

## City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections May 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
<b>Local Tax</b>									
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
<b>State Taxes/Revenues</b>									
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 is in the early stages of 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 five months 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, personal property replacement tax revenue, and reimbursements for charges for service. While other revenues continue to show the effects of the pandemic and resulting economic downturn, most are showing signs of recovery as the pandemic impacts have waned and as lagging revenues are received. The most impacted major tax revenues are transportation taxes—which includes ground transportation, parking, and vehicle fuel—and business taxes which includes hotel tax and bag tax.

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

	2020		2021		2020		2021		2021
	Month Actuals	Month Budgeted	Month Collections	YTD Actuals	YTD Budgeted	YTD Collections	Difference	Percent	Annual Budget
<b>Local Tax</b>									
Utility Taxes	38,194	39,534	39,153	115,733	119,039	115,137	(3,901)	-3.3%	390,803
Chicago Sales Taxes	1,392	2,533	2,943	9,865	9,179	9,817	637	6.9%	63,639
Transaction Taxes	32,109	38,199	45,144	147,372	150,501	184,897	34,396	22.9%	478,129
Transportation Taxes	7,077	23,663	18,749	97,058	84,315	72,039	(12,276)	-14.6%	308,693
Recreation Taxes	12,351	17,428	14,430	72,930	62,600	57,950	(4,650)	-7.4%	223,911
Business Taxes	836	4,261	2,927	15,691	11,684	8,566	(3,118)	-26.7%	66,122
<b>State Taxes/Revenues</b>									
Income Tax	27,177	41,937	45,359	73,833	83,324	99,390	16,066	19.3%	262,279
Personal Property Replacement Tax	22,946	28,579	59,809	58,837	61,115	106,218	45,103	73.8%	147,000
Auto Rental Tax	250	178	136	489	391	271	(120)	-30.8%	3,332
State Reimbursements	401	181	120	526	308	286	(22)	-7.1%	2,000
<b>Proceeds and Transfers</b>									
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	47,979	41,350	40,508	85,513	71,862	67,562	(4,301)	-6.0%	570,179
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	23,000
<b>Local Non-Tax</b>									
Licenses, Permits, and Certificates	7,828	9,993	8,875	46,407	50,102	42,703	(7,399)	-14.8%	119,200
Fines, Forfeitures, and Penalties	16,466	37,937	25,912	96,494	143,729	112,712	(31,017)	-21.6%	381,500
Charges for Service	12,064	20,316	26,140	52,429	64,338	83,037	18,699	29.1%	277,900
Municipal Parking	415	595	662	2,667	2,959	3,247	289	9.8%	7,600
Leases, Rentals, and Sales	16	1,912	156	2,154	6,462	3,016	(3,445)	-53.3%	39,300
Interest	-	-	-	-	-	-	-	NA	6,500
Internal Service Earnings	19,817	25,855	21,291	94,901	98,316	101,234	2,918	3.0%	410,732
Other Revenue	2,681	2,800	3,656	71,318	69,200	77,295	8,095	11.7%	125,820
<b>Total Revenue</b>	<b>249,999</b>	<b>337,252</b>	<b>355,969</b>	<b>1,044,215</b>	<b>1,089,424</b>	<b>1,145,377</b>	<b>55,953</b>	<b>5.1%</b>	<b>3,926,639</b>

*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.*