Transfers</i>			
Parking Meter Revenue	\$-	\$-	-
Replacement Interest Sales Tax			
Corporation Residual	\$394,584	\$350,717	-11.1%
Skyway Reserve Interest	\$-	\$-	-
<i>Local Non-Tax</i>			
Licenses, Permits, Certificates	\$115,302	\$115,778	0.4%
Fines, Forfeitures, Penalties	\$347,876	\$312,298	-10.2%
Charges for Service	\$390,501	\$365,470	-6.4%
Municipal Parking	\$7,676	\$7,446	-3.0%
Leases, Rentals, Sales	\$24,827	\$16,105	-35.1%
Interest	\$-	\$-	-
Internal Service Earnings	\$343,020	\$304,393	-11.3%
Other Revenue	\$145,006	\$125,283	-13.6%
TOTAL	\$4,478,193	\$4,229,108	-5.6%

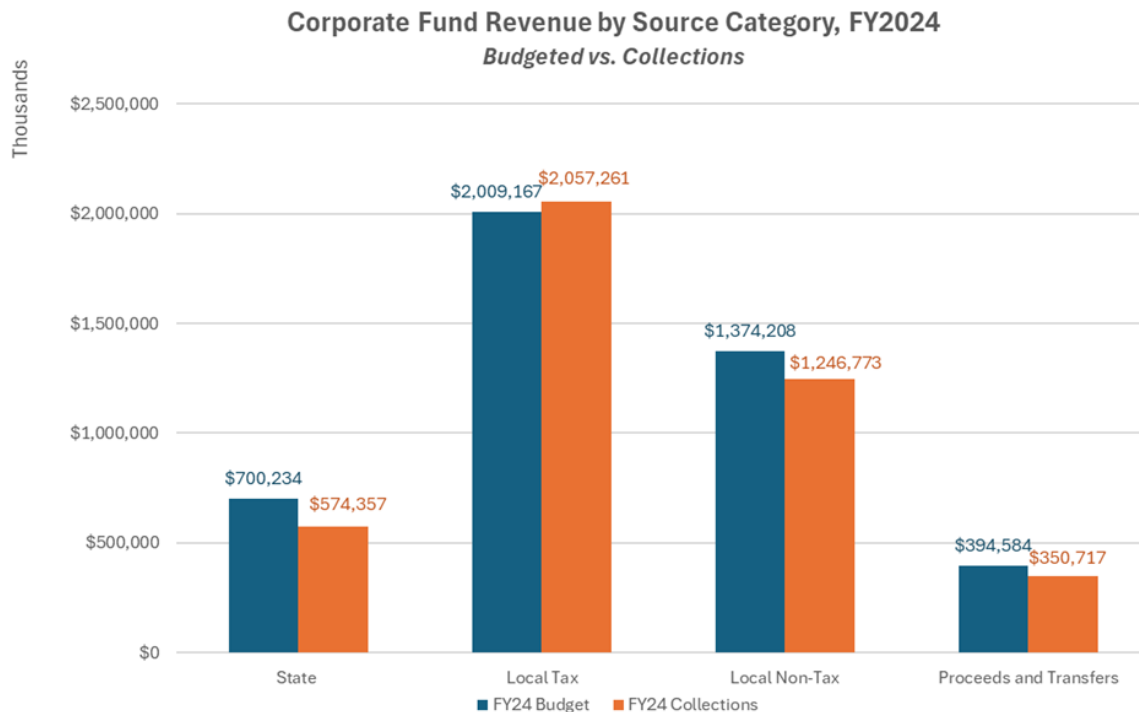
Source: City of Chicago Office of Budget and Management Monthly Revenue Report December 2024

SOURCE: City of Chicago, Office of Budget and Management Monthly Revenue Report December 2024.

REVENUE ANALYSIS - Corporate Funds

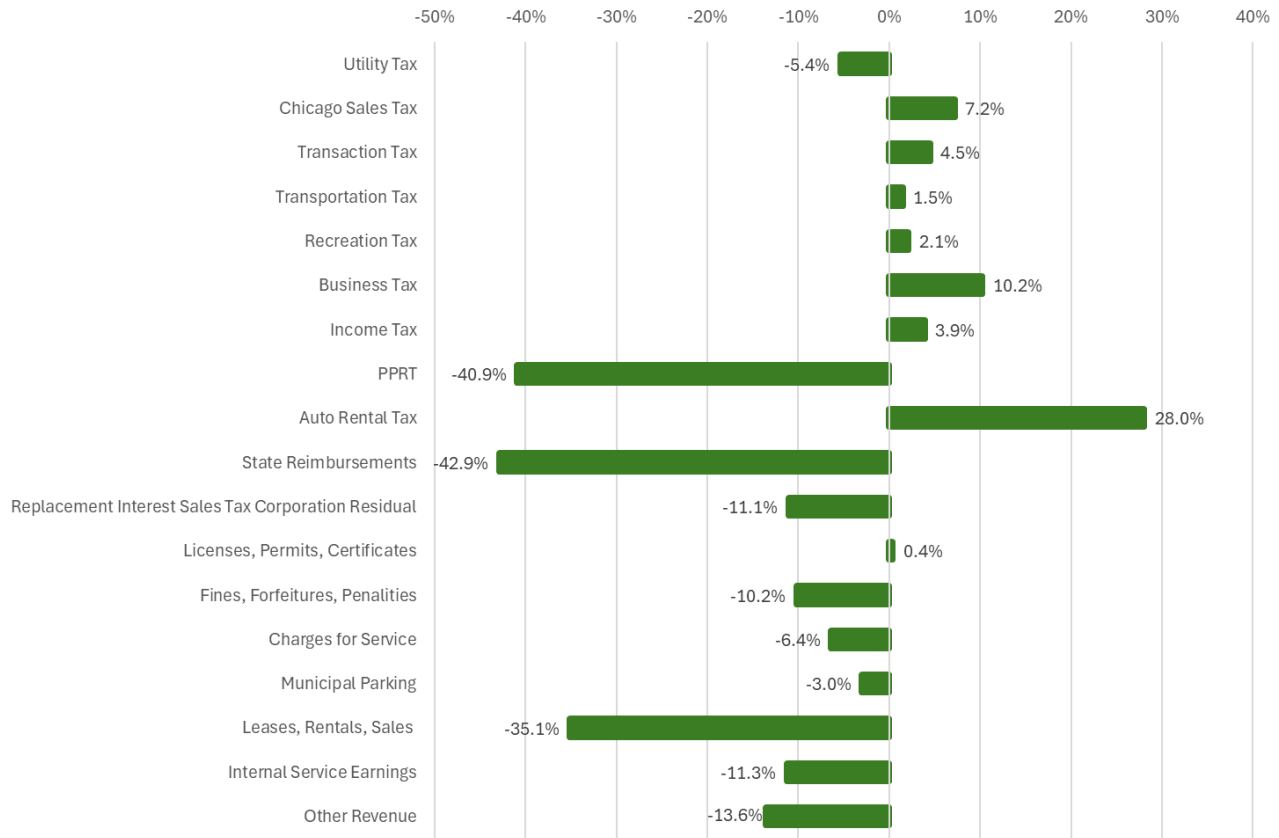
The YTD revenue collections in the Corporate Fund through December fell below budget expectations by \$249.1 million, or 5.6%. While various sources collected less revenue than anticipated in the City’s 2024 budget, almost half of the City’s diminished collections are due to changes in state law regarding the Personal Property Replacement Tax (PPRT). Lower state reimbursements were also a significant source of underperforming revenue collection, while Income Tax receipts saw a modest increase of 3.9%.

The PPRT YTD collections are \$202.1 million, a decrease of \$139.7 million compared to the YTD budgeted amount of \$341.8 million -- or a 40.9% difference between collected and anticipated PPRT revenues for FY 24. According to the IL Department of Revenue, “Personal property replacement taxes (PPRT) are revenues collected by the state of Illinois and paid to local governments to replace money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away” (30 ILCS 115/12). The main driver of this significant variance between budgeted and collected revenues from PPRT is the sunset of the \$100,000 net operating loss limit that began in 2023. The lifting of this cap has allowed “corporate taxpayers to apply larger-than-normal losses against positive income, which will reduce estimated tax collections” (OBM, p. 1). As of this publication, the state has not reinstated the \$100,000 cap on the PPRT.



SOURCE: *City of Chicago, Office of Budget and Management Monthly Revenue Report December 2024.*

Corporate Fund Revenue % Variance by Detailed Source, FY 2024
Budgeted vs. Collections



Source: City of Chicago Office of Budget and Management Monthly Revenue Report December 2024

Revenue Overview by Source Category

Local Taxes generated \$48.1 million in YTD collections over the initial budgeted amount. Local Taxes include Utility, Chicago Sales, Transaction, Transportation, Recreation, and Business Taxes. The Utility Tax was the only Local Tax to see a decrease of \$18.2 million, or a 5.4% difference between the collected revenues and budgeted revenues. However, the Transaction Taxes alone had an increase of \$32.8 million – or 4.5% more in collected revenue than anticipated.

State Taxes and Reimbursements were the hardest hit by lower-than-expected collections coming in \$125.9 million below the initial budgeted amount. Income Tax collections were up \$13.8 million or 3.9% over anticipated collections, but the Personal Property Replacement Tax saw the largest monetary discrepancy between collected and anticipated revenue in FY 24. The

SOURCE: City of Chicago, Office of Budget and Management Monthly Revenue Report December 2024.

steep reduction in PPRT collections from the state is the main driver of Total Revenue’s variance of -5.6% between actual collections and budgeted collections.

Proceeds and Transfers also saw notable variances in YTD collections from the budgeted amounts, with the Sales Tax Corporation Residual seeing a difference of \$43.9 million, or 11.1% below anticipated levels. However, OBM notes in the *Monthly Revenue Report*, “as part of the recent refunding transactions, reduced debt spending outweighs the revenue variance shown in this report for an estimated net savings of \$90 million this year” (OBM, p. 1).

Local Non-Tax had significant variances between collected and budgeted amounts for FY 24 across the board except for Licenses, Permits, and Certificates, which experienced 0.4% more in revenue than anticipated. Fines, Forfeitures, and Penalties collected \$35.6 million less than budgeted, for a variance of -10.2%. Charges for Service decreased by \$25.0 million or 6.4% less than budgeted. Internal Service Earnings had the largest Local Non-Tax decrease of \$38.6 million less than budgeted, for a variance of 11.3%.

Disclaimer Notes

Notably, actual collections for each revenue source will likely change as the FY 24 numbers are finalized to account for interfund transfers and reimbursements within the city budget, along with revenue from other governmental agencies. COFA looks forward to examining these numbers further upon completion of the independent audit that produces the Annual Comprehensive Report (ACFR) in June 2025.

The OBM report contains the most current information for FY 24 available at the time of publication. However, OBM notes that the data is not finalized until the annual audit is complete as part of the ACFR. Therefore, the **data is used for informational purposes only and does not reflect final audited data.** As OBM notes in the *Monthly Revenue Report* for December 2024, “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” (OBM, p. 1). The Council Office of Financial Analysis **will provide an analysis of the FY 24 ACFR once it is released to review actual finalized spending and revenue as assessed provided by the independent auditors.**