

City of Chicago Office of Budget and Management

Comparative Estimate of Revenue Collections

September 2023

As the city continues its post-pandemic recovery in 2023, some revenue streams are expected to chart a faster path to recovery while others may lag based on economic conditions. Even during stable economic conditions, seasonality in some revenue streams and the irregular nature of others lead to significant variances from one month to the next that smooth out as the year progresses.

MONTHLY ANALYSIS

Total collections through September are \$35.0 million or 1.1% under budget expectations. This variance is driven by favorable collections from the Personal Property Replacement Tax (\$110.4 million), Business Taxes (\$17.4 million) Charges for Service (\$15.5 million), and Recreation Taxes (\$13.5 million). Business Taxes and Recreation Taxes performances are driven by a healthy return to pre-pandemic leisure activity, large entertainment events, and increased tourism. The Charges for Service category is impacted by revenue from ground emergency medical transport.

Offsetting this higher than budgeted revenue are collections from Internal Service Earnings (\$119.1 million), the Sales Tax Residual (\$46.9 million), and Transaction Taxes (\$26.5 million). Variance in collections for internal service earnings are timing related while the lower-than-budgeted revenue from the Sales Tax Residual is due to less residual revenue coming to the Corporate Fund as more sales tax proceeds go towards debt service from a recent debt restructuring. Underperformance in Transaction Taxes is driven by the real property transfer tax which has been impacted by a slowdown in real estate activity through September.

Additionally, collections for the Personal Property Replacement Tax remain unchanged from August due to the disbursement schedule. Although the City does not receive revenue from this Tax in the month of September, revenues have exceeded budget by \$110.4 million, or 72.8%, year-to-date. This favorable variance has helped offset underperforming revenues and collections are expected to exceed budget once again in October, the next disbursement month.

The Office of Budget and Management (OBM) has revised year-end estimates based on data collected through the summer months and will continue to monitor collections to inform any needed adjustments to the City's budget.

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Corporate Fund (in thousands) September 2023

	2022 Month Actuals	2023 Month Budgeted	2023 Month Collections	2022 YTD Actuals	YTD Budgeted	2023 YTD Collections	Diff	Percent Diff	2023 Annual Budget
Local Tax									
Utility Taxes	32,053	30,538	29,340	271,277	252,483	244,254	(8,229)	-3.3%	406,506
Chicago Sales Taxes	4,908	5,296	5,032	72,680	69,473	76,504	7,031	10.1%	90,067
Transaction Taxes	55,587	65,570	60,245	541,247	553,192	526,671	(26,521)	-4.8%	811,823
Transportation Taxes	31,390	33,586	33,855	230,249	257,635	271,997	14,362	5.6%	367,938
Recreation Taxes	23,850	28,168	28,187	209,617	217,649	231,161	13,512	6.2%	318,411
Business Taxes	12,647	12,871	13,372	87,492	80,538	97,956	17,418	21.6%	128,213
State Taxes/Revenues									
Income Tax	23,573	22,225	23,996	236,681	231,908	241,933	10,025	4.3%	377,400
Personal Property Replacement Tax	-	-	-	292,175	151,570	261,964	110,393	72.8%	266,000
Auto Rental Tax	685	410	303	2,147	1,848	2,104	257	13.9%	4,239
State Reimbursements	587	358	15	1,989	1,369	2,092	723	52.8%	2,000
Proceeds and Transfers									
ARP Revenue Replacement	-	-	-	-	-	-	-	NA	152,400
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	51,313	58,147	40,428	241,695	267,603	220,730	(46,874)	-17.5%	619,375
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	75,000
Local Non-Tax									
Licenses, Permits, and Certificates	10,479	9,880	9,793	77,886	94,120	84,541	(9,579)	-10.2%	123,597
Fines, Forfeitures, and Penalties	28,611	25,249	24,697	236,093	225,924	226,417	493	0.2%	302,208
Charges for Service	44,261	27,958	31,428	270,720	253,571	269,024	15,453	6.1%	363,574
Municipal Parking	497	646	488	5,298	5,849	5,469	(380)	-6.5%	7,676
Leases, Rentals, and Sales	287	649	157	12,621	10,803	7,388	(3,415)	-31.6%	31,966
Interest	-	-	-	-	-	-	-	NA	10,300
Internal Service Earnings	32,988	83,584	25,815	207,874	342,640	223,549	(119,091)	-34.8%	586,542
Other Revenue	7,172	10,005	1,098	104,067	105,585	95,011	(10,574)	-10.0%	149,950
Total Revenue	360,890	415,139	328,251	3,101,807	3,123,760	3,088,764	(34,997)	-1.12%	5,214,185

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 and may not reflect all adjustments recorded in future periods.

Sales Tax Corporation Residual reflects current withholding schedule.