



STATE OF ILLINOIS
EXECUTIVE OFFICE OF THE GOVERNOR
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
SPRINGFIELD 62706

JB PRITZKER
GOVERNOR

ALEXIS STURM
DIRECTOR

FISCAL YEAR 2026 SECOND QUARTER FINANCIAL REVIEW

SECOND QUARTER RESULTS

Fiscal Year 2026's (FY26) second quarter saw a year-over-year increase of \$736 million in total revenues, spurred by strong individual income taxes, sales taxes, and a large transfer of the excess balance from the Refund Fund. Second quarter expenditures increased by \$71 million compared to FY25 second quarter expenditures.

Detailed first quarter and year-to-date information is presented on the following pages.

SECOND QUARTER REPORT HIGHLIGHT: CORPORATE INCOME TAX

Along with the individual income tax, the corporate income tax was first enacted in 1969 at the original rate of 4.0%. In the years since, rates have changed several times, most recently raised to 7.0% in 2017. Constitutionally, the rate for corporations cannot exceed the individual income rate by more than a ratio of 8 to 5. It is a tax on the net income of corporations doing business in Illinois. In the past, apportionment formulas were used to determine a company's taxable income in Illinois, however recent changes have led to sales in Illinois as the determinant for taxable income.

Corporate income tax deposits can change every year based on Department of Revenue statutory formulas that can change the percentage of gross receipts to be deposited in the Income Tax Refund Fund. For FY26, this percentage is 14.0%, unchanged from the prior year. Other funds that receive CIT include the Local Government Distributive Fund, the General Revenue Fund, the Education Assistance Fund, and the Tax Compliance and Administration Fund.

ILLINOIS ECONOMIC INDICATORS

The State's economic conditions align generally to those of the national economy but has recently spiked in terms of Gross State Product and productivity. The Illinois' economy grew 4.8% in the second quarter and 4.3% in the third quarter of 2025, joining several other states in a brief expansionary phase. The backbone of this expansion has been centered in strong consumer spending on health care services, travel, vehicles and electronic goods. The state's information sector was particularly strong, indicating that the state is benefiting from the most recent boom in technology-based companies. The financial services and insurance sectors also grew, along with modest growth in manufacturing and professional services. Per capita incomes for the state continue to be some of the highest in the region, helping to ease the burden of rising inflation linked to national tariff policy.

GENERAL FUNDS OVERVIEW

GENERAL FUNDS CASH FLOW Second Quarter and Year-to-Date Review

(\$ in millions)

	Second Quarter		Year-to-date	
	FY25 Actual	FY26 Actual	FY25 Actual	FY26 Actual
Beginning Backlog at Comptroller	\$ (1,904)	\$ (2,415)	\$ (966)	\$ (1,608)
Beginning Cash Balance	\$ 2,927	\$ 3,393	\$ 4,671	\$ 5,456
Revenues				
Individual Income Tax	\$ 6,005	\$ 6,289	\$ 11,939	\$ 12,442
Corporate Income Tax	1,016	1,086	2,159	2,013
Sales Tax	2,816	2,794	5,532	5,595
Other Sources/Transfers In	1,616	2,244	2,991	3,855
State Source Revenues	\$ 11,453	\$ 12,413	\$ 22,620	\$ 23,904
Federal Sources	1,228	1,003	2,137	2,039
Total Revenues	\$ 12,680	\$ 13,417	\$ 24,756	\$ 25,945
Expenditures				
Current Year Vouchers	\$ 12,414	\$ 12,485	\$ 24,425	\$ 25,032
Prior Year Vouchers	4	1	1,748	1,806
Subtotal, Vouchers Presented	\$ 12,418	\$ 12,486	\$ 26,172	\$ 26,839
Posted Transfers Out	49	91	359	440
Transfer to GO Bond Debt Service Fund	264	336	975	1,039
Prior Year Adjustments	(19)	(22)	(37)	(30)
Total Expenditures	\$ 12,712	\$ 12,891	\$ 27,470	\$ 28,288
End of Quarter Cash Balance	\$ 3,047	\$ 4,363	\$ 3,047	\$ 4,363
End of Quarter Backlog at Comptroller	\$ (2,056)	\$ (2,859)	\$ (2,056)	\$ (2,859)

Source: Illinois Office of the Comptroller

Note: Backlog figures do not include bills held at agencies. For information on bills held at agencies please refer to the Backlog Report at budget.illinois.gov or the Office of the Comptroller's Debt Transparency Report.

GENERAL FUNDS CASH FLOW Comparison: Projected versus Actual

(\$ in millions)

	Year-to-date	
	Projected	Actual
Cash Balance, Beginning	\$ 5,456	\$ 5,456
Receipts	\$ 25,713	\$ 25,945
IIT	12,281	12,442
CIT	2,078	2,013
Sales	5,592	5,595
Other Sources	1,812	1,986
Transfers In	1,751	1,869
Federal Sources	2,197	2,039
Cash Expenditures	(29,761)	(29,618)
Cash Balance - Budget Stabilization Fund	\$ 2,414	\$ 2,415
Cash Balance - All other General Funds	\$ 1,408	\$ 1,782

GENERAL FUNDS REVENUES SUMMARY

GENERAL FUNDS REVENUES Second Quarter and Year-to-Date Review

(\$ in millions)

	Second Quarter		Change: FY25 Actual to FY26 Actual		Year-to-Date		Change: FY25 Actual to FY26 Actual	
	FY25 Actual	FY26 Actual	Dollar Change	Percent Change	FY25 Actual	FY26 Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 7,067	\$ 7,401	\$ 334	4.7%	\$ 14,050	\$ 14,642	\$ 592	4.2%
Income Tax Refund Fund	(647)	(677)	(31)	4.7%	(1,286)	(1,340)	(54)	4.2%
Local Government Distributive Fund Deposit	(415)	(435)	(20)	4.7%	(826)	(861)	(35)	4.2%
Net Individual Income Tax	\$ 6,005	\$ 6,289	\$ 284	4.7%	\$ 11,939	\$ 12,442	\$ 503	4.2%
Gross Corporate Income	\$ 1,269	\$ 1,355	\$ 86	6.8%	\$ 2,695	\$ 2,512	\$ (183)	(6.8%)
Income Tax Refund Fund	(178)	(189)	(11)	6.4%	(378)	(351)	(27)	7.2%
Local Government Distributive Fund Deposit	(75)	(80)	(5)	13.4%	(159)	(148)	(11)	6.8%
Net Corporate Income Tax	\$ 1,016	\$ 1,086	\$ 70	6.9%	\$ 2,159	\$ 2,013	\$ (146)	(6.7%)
Gross Sales Tax	\$ 3,090	\$ 3,213	\$ 123	4.0%	\$ 5,958	\$ 6,263	\$ 305	5.1%
Downstate Public Trans/Public Trans Deposits	(76)	(250)	(174)	228.4%	(77)	(344)	(267)	348.3%
Road Fund Deposit	(198)	(169)	29	(14.7%)	(349)	(324)	25	(7.2%)
Net Sales Tax	2,816	2,794	(22)	(0.8%)	5,532	5,595	63	1.1%
Public Utility	163	164	1	0.9%	331	328	(3)	(1.0%)
Cigarette	51	45	(6)	(11.1%)	103	93	(11)	(10.2%)
Inheritance	175	285	110	62.6%	320	495	175	54.6%
Liquor	43	43	0	0.1%	91	88	(3)	(3.2%)
Insurance	87	140	53	61.1%	237	301	64	26.9%
Corporate Franchise	42	37	(5)	(12.7%)	100	93	(8)	(7.9%)
Investment Income	185	224	39	21.1%	390	403	13	3.3%
Cook County IGT	0	0	0	0.0%	0	0	0	0.0%
Other	84	92	8	9.8%	211	186	(25)	(11.8%)
TOTAL STATE REVENUES	\$ 10,667	\$ 11,200	\$ 532	5.0%	\$ 21,412	\$ 22,035	\$ 623	2.9%
Federal Revenues	\$ 1,228	\$ 1,003	\$ (225)	(18.3%)	\$ 2,137	\$ 2,039	\$ (97)	(4.5%)
Transfers In	\$ 786	\$ 1,214	\$ 428	54.4%	\$ 1,207	\$ 1,869	\$ 662	54.9%
Lottery	175	220	45	25.7%	365	406	41	11.2%
Gaming/Gaming Taxes	63	90	27	43.2%	91	142	51	55.7%
Adult-Use Cannabis	27	24	(3)	(12.9%)	55	51	(4)	(8.1%)
Sports Wagering	42	84	42	100.4%	50	148	98	195.7%
Other	479	796	317	66.2%	646	1,123	477	73.9%
SUBTOTAL REVENUES	\$ 12,681	\$ 13,417	\$ 736	5.8%	\$ 24,756	\$ 25,944	\$ 1,189	4.8%
Transfers to Repay Payroll Borrowing	0	0	0	0.0%	0	2	2	100.0%
TOTAL REVENUES	\$ 12,681	\$ 13,417	\$ 736	5.8%	\$ 24,756	\$ 25,946	\$ 1,191	4.8%

Source: Illinois Office of the Comptroller

Income Taxes: FY26 year-to-date (YTD) Individual Income Tax net receipts increased by \$503 million, or 4.2% from FY25, while FY26 YTD Corporate Income Tax (CIT) net receipts decreased by \$146 million, or 6.7%. \$515 million of income taxes were directly deposited into the Local Government Distributive Fund in the second quarter of FY26.

Sales Taxes: FY26 YTD Sales Tax net receipts increased by \$63 million, or 1.1%, compared to the FY25 YTD level.

Federal Revenues: FY26 YTD base Federal Revenues decreased by \$97 million, or 4.5%, compared to the FY25 YTD level.

Transfers In: FY26 YTD Transfers In increased by \$662 million, or 54.9%, compared to the FY25 level. This increase is largely attributable to the timing and amount of the Income Tax Refund Fund transfer in.

GENERAL FUNDS REVENUES BUDGETED VERSUS ACTUALS SUMMARY

The table below sets forth General Funds year-to-date budgeted revenues versus year-to-date actual revenues for FY26. Total State Revenues (not including Transfers In and federal revenues) were \$271 million, or 1.2%, above FY26 budgeted levels. Federal Revenues were \$158 million, or 7.2%, below the FY26 budgeted level.

GENERAL FUNDS REVENUES				
Year-to-Date Budgeted versus Actual				
	(\$ in millions)			
	FY26 YTD Budgeted*	FY26 YTD Actual	Dollar Change	Percent Change
Gross Individual Income Tax	\$ 14,453	\$ 14,642	\$ 189	1.3%
Income Tax Refund Fund	(1,322)	(1,340)	(17)	1.3%
Local Government Distributive Fund Deposit	(850)	(861)	(11)	1.3%
Net Individual Income Tax	\$ 12,281	\$ 12,442	\$ 161	1.3%
Gross Corporate Income	\$ 2,594	\$ 2,512	\$ (82)	(3.2%)
Income Tax Refund Fund	(363)	(351)	12	(3.4%)
Local Government Distributive Fund Deposit	(153)	(148)	5	(3.1%)
Net Corporate Income Tax	\$ 2,078	\$ 2,013	\$ (65)	(3.1%)
Gross Sales Tax	\$ 6,240	\$ 6,263	\$ 23	0.4%
Downstate Public Trans/Public Trans Deposits	(323)	(344)	(20)	6.3%
Road Fund Deposits	(324)	(324)	0	0.0%
Net Sales Tax	\$ 5,592	\$ 5,595	\$ 2	0.0%
Public Utility	320	328	8	2.5%
Cigarette	93	93	0	0.0%
Inheritance	369	495	126	34.2%
Liquor	87	88	1	1.1%
Insurance	268	301	33	12.3%
Corporate Franchise	94	93	(1)	(1.4%)
Investment Income	387	403	16	4.1%
Cook County IGT	0	0	0	0.0%
Other	195	186	(9)	(4.7%)
TOTAL STATE REVENUES	\$ 21,764	\$ 22,035	\$ 271	1.2%
Federal Revenues	\$ 2,197	\$ 2,039	\$ (158)	(7.2%)
Transfers In	\$ 1,751	\$ 1,869	\$ 118	6.7%
Lottery	381	406	25	6.6%
Gaming/Gaming Taxes	130	142	12	9.1%
Adult-Use Cannabis	54	51	(3)	(6.0%)
Sports Wagering	137	148	11	7.8%
Other	1,049	1,123	74	7.0%
TOTAL REVENUES	\$ 25,715	\$ 25,944	\$ 229	0.9%

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

*Budgeted figures are based on information from the Department of Revenue on timing of income tax deposits.

Income Taxes: Individual Income Tax net receipts through the second quarter were \$161 million, or 1.3%, higher than budgeted levels. Corporate Income Tax net receipts through the second quarter were \$65 million, or 3.1%, lower than budgeted levels.

Sales Taxes: Sales Tax net receipts through the second quarter were \$2 million, or 0.01%, higher than the budgeted levels.

Transfers In: Transfers In through the second quarter were \$118 million, or 6.7%, higher than budgeted levels.

OUTLOOK FOR FUTURE GENERAL FUNDS REVENUES

The table below reflects the anticipated revenues expected to be received during FY26 compared against year-to-date collections. Annual forecasts were derived using historical averages, assessing national and regional economic activity, and gathering tax-related information from the Department of Revenue. Estimates are updated throughout the fiscal year to reflect changes in information.

PROJECTED GENERAL FUNDS REVENUES			
Year-to-Date Actuals versus Annual Forecast			
(\$ in millions)			
	FY26 YTD Actual	FY26 Annual Forecast	Remainder of Forecast
Receipts	\$ 25,945	\$ 54,848	\$ (28,903)
IIT	12,442	28,167	(15,725)
CIT	2,013	4,510	(2,497)
Sales	5,595	10,872	(5,277)
Other Sources	1,986	4,067	(2,081)
Transfers In	1,869	3,033	(1,164)
Federal Sources	2,039	4,200	(2,161)
Total Base Revenues	25,945	54,848	(28,903)

Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget

Through the first two quarters of the fiscal year, revenue performance had been coming in mixed. This necessitated a further evaluation of the annual forecast, which was updated in the [Economic and Fiscal Policy Report](#). Under this new forecast, the state has collected 47.3% of its annualized forecast amount through the second quarter. A handful of revenue sources have continued to outperform expectations (inheritance and insurance taxes), while corporate income and federal sources have continued to come in lower than forecast. In the aggregate, the state has received just over 0.9% of revenues above forecast, indicated that the projected levels are in line with actuals. GOMB and the Department of Revenue will continue to monitor underlying economic data when it becomes public to assess the likelihood actual revenue collections will meet or exceed forecasted amounts.

GENERAL FUNDS EXPENDITURES SUMMARY

The table below sets forth FY25 and FY26 second quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the first quarter of FY26 totaled \$12,485 million, an increase of \$71 million, or 0.6%, from the FY25 level.

GENERAL FUNDS EXPENDITURES				
Second Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Second Quarter		Year-to-Date	
	FY25 Actual Spending	FY26 Actual Spending	FY25 Actual Spending	FY26 Actual Spending
Constitutional Officers ¹	\$ 137	\$ 140	\$ 250	\$ 275
DHFS	2,480	1,971	4,441	3,813
ISBE	2,857	3,015	4,839	5,027
DHS	1,845	1,958	3,002	3,248
Higher Education	953	824	1,649	1,422
SERS	483	453	1,142	1,199
TRS	894	1,132	3,343	4,051
SURS	408	442	1,201	1,244
Corrections	435	454	789	790
CMS	580	613	1,348	1,244
DCFS	378	398	689	729
Aging	366	457	612	739
ISP	91	114	174	194
Revenue	12	13	22	23
DPH	92	67	108	97
DNR	18	22	33	40
DCEO	11	8	58	72
All Others	374	406	724	825
Agency Totals	\$ 12,414	\$ 12,485	\$ 24,425	\$ 25,032

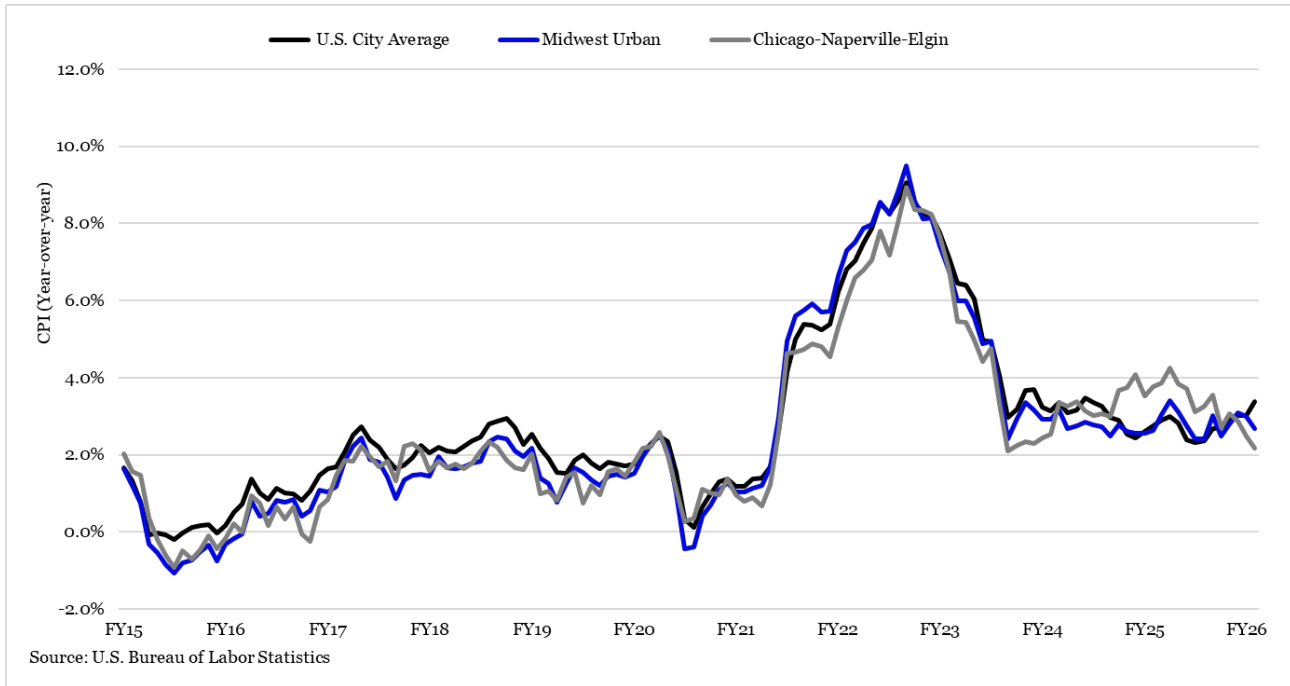
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

Note: Lapse period spending is not included in this table.

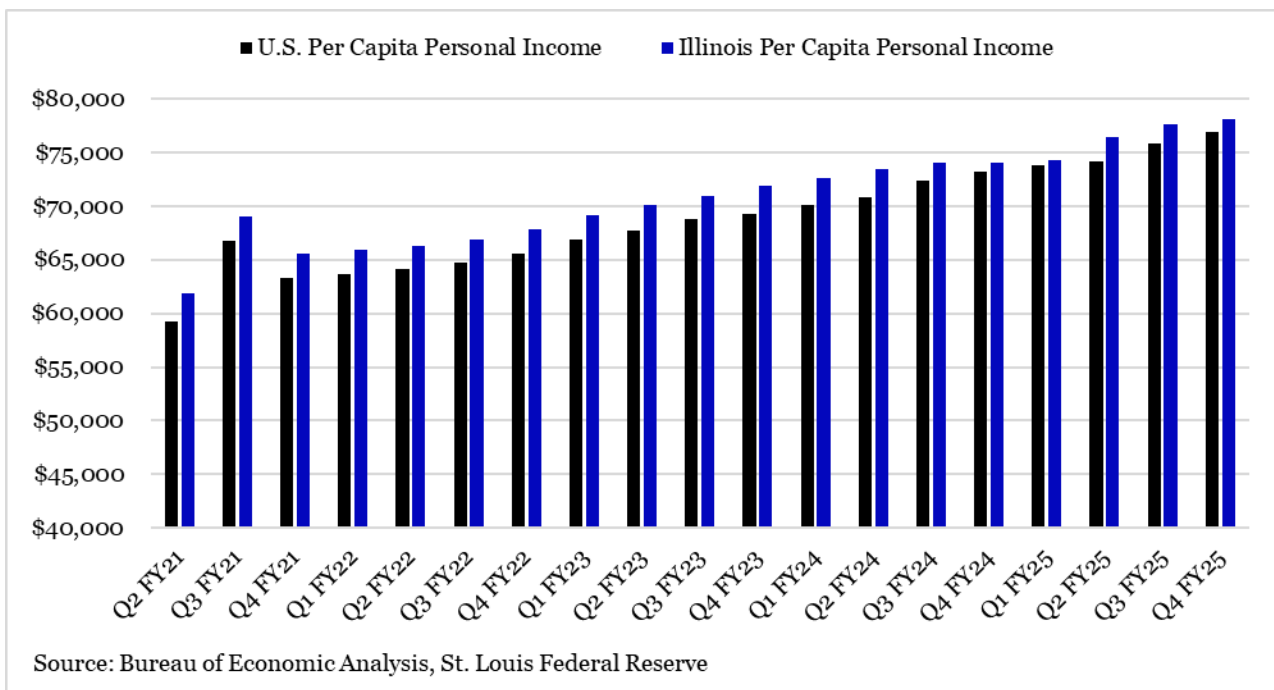
¹ Constitutional Officers exclude Auditor General.

KEY ECONOMIC INDICATORS

The graph below shows the year-over-year increase in the Consumer Price Index (CPI) for All Urban Consumers, all items, in the U.S., Chicago metropolitan area, and Midwest from October FY15 to December FY26. CPI rates ticked above 3% for all averages at some time during the quarter. Since the post-COVID inflationary period, the CPI has hovered above at least 2% for all consumers.



The graph below compares the per capita personal income between the U.S. and Illinois from the second quarter of FY20 to the fourth quarter of FY25. The U.S. per capita personal income increased \$1,068, or 1.41%, from \$75,812 in the third quarter of FY25 to \$76,880 in the fourth quarter of FY25. Year-over-year, U.S. per capita personal income increased \$3,639, or 5.0%. In Illinois, per capita personal income increased by \$460 or 0.59% from \$75,812 in the third quarter of FY25 to \$76,880 in the fourth quarter of FY25. Year-over-year, Illinois per capita personal income increased \$4,063, or 5.5%.



EMPLOYMENT HIGHLIGHTS

The table below shows recent Illinois and national employment highlights. The Illinois unemployment rate has increased over the year, while total nonfarm employment has remained steady year-over-year. Labor force participation rates have started to decline as several high-profile layoff announcements from private companies happened during the quarter.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>October FY25</u>	<u>October FY26*</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,150,500	6,155,300	4,800
Unemployment Rate, Illinois	4.7%	0.0%	N/A
Unemployment Rate, United States	4.2%	0.0%	N/A
Labor Force Participation Rate, Illinois	65.1%	0.0%	N/A
Labor Force Participation Rate, United States	62.5%	0.0%	N/A
EMPLOYMENT STATISTICS	<u>November FY25</u>	<u>November FY26</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,148,800	6,147,500	(1,300)
Unemployment Rate, Illinois	4.5%	4.6%	0.1
Unemployment Rate, United States	4.2%	4.5%	0.3
Labor Force Participation Rate, Illinois	65.1%	63.8%	(1.3)
Labor Force Participation Rate, United States	62.4%	62.5%	0.1
EMPLOYMENT STATISTICS	<u>December FY25</u>	<u>December FY26</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,161,200	6,159,300	(1,900)
Unemployment Rate, Illinois	4.3%	4.8%	0.5
Unemployment Rate, United States	4.1%	4.4%	0.3
Labor Force Participation Rate, Illinois	65.1%	63.8%	(1.3)
Labor Force Participation Rate, United States	62.5%	62.4%	(0.1)

Source: Illinois Department of Employment Security and United States Department of Labor.

*Due to the Government Shutdown, some employment statistics are unavailable for this month.

ILLINOIS REAL ESTATE

The Illinois real estate market increased in both December and across calendar year 2025. The median price for a home in December was 6.3 percent higher than a year ago. Annual closed sales of 136,650 were 4.2 percent more than 131,194 in 2024. The annual median price of \$300,000 was 3.4 percent more than \$290,000 in 2024.