

# 2022 Quarterly Analysis – Q2 Corporate Revenue Fund City of Chicago

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City of Chicago  
Council Office of Financial Analysis  
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## Second Quarter Analysis – 2022

On August 11, 2022, the City of Chicago Office of Budget and Management (OBM) published the fiscal year 2022 monthly comparative estimates of revenue collections for the month of June.<sup>1</sup> The report provides a summary of revenues received and transfers made in the City's corporate fund for the current fiscal year. According to the report, the information contained in the report is the most accurate information available at the time of publication. The report also notes that data on revenues are not final until the City completes the annual audit and the finalized Annual Report is issued. Therefore, monthly reports—like the June 2022 report—are for informational purposes only and do not reflect final audited figures.

Revenue Sources	YTD Budgeted	YTD Collected	Budget vs. Collected (\$)	Budget vs. Collected (%)
Personal Property Replacement Tax	65,724	200,230	134,506	204.7%
Transaction Taxes	231,686	321,404	89,718	38.7%
Utility Taxes	145,367	166,585	21,218	14.6%
Sales Tax Corporation Residual	125,239	138,791	13,552	10.8%
Recreation Taxes	121,369	127,688	6,319	5.2%
Leases, Rentals and Sales	6,294	10,372	4,078	64.8%
Income Tax	146,729	150,607	3,878	2.6%
Chicago Sales Taxes	18,683	21,382	2,699	14.4%
State Reimbursements	828	1,221	393	47.5%
Municipal Parking	3,766	3,670	(96)	-2.5%
Auto Rental Tax	830	661	(169)	-20.4%
Business Taxes	42,646	35,555	(7,091)	-16.6%
Licenses, Permits, and Certificates	60,362	47,840	(12,522)	-20.7%
Transportation Taxes	150,583	134,640	(15,943)	-10.6%
Other Revenue	60,449	36,722	(23,727)	-39.3%
Fines, Forfeitures and Penalties	182,217	153,231	(28,986)	-15.9%
Charges for Services	155,164	122,011	(33,153)	-21.4%
Internal Service Earnings	180,000	129,976	(50,024)	-27.8%
	<b>\$1,697,937</b>	<b>\$1,802,584</b>	<b>\$104,647</b>	<b>6.2%</b>

SOURCE: City of Chicago, Office of Budget and Management

NOTES: Revenue collection amounts as of June for Fiscal Year 2022 & 2021. Table may not sum due to rounding.

Amounts in Thousand(s)

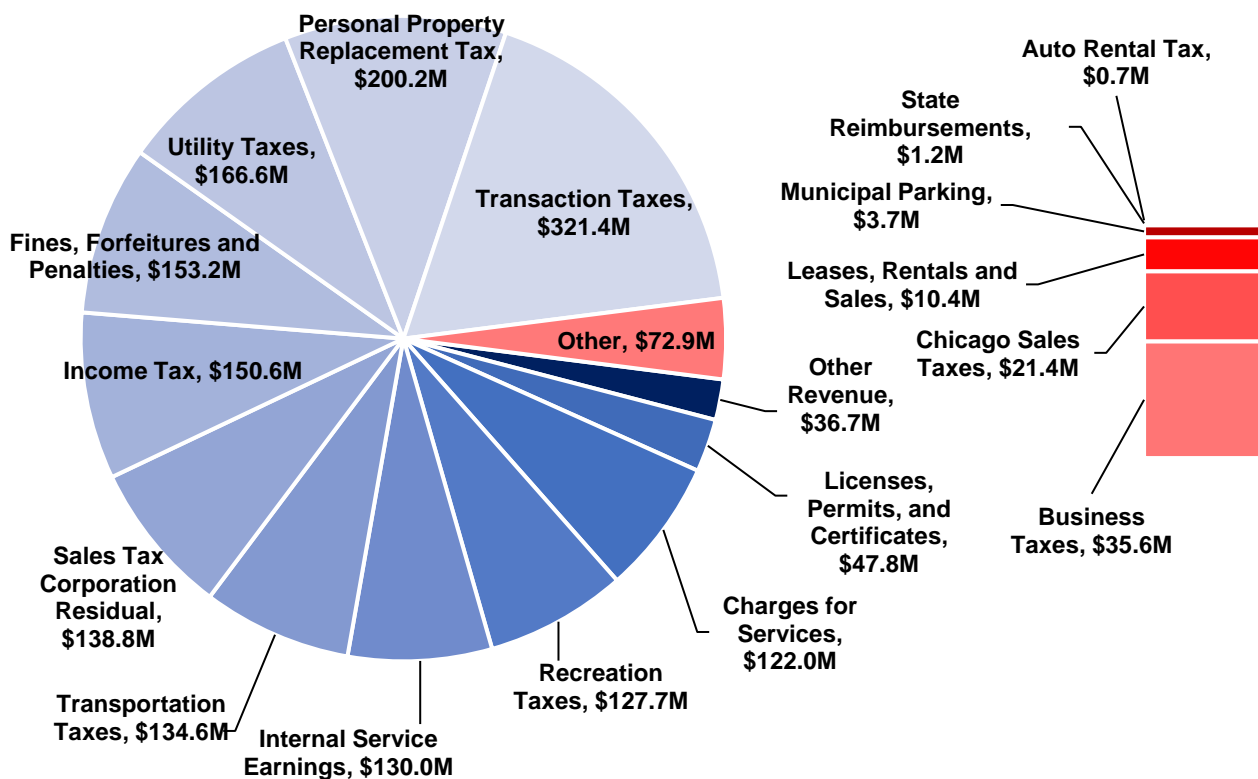
Through June, total year-to-date (YTD) revenue collections were higher than the same period budgeted amount by \$104.6 million, or 6.2%. When compared to the Corporate Fund's 2022 Annual Appropriated amount of \$4,836.0 million—displayed in OBM's June

report under the column labeled *2022 Annual Budget*—the YTD collected amount of \$1,802.6 million is tracking about 2.2% higher the YTD Budget amount of \$1,697.9 million.

The total Local Taxes collected were 13.6% higher than the YTD budgeted amount, with Transaction Taxes making up a large part of the total Local Taxes—collections in this category were \$89.7 million higher, or 38.7%, than the budgeted amount. Transaction Taxes is comprised of taxes on the transfer of real estate, the lease or rental of personal property, and the short-term lease of motor vehicles. OBM does not provide detail on these Transaction Tax line items in the June report, so it is difficult to assess if there is a particular transaction tax driving the positive performance against the budget.

Some of the other notable City revenue sources performing well against the YTD budget through June are Personal Property Replacement Taxes, Utility Taxes, and Sales Tax Corporation Residuals, which are 204.7%, 14.6%, and 10.8% higher than budget, respectively. Together, these three revenue sources performed higher than the YTD Budgeted amounts by \$169.3 million, or 50.3%. These revenue sources, along with Transactions Taxes, were the primary drivers behind the Corporate Fund’s overall positive performance against YTD budget.

### YTD June 2022 Corporate Fund Revenue Collections



SOURCE: City of Chicago, Office of Budget and Management

Similar to the YTD revenue collections through the first quarter of the fiscal year 2022, the City's Transportation Taxes is still noticeably lower compared to the YTD budget target by \$15.9 million, or 10.6%. Transportation Taxes have the fifth largest dollar amount deficit against YTD budget amongst the revenue sources in the Corporate Fund through June 2022. As stated in our prior COFA report analyzing the Corporate Fund revenue collections through the first quarter of 2022,<sup>ii</sup> there may be a few reasons for this shortfall in Transportation Taxes.<sup>iii</sup> These reasons range from the still higher than normal fuel prices across the country and Chicago as well as more employees working remotely. As a result, these reasons could be impacting revenues generated from taxes on vehicle fuel and parking garages.

Some of the other City revenue sources that are underperforming against the YTD budget are Internal Service Earnings, Charges for Services, Fines, Forfeitures, and Penalties, and Other Revenue, which are 27.8%, 21.4%, 15.9%, and 39.3% behind budget, respectively. When combined, these revenue sources are underperforming against YTD budget by approximately \$135.9 million.

Revenue Sources	YTD June 2021	YTD June 2022	2022 vs. 2021 (\$)	2022 vs. 2021 (%)
Personal Property Replacement Tax	106,218	200,230	94,012	88.5%
Transaction Taxes	240,273	321,404	81,131	33.8%
Recreation Taxes	77,209	127,688	50,479	65.4%
Transportation Taxes	93,422	134,640	41,218	44.1%
Business Taxes	12,796	35,555	22,759	177.9%
Utility Taxes	145,305	166,585	21,280	14.6%
Charges for Services	107,027	122,011	14,984	14.0%
Income Tax	139,188	150,607	11,419	8.2%
Sales Tax Corporation Residual	129,074	138,791	9,717	7.5%
Fines, Forfeitures and Penalties	144,328	153,231	8,903	6.2%
Chicago Sales Taxes	13,373	21,382	8,009	59.9%
Internal Service Earnings	122,990	129,976	6,986	5.7%
Leases, Rentals and Sales	3,728	10,372	6,644	178.2%
State Reimbursements	327	1,221	894	273.4%
Auto Rental Tax	477	661	184	38.6%
Municipal Parking	3,990	3,670	(320)	-8.0%
Licenses, Permits, and Certificates	53,828	47,840	(5,988)	-11.1%
Other Revenue	72,670	36,722	(35,948)	-49.5%
	<b>\$1,466,223</b>	<b>\$1,802,584</b>	<b>\$336,361</b>	<b>22.9%</b>

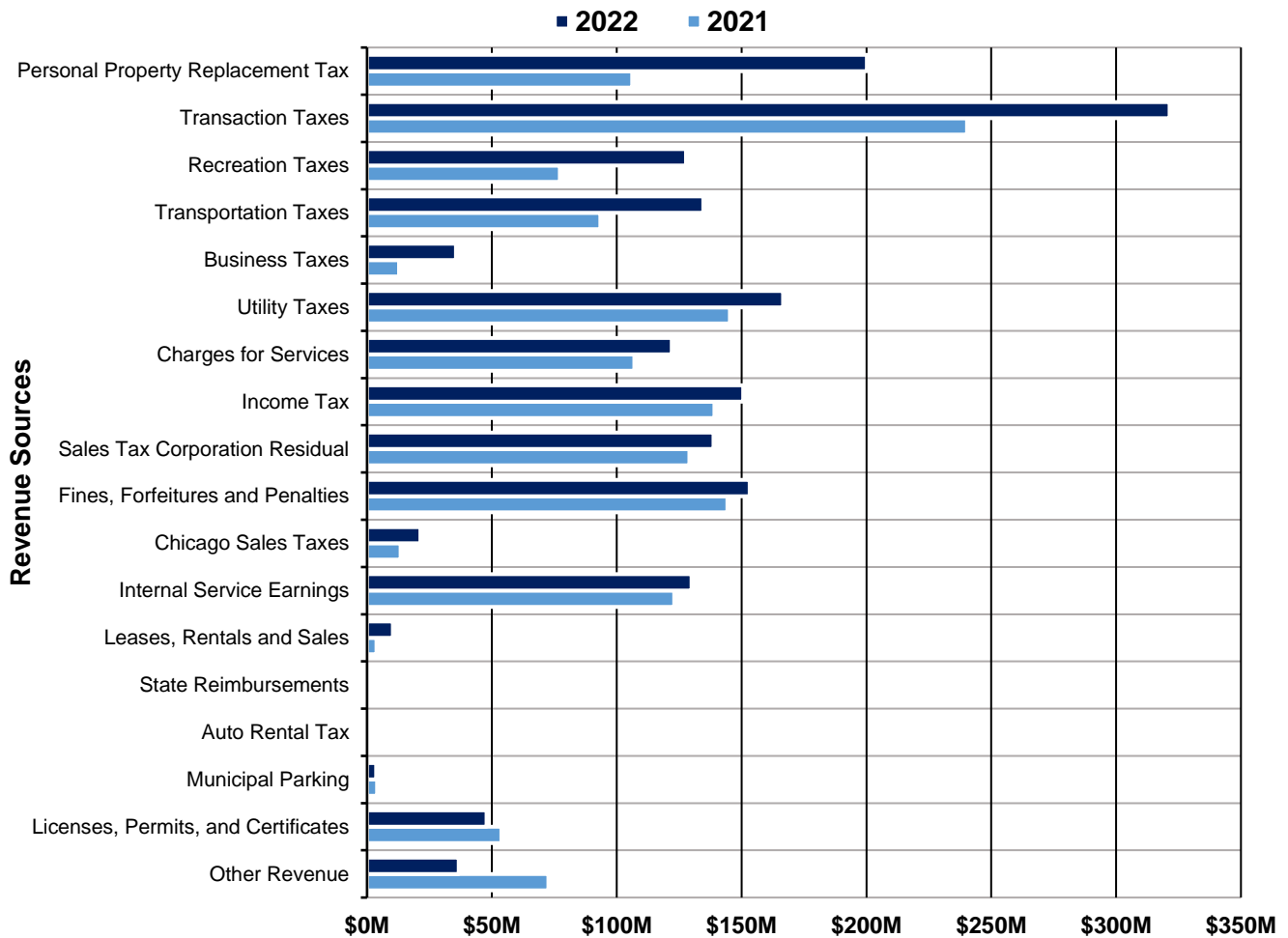
SOURCE: City of Chicago, Office of Budget and Management

NOTES: Revenue collection amounts as of June for Fiscal Year 2022 & 2021. Table may not sum due to rounding.

Amounts in Thousand(s)

Compared to the fiscal year 2021 monthly comparative estimates of revenue collections for June, the City is seeing a \$336.4 million increase in YTD collections, or 22.9%, which is a positive sign for the City’s recovery from the pandemic. Some of the largest dollar amount increases in revenue collections are in Personal Property Replacement Tax, Transaction Taxes, and Recreation Taxes, which account for an increase of approximately \$225.6 million compared to the YTD June 2021 collections. Similar to COFA’s 2022 Quarterly Analysis – Q1 Corporate Revenue Fund report, the primary year-over-year decrease is in Other Revenue, which accounts for \$35.9 million in less revenue compared to June 2021. Other Revenue is a category of revenues that includes various revenues not included in other categories, the largest of which is the City’s share of surplus TIF revenue that has been returned to the County.

### Year-over-Year Corporate Fund Revenue Collections - YTD June



SOURCE: City of Chicago, Office of Budget and Management

NOTES: Revenue collection amounts as of June for Fiscal Year 2022 & 2021. Sorted by dollar variance.

It is important to underscore that seasonality, timing, and the impact of the pandemic all impact revenue streams. It is very possible that the City of Chicago may experience fluctuations in its revenue collections if the City and country encounter unforeseen setbacks related to the pandemic. The City and country are continuing to experience this with increasing rates of inflation, which impacts the cost of food, energy, new vehicles, and household furnishings and operations.<sup>iv</sup> This could very well hinder Chicago's timeframe for a full recovery.

The City published its annual Budget Forecast on August 10, 2022, which provided estimates of year-end revenues and expenditures in the Corporate Fund.<sup>v</sup> COFA will publish its overview and analysis of the *2023 Budget Forecast*, but the City's initial year-end estimates project that total Corporate Fund revenues will come in above budget by approximately \$84.5 million. While this is a positive sign, COFA will continue to monitor OBM's monthly Corporate Fund revenue reports to track the City's monthly and YTD revenue collections to ensure the City is tracking well against budget.

#### Endnotes:

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<sup>i</sup> Office of Budget and Management. *City of Chicago Revenue Reports*. City of Chicago. [www.chicago.gov](http://www.chicago.gov)

<sup>ii</sup> Council Office of Financial Analysis. (2022, May 12). *2022 Quarterly Analysis – Q1 Corporate Revenue Fund*. [www.chicago.gov](http://www.chicago.gov)

<sup>iii</sup> Transportation Taxes are comprised of taxes on vehicle fuel, garage parking, and hired ground transportation, including taxis and transportation network providers.

<sup>iv</sup> U.S. Bureau of Labor Statistics. (2022, July 13). *Consumer Price Index, Chicago-Naperville-Elgin area – June 2022*. [www.bls.gov](http://www.bls.gov)

<sup>v</sup> City of Chicago. (2022, August 10). *2023 Budget Forecast*. [www.chicago.gov](http://www.chicago.gov)