



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

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FISCAL YEAR 2026 THIRD QUARTER FINANCIAL REVIEW

THIRD QUARTER RESULTS

Fiscal Year 2026's (FY26) third quarter saw a year-over-year increase of \$379 million in total revenues, spurred by strong individual income taxes, investment income and estate taxes. Third quarter expenditures increased by \$341 million compared to FY25 third quarter expenditures.

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

THIRD QUARTER REPORT HIGHLIGHT: TOURISM IN ILLINOIS

Continuing growth in Illinois' visitor economy fuels state and local tax revenues, sustains jobs, and generates consumer spending across the food and beverage, recreation, retail, and lodging industries. The number of visitors to Illinois totaled 112.9M in CY 2024, following the upward trajectory of visitor volume since CY 2020. Visitors to the state spent \$48.5B in CY 2024 which is a 2.9% increase from 2023. The primary driver of this increase was spending on lodging, which includes monies spent on hotels, short-term rentals, and second homes which increased by 8.9% in CY 2024.

Taxes on Hotel Operators in Illinois help fund tourism initiatives by depositing a portion of revenues from the Hotel Operator's Occupation Tax into the Local Tourism Fund, International Tourism Fund, and the Tourism Promotion Fund. Tourism also buttresses several other state and local revenue streams. The visitor-generated state and local taxes in CY 2024 totaled \$6.8B with sales taxes contributing the largest portion of this sum.¹

ILLINOIS ECONOMIC INDICATORS

The State's economic conditions largely mirror the uncertain national labor market but demonstrate strong economic growth. Illinois' unemployment rate reached 4.6% in December of CY 2025, slightly heading the national rate of 4.4%. The State's labor market shows signs of cooling with the number of job openings decreasing in the third quarter of CY 2025 from a rate of 4.4% in October to 3.4% in December. Real GDP increased nationwide in the third quarter of CY 2025 by 4.4% with Illinois' real GDP growing by 4.3%. Private industries and the finance and insurance sectors fueled this increase. The retail and wholesale trade sectors in the State grew moderately despite the volatility of national tariff policy.

¹ https://www.enjoyillinois.com/assets/Files-PDFs/Economic-Impact-of-Illinois-Tourism-in-2024_Full-Report.pdf

GENERAL FUNDS OVERVIEW

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

(\$ in millions)

	Third Quarter		Year-to-date	
	FY25 Actual	FY26 Actual	FY25 Actual	FY26 Actual
Beginning Backlog at Comptroller	\$ (2,056)	\$ (2,860)	\$ (966)	\$ (1,608)
Beginning Cash Balance	\$ 3,045	\$ 4,363	\$ 4,671	\$ 5,456
Revenues				
Individual Income Tax	\$ 7,255	\$ 7,697	\$ 19,193	\$ 20,140
Corporate Income Tax	502	482	2,661	2,496
Sales Tax	2,365	2,404	7,897	7,999
Other Sources/Transfers In	1,763	1,809	4,753	5,667
State Source Revenues	\$ 11,885	\$ 12,392	\$ 34,504	\$ 36,301
Federal Sources	1,049	922	3,185	2,959
Total Revenues	\$ 12,934	\$ 13,313	\$ 37,689	\$ 39,260
Expenditures				
Current Year Vouchers	\$ 12,282	\$ 12,623	\$ 36,707	\$ 37,654
Prior Year Vouchers	0	0	1,748	1,806
Subtotal, Vouchers Presented	\$ 12,282	\$ 12,623	\$ 38,455	\$ 39,460
Posted Transfers Out	52	59	411	499
Transfer to GO Bond Debt Service Fund	479	482	1,454	1,521
Prior Year Adjustments	(12)	(20)	(50)	(50)
Total Expenditures	\$ 12,801	\$ 13,144	\$ 40,270	\$ 41,430
End of Quarter Cash Balance	\$ 3,314	\$ 3,952	\$ 3,314	\$ 3,952
End of Quarter Backlog at Comptroller	\$ (2,191)	\$ (2,281)	\$ (2,191)	\$ (2,281)

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	\$ 5,527	\$ 5,456
Receipts	\$ 39,108	\$ 39,258
IIT	19,997	20,140
CIT	2,446	2,496
Sales	8,033	7,999
Other Sources	3,223	3,265
Transfers In	2,393	2,400
Federal Sources	3,016	2,959
Cash Expenditures	(43,010)	(43,205)
Cash Balance - Budget Stabilization Fund	\$ 2,444	\$ 2,444
Cash Balance - All other General Funds	\$ 1,625	\$ 1,509

GENERAL FUNDS REVENUES SUMMARY

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

(\$ in millions)

	Third 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	\$ 8,538	\$ 9,058	\$ 520	6.1%	\$ 23,871	\$ 23,702	\$ (169)	(0.7%)
Income Tax Refund Fund	(781)	(829)	(48)	6.1%	(2,848)	(2,169)	679	(23.8%)
Local Government Distributive Fund Deposit	(502)	(532)	(30)	6.1%	(1,830)	(1,393)	437	(23.9%)
Net Individual Income Tax	\$ 7,255	\$ 7,697	\$ 442	6.1%	\$ 19,193	\$ 20,140	\$ 947	4.9%
Gross Corporate Income	\$ 627	\$ 601	\$ (26)	(4.2%)	\$ 3,323	\$ 3,115	\$ (208)	(6.3%)
Income Tax Refund Fund	(88)	(83)	5	(5.7%)	(466)	(436)	(30)	6.5%
Local Government Distributive Fund Deposit	(37)	(35)	2	13.4%	(196)	(183)	(13)	6.8%
Net Corporate Income Tax	\$ 502	\$ 482	\$ (20)	(3.9%)	\$ 2,661	\$ 2,496	\$ (165)	(6.2%)
Gross Sales Tax	\$ 2,781	\$ 2,839	\$ 58	2.1%	\$ 8,592	\$ 9,102	\$ 510	5.9%
Downstate Public Trans/Public Trans Deposits	(229)	(264)	(35)	15.1%	(159)	(607)	(448)	281.8%
Road Fund Deposit	(187)	(172)	15	(8.1%)	(536)	(496)	40	(7.4%)
Net Sales Tax	2,365	2,404	39	1.6%	7,897	7,999	102	1.3%
Public Utility	\$ 221	\$ 226	5	2.2%	\$ 553	\$ 554	1	0.2%
Cigarette	39	39	0	0.3%	141	132	(10)	(6.8%)
Inheritance	144	187	43	29.6%	466	682	217	46.5%
Liquor	41	39	(2)	(5.2%)	132	127	(5)	(4.1%)
Insurance	162	190	28	17.2%	399	491	92	23.0%
Corporate Franchise	47	64	16	34.1%	148	156	8	5.4%
Investment Income	168	156	(12)	(7.0%)	557	559	2	0.3%
Cook County IGT	244	244	0	0.0%	244	244	0	0.0%
Other	127	135	8	6.5%	338	322	(16)	(4.7%)
TOTAL STATE REVENUES	\$ 11,315	\$ 11,862	\$ 547	4.8%	\$ 32,728	\$ 33,899	\$ 1,171	3.6%
Federal Revenues	\$ 1,049	\$ 922	\$ (127)	(12.1%)	\$ 3,185	\$ 2,959	\$ (226)	(7.1%)
Transfers In	\$ 570	\$ 529	\$ (41)	(7.1%)	\$ 1,776	\$ 2,400	\$ 624	35.1%
Lottery	225	199	(26)	(11.4%)	590	606	16	2.7%
Gaming/Gaming Taxes	51	61	10	20.2%	142	203	61	43.0%
Adult-Use Cannabis	30	28	(2)	(5.4%)	85	79	(6)	(7.1%)
Sports Wagering	82	131	49	59.6%	133	279	146	109.5%
Other	182	110	(72)	(39.4%)	826	1,233	407	49.3%
SUBTOTAL REVENUES	\$ 12,934	\$ 13,313	\$ 379	2.9%	\$ 37,689	\$ 39,258	\$ 1,568	4.2%
Transfers to Repay Payroll Borrowing	0	0	0	0.0%	0	2	2	100.0%
TOTAL REVENUES	\$ 12,934	\$ 13,313	\$ 379	2.9%	\$ 37,689	\$ 39,260	\$ 1,571	4.2%

Source: Illinois Office of the Comptroller

Income Taxes: FY26 year-to-date (YTD) Individual Income Tax net receipts increased by \$947 million, or 4.9% from FY25, while FY26 YTD Corporate Income Tax (CIT) net receipts decreased by \$165 million, or 6.2%. \$568 million income taxes were directly deposited into the Local Government Distributive Fund in the third quarter of FY26.

Sales Taxes: FY26 YTD Sales Tax net receipts increased by \$102 million, or 1.3%, compared to the FY25 YTD level.

Federal Revenues: FY26 YTD base Federal Revenues decreased by \$226 million, or 7.1%, compared to the FY25 YTD level.

Transfers In: FY26 YTD Transfers In increased by \$624 million, or 35.1%, 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 \$150 million, or 0.4%, above FY26 budgeted levels. Federal Revenues were \$57 million, or 1.9%, 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	\$ 23,533	\$ 23,702	\$ 169	0.7%
Income Tax Refund Fund	(2,153)	(2,169)	(16)	0.7%
Local Government Distributive Fund Deposit	(1,383)	(1,393)	(10)	0.7%
Net Individual Income Tax	\$ 19,997	\$ 20,140	\$ 143	0.7%
Gross Corporate Income	\$ 3,053	\$ 3,115	\$ 62	2.0%
Income Tax Refund Fund	(427)	(436)	(9)	2.0%
Local Government Distributive Fund Deposit	(180)	(183)	(3)	1.9%
Net Corporate Income Tax	\$ 2,446	\$ 2,496	\$ 50	2.0%
Gross Sales Tax	\$ 9,116	\$ 9,102	\$ (14)	(0.2%)
Downstate Public Trans/Public Trans Deposits	(589)	(607)	(18)	3.1%
Road Fund Deposits	(494)	(496)	(2)	0.5%
Net Sales Tax	\$ 8,033	\$ 7,999	\$ (34)	(0.4%)
Public Utility	540	554	14	2.6%
Cigarette	130	132	2	1.2%
Inheritance	674	682	8	1.2%
Liquor	126	127	1	0.6%
Insurance	482	491	9	1.8%
Corporate Franchise	148	156	8	5.5%
Investment Income	558	559	1	0.1%
Cook County IGT	244	244	(0)	0.0%
Other	321	322	1	0.2%
TOTAL STATE REVENUES	\$ 33,699	\$ 33,899	\$ 200	0.6%
Federal Revenues	\$ 3,016	\$ 2,959	\$ (57)	(1.9%)
Transfers In	\$ 2,393	\$ 2,400	\$ 7	0.3%
Lottery	625	606	(19)	(3.1%)
Gaming/Gaming Taxes	202	203	1	0.6%
Adult-Use Cannabis	82	79	(3)	(3.7%)
Sports Wagering	273	279	6	2.1%
Other	1,211	1,233	22	1.8%
TOTAL REVENUES	\$ 39,108	\$ 39,258	\$ 150	0.4%

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 third quarter were \$143 million, or 0.7%, higher than budgeted levels. Corporate Income Tax net receipts through the third quarter were \$50 million, or 2.0%, higher than budgeted levels.

Sales Taxes: Sales Tax net receipts through the third quarter were \$34 million, or 0.4%, lower than the budgeted levels.

Transfers In: Transfers In through the third quarter were \$7 million, or 0.3%, 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	\$ 39,259	\$ 55,226	\$ (15,967)
IIT	20,140	28,686	(8,546)
CIT	2,496	4,314	(1,818)
Sales	7,999	10,827	(2,828)
Other Sources	3,265	4,276	(1,011)
Transfers In	2,400	3,108	(708)
Federal Sources	2,959	4,016	(1,057)
Total Base Revenues	39,259	55,226	(15,967)

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

Through the first three quarters of the fiscal year, revenue performance generally meets expectations. In February 2026, GOMB released a revised forecast along with the Fiscal Year 2027 Governors Introduced Budget. This revision was based on collections through January 2026 and reflected the economic and tax information available at that time. As the fiscal year enters the final quarter, April 2026 collections for personal and business income taxes will be pivotal towards maintaining a balanced budget. Year-to-date, individual income taxes have exceeded expectations based on the strength of wage and salaries and income generated from non-withholdings. Sales tax collections have met expectations but rises in gasoline prices and renewed inflation could shift consumer behavior away from taxable spending on goods. In the aggregate, actuals are just slightly above forecast, indicating 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 third quarter and year-to-date General Funds spending from appropriations for those fiscal years. General Funds expenditures for the third quarter of FY26 totaled \$12,622 million, an increase of \$341 million, or 2.8%, from the FY25 level.

GENERAL FUNDS EXPENDITURES				
Third Quarter and Year-to-Date Review				
(\$ in millions)				
Agency	Third Quarter		Year-to-Date	
	FY25 Actual Spending	FY26 Actual Spending	FY25 Actual Spending	FY26 Actual Spending
Constitutional Officers ¹	\$ 119	\$ 126	\$ 369	\$ 402
DHFS	1,927	2,148	6,368	\$ 5,962
ISBE	2,874	2,972	7,713	\$ 7,999
DHS	1,858	1,863	4,860	\$ 5,111
Higher Education	619	757	2,268	\$ 2,179
SERS	440	448	1,582	\$ 1,648
TRS	1,579	1,190	4,738	\$ 5,241
SURS	484	481	1,685	\$ 1,725
Corrections	434	527	1,206	\$ 1,298
CMS	397	616	1,745	\$ 1,860
DCFS	355	380	1,044	\$ 1,108
Aging	428	486	1,040	\$ 1,224
ISP	108	99	282	\$ 293
Revenue	13	13	35	\$ 36
DPH	91	61	199	\$ 158
DNR	20	22	53	\$ 62
DCEO	45	28	103	\$ 100
All Others	492	405	1,417	\$ 1,249
Agency Totals	\$ 12,281	\$ 12,622	\$ 36,706	\$ 37,654

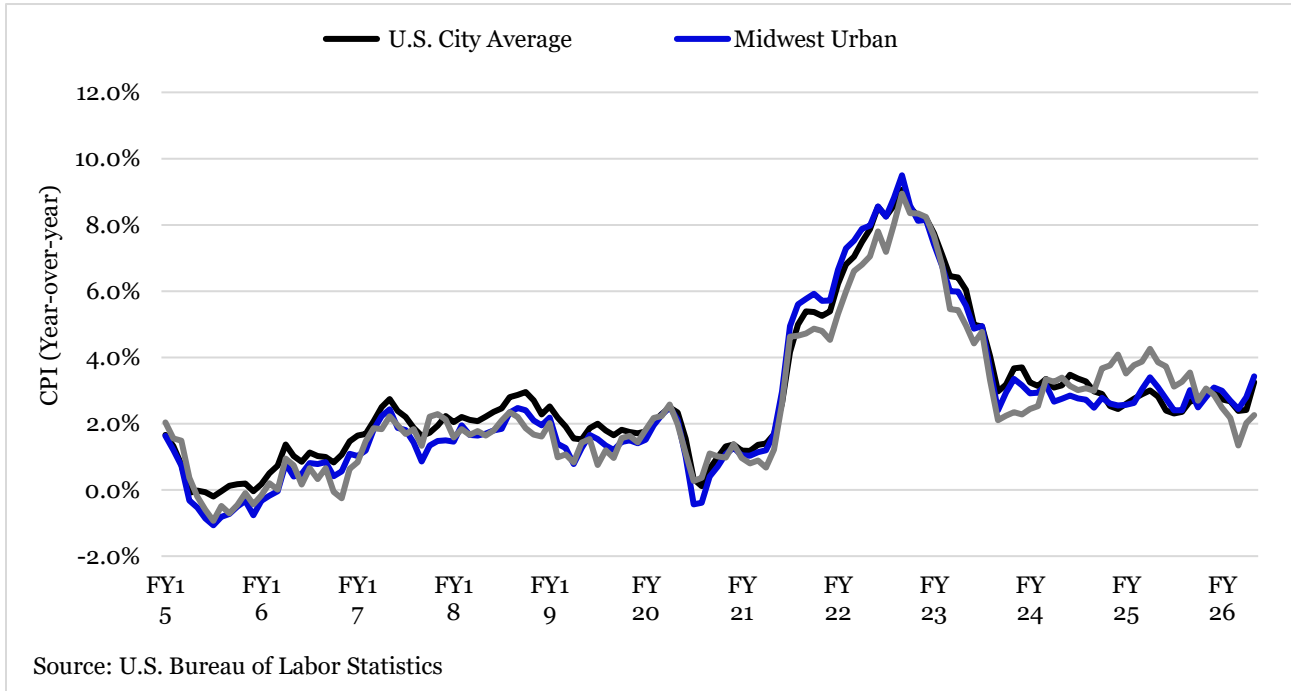
Source: Illinois Office of the Comptroller and Governor's Office of Management and Budget. Totals may not add due to rounding.

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

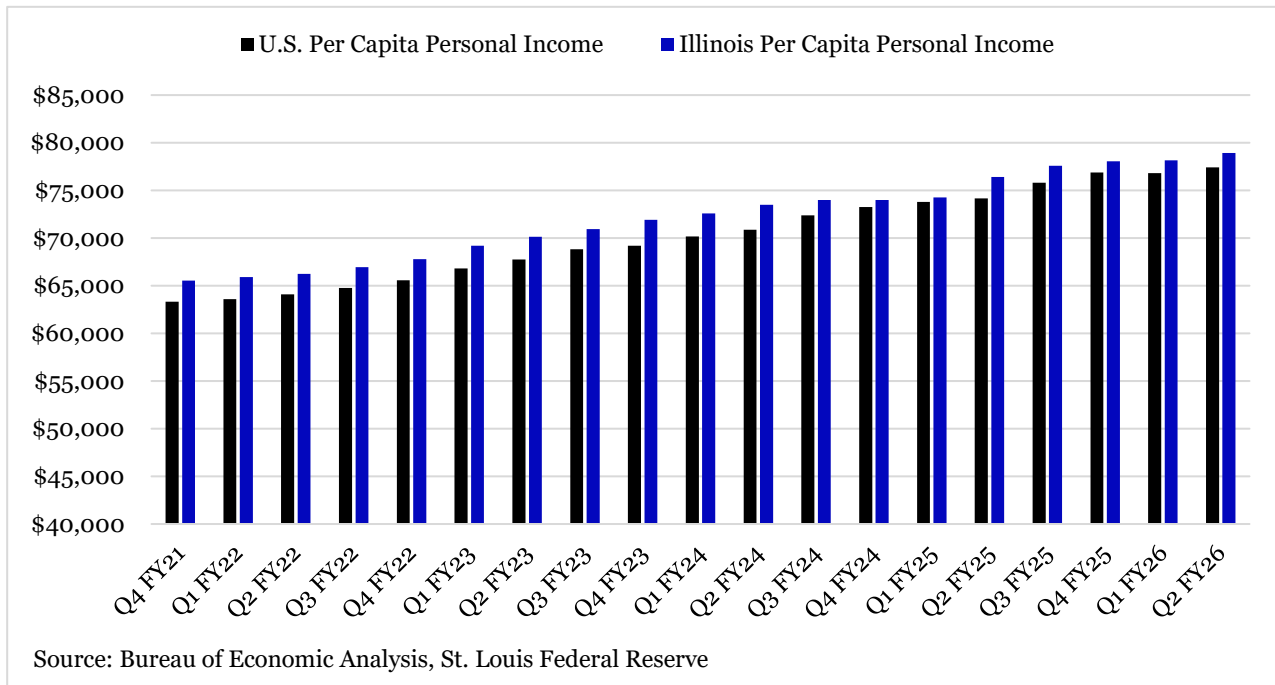
¹ Constitutional Officers exclude Auditor General.

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 March FY26. CPI rates ticked above 3% nationally, regionally, and the Chicago metro in March, caused by the onset of the conflict in Iran.



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 gradually ticked up in quarter 3 from 4.7% to 5.1%, while total non-farm employment experienced slight declines over the quarter. Illinois labor force participation rates remained higher than the national participation rate.

EMPLOYMENT HIGHLIGHTS			
State and National Review			
EMPLOYMENT STATISTICS	<u>January FY25</u>	<u>January FY26</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,158,900	6,166,800	7,900
Unemployment Rate, Illinois	4.9%	4.7%	(0.2)
Unemployment Rate, United States	4.3%	4.0%	(0.3)
Labor Force Participation Rate, Illinois	64.8%	63.9%	(0.9)
Labor Force Participation Rate, United States	62.6%	62.1%	(0.5)
EMPLOYMENT STATISTICS	<u>February FY25</u>	<u>February FY26</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,157,100	6,137,200	(19,900)
Unemployment Rate, Illinois	4.7%	5.0%	0.3
Unemployment Rate, United States	4.2%	4.4%	0.2
Labor Force Participation Rate, Illinois	64.8%	64.0%	(0.8)
Labor Force Participation Rate, United States	62.5%	62.0%	(0.5)
EMPLOYMENT STATISTICS	<u>March FY25</u>	<u>March FY26</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	6,149,800	6,145,500	(4,300)
Unemployment Rate, Illinois	4.6%	5.1%	0.5
Unemployment Rate, United States	4.2%	4.3%	0.1
Labor Force Participation Rate, Illinois	64.6%	63.8%	(0.8)
Labor Force Participation Rate, United States	62.5%	61.9%	(0.6)

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

ILLINOIS REAL ESTATE

The Illinois real estate market ringed in 2026 with year-over-year declines in homes sold, including a 12% annual reduction in January 2026, however, March saw home sales recover to increase year-over-year by 3%. Median prices continue to hover over \$300,000, with sustained increases in home values across the state. The monthly average 30 year fixed-rate mortgage in February dropped to 6.05%, down from the February 2025 average of 6.80%, with purchase demand holding up as prospective buyers react to the modestly lower rates.