

City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections June 2021

The City of Chicago's monthly comparative estimate of revenue collections provides a summary of revenues received and transfers made in the City's Corporate Fund for the current fiscal year. The information contained in these monthly reports is for informational purposes only and does not reflect final audited figures.

Historically, the City has waited until all revenue has been collected before publishing reports. This can delay the City's ability to share data by up to five months. The changes made with this report allow the City to provide a more current and timely picture of its revenues as they are collected.

This guide provides information to help read the report and understand the data shared.

READING THE REPORT

City of Chicago Office of Budget and Management
Comparative Estimate of Revenue Collections

Corporate Fund

(in thousands)

| | 1 | 2 | 3 | 1 | 2 | 3 | | | 4 |
|-----------------------------|-----------------------|------------------------|---------------------------|---------------------|----------------------|-------------------------|------------|---------|-----------------------|
| | 2020 Month Actuals | 2021 Month Budgeted | 2021 Month Collections | 2020 YTD Actuals | 2021 YTD Budgeted | 2021 YTD Collections | Difference | Percent | 2021 Annual Budget |
| Local Tax | | | | | | | | | |
| Utility Taxes | 6,103 | 5,859 | 5,064 | 6,103 | 5,859 | 5,064 | (794) | -13.6% | 390,803 |
| Chicago Sales Taxes | 3,048 | 2,145 | 1,824 | 3,048 | 2,145 | 1,824 | (321) | -15.0% | 63,639 |
| Transaction Taxes | 41,780 | 35,676 | 44,623 | 49,015 | 44,841 | 56,408 | 11,567 | 25.8% | 478,129 |
| Transportation Taxes | 33,303 | 20,217 | 13,981 | 33,303 | 20,217 | 13,981 | (6,236) | -30.8% | 308,693 |
| Recreation Taxes | 24,823 | 13,703 | 13,491 | 26,069 | 15,099 | 14,234 | (865) | -5.7% | 223,911 |
| Business Taxes | 5,462 | 1,741 | 1,433 | 5,462 | 1,741 | 1,433 | (307) | -17.7% | 66,122 |
| State Taxes/Revenues | | | | | | | | | |
| Income Tax | 24,790 | 28,316 | 29,592 | 24,790 | 28,316 | 29,592 | 1,275 | 4.5% | 262,279 |
| Personal Property | | | | | | | | | |

1. **2020 Month Actuals and YTD Actuals:** The actual revenue numbers for the prior year contained in this report remain estimates pending adjustments during the annual audit process.
2. **2021 Month Budgeted and YTD Budgeted:** Month Budgeted refers to the collections that are anticipated for the reporting month. What this means:
 - a. For some tax revenues there can be a 2–3-month difference between the month for which the tax is due and the month in which it is collected. This report pertains to the collection month, which means at the beginning of the fiscal year some tax revenues accrue to the prior fiscal year and do not appear in this report.
 - b. For some non-tax revenues, specifically fines, forfeitures and penalties and charges for service for which the City is reimbursed, the beginning of the fiscal year includes a mix of revenues related to the prior fiscal year as well as the current fiscal year. In those cases, actuals have been adjusted for known prior year collections.
 - c. Monthly budget amounts are created by taking the total revenue anticipated and allocating across months based on historical patterns, seasonality, and in the case of some tax revenues expected economic conditions.
3. **2021 Month Collections and YTD Collections:** Revenues reflect cash collections for the current budget year. 2021 Month Collections reflect the amount collected specifically in the reported month while the YTD Collections reflect the cumulative amount collected for the year, through the reporting month. Due to a lag in collections, some revenue

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streams do not begin for the current budget year until the second, third, or fourth month. As part of regular activity, the City reviews revenues received to ensure those revenues are allocated to the appropriate period. The City could determine after these reports are published that some reported revenue belongs to a prior period and make adjustments to reflect those revenues in the proper period.

4. **2021 Annual Budget:** This column reflects collections that are expected for the full fiscal year.

UNDERSTANDING THE REPORT

Comparisons between these estimated budget revenues and collections are one indication of revenue performance and can indicate economic developments that may affect the annual revenue forecast. However, while budget estimates take some seasonality into account, there can be significant fluctuations from one month to the next, both in when revenues are received and at times, in the activities from which revenues are derived. Over the course of the year, many of these fluctuations even out. However, early in any fiscal year, these fluctuations can both give the impression of better or worse conditions and could mask underlying risks. As a result, the City intends to update its year end estimate with the annual Budget Forecast to be published in August.

Most of the City's sales tax revenues collected by the State go first to the Sales Tax Securitization Corporation (STSC), which issues bonds on the City's behalf and "withholds" a portion of the sales tax revenue for debt service. Revenues not withheld for debt service are then passed to the city as "residual" revenue and are reported here under Proceeds and Transfers. In the 2021 budget appropriation the City anticipated refinancing existing bonds, which would have decreased debt service and increased the residual to the City. The anticipated refinancing has not occurred, so the budgeted and actual revenues reported reflect increased withholdings for STSC debt service and decreased residual to the City compared to what would have occurred under the refinancing scenario.

MONTHLY ANALYSIS

Even during stable economic conditions, seasonality in some revenue streams and the irregular nature of others lead to significant variances from one year to the next that smooth out as the year progresses. This year, as the City entered a recovery from the COVID-19 pandemic, the predictability of the path of that recovery is still uncertain and likely to affect various revenue streams differently.

Total collections for the first half of 2021 are above budget expectations due to strong transaction tax performance, including the personal property lease tax and real property transaction tax, as well as income tax revenue and personal property replacement tax revenue. Reimbursements for charges for service, while also higher than expected, is likely due to timing of when reimbursements have occurred. Other revenues continue to show the effects of the pandemic and resulting economic downturn but are showing signs of recovery as the pandemic impacts have waned and as lagging revenues are received. However, the resurgence of the pandemic resulting from the delta variant could hinder continued recovery in the second half of 2021.

**City of Chicago Office of Budget and Management
Comparative Estimate of Revenue Collections**

**Corporate Fund
June 2021
(in thousands)**

| | 2020 | | | 2021 | | | 2021 | | 2021 Annual Budget |
|-------------------------------------|----------------|----------------|-------------------|------------------|------------------|------------------|---------------|-------------|-----------------------|
| | Month Actuals | Month Budgeted | Month Collections | YTD Actuals | YTD Budgeted | YTD Collections | Difference | Percent | |
| Local Tax | | | | | | | | | |
| Utility Taxes | 28,966 | 29,812 | 30,161 | 144,699 | 148,851 | 145,305 | (3,545) | -2.4% | 390,803 |
| Chicago Sales Taxes | 1,663 | 3,009 | 3,485 | 11,554 | 12,189 | 13,373 | 1,184 | 9.7% | 63,639 |
| Transaction Taxes | 28,480 | 38,411 | 55,191 | 175,911 | 188,912 | 240,273 | 51,361 | 27.2% | 478,129 |
| Transportation Taxes | 8,975 | 23,663 | 21,311 | 106,032 | 107,978 | 93,422 | (14,556) | -13.5% | 308,693 |
| Recreation Taxes | 15,642 | 18,377 | 19,253 | 88,572 | 80,977 | 77,209 | (3,768) | -4.7% | 223,911 |
| Business Taxes | 991 | 5,867 | 4,208 | 16,682 | 17,551 | 12,796 | (4,755) | -27.1% | 66,122 |
| State Taxes/Revenues | | | | | | | | | |
| Income Tax | 16,834 | 18,023 | 39,798 | 90,667 | 101,347 | 139,188 | 37,841 | 37.3% | 262,279 |
| Personal Property Replacement Tax | - | - | - | 58,837 | 61,115 | 106,218 | 45,103 | 73.8% | 147,000 |
| Auto Rental Tax | 89 | 244 | 206 | 578 | 636 | 477 | (158) | -24.9% | 3,332 |
| State Reimbursements | 4 | 421 | 40 | 530 | 729 | 327 | (402) | -55.2% | 2,000 |
| Proceeds and Transfers | | | | | | | | | |
| Reserve Fund Interest | - | - | - | - | - | - | - | NA | 19,000 |
| Sales Tax Corporation Residual | 46,453 | 40,310 | 61,513 | 131,966 | 112,172 | 129,074 | 16,902 | 15.1% | 570,179 |
| Other Proceeds and Transfers | - | - | - | - | - | - | - | NA | 23,000 |
| Local Non-Tax | | | | | | | | | |
| Licenses, Permits, and Certificates | 8,583 | 9,736 | 11,104 | 54,990 | 59,838 | 53,828 | (6,010) | -10.0% | 119,200 |
| Fines, Forfeitures, and Penalties | 14,317 | 33,122 | 34,547 | 110,812 | 176,851 | 144,328 | (32,523) | -18.4% | 381,500 |
| Charges for Service | 29,071 | 20,367 | 22,343 | 78,052 | 84,706 | 107,027 | 22,321 | 26.4% | 277,900 |
| Municipal Parking | 716 | 755 | 742 | 3,383 | 3,713 | 3,990 | 276 | 7.4% | 7,600 |
| Leases, Rentals, and Sales | 1,789 | 896 | 712 | 3,943 | 7,358 | 3,728 | (3,630) | -49.3% | 39,300 |
| Interest | - | - | - | - | - | - | - | NA | 6,500 |
| Internal Service Earnings | 22,701 | 26,739 | 20,103 | 117,602 | 125,055 | 122,990 | (2,065) | -1.7% | 410,732 |
| Other Revenue | 365 | 18,200 | 3,581 | 69,134 | 87,400 | 72,670 | (14,730) | -16.9% | 125,820 |
| Total Revenue | 225,640 | 287,952 | 328,298 | 1,263,945 | 1,377,376 | 1,466,223 | 88,847 | 6.5% | 3,926,639 |

Month Budgeted refers to the month collections are anticipated. In some instances there is a 2-3 month difference between the month for which a tax is due and the month in which it is collected.

Revenues are recorded at a point in time may not reflect all adjustments recorded in future periods

Sales Tax Corporation Residual Annual Budget amount anticipated reductions in withholding resulting from the refinancing proposal included with the 2021 appropriation. Expected and actuals instead reflect current withholding schedule.