

City of Chicago Office of Budget and Management

Comparative Estimate of Revenue Collections

October 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 October are \$56.6 million or 1.6% under budget expectations. This variance is driven by favorable collections from the Personal Property Replacement Tax (\$134.3 million), Charges for Service (\$22.4 million), Recreation Taxes (\$22.1 million), and Business Taxes (\$18.5 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 (\$136.8 million), the Sales Tax Residual (\$103.5 million), and Transaction Taxes (\$27.5 million). This negative underperformance in Transaction Taxes is driven by the Real Property Transfer Tax which has been impacted by a slowdown in real estate activity through October. 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. Note, although Sales Tax revenue was higher in October than any other October since the creation of the Sales Tax Securitization Corporation, an anomalously high monthly debt payment caused a negative variance for the monthly residual.

Additionally, the September report noted the City does not receive Personal Property Replacement Tax revenue in the month of September but expected collections to exceed budget once again in October, the next disbursement month. In October, monthly collections were \$24.0 million, or 53.5% over budget.

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.

City of Chicago Office of Budget and Management Comparative Estimate of Revenue Collections

Corporate Fund (in thousands) October 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	29,481	28,580	27,573	300,919	281,063	271,828	(9,236)	-3.3%	406,506
Chicago Sales Taxes	4,931	5,272	5,087	77,102	74,745	83,075	8,329	11.1%	90,067
Transaction Taxes	57,381	66,409	59,441	608,436	619,601	592,104	(27,497)	-4.4%	811,823
Transportation Taxes	27,712	32,796	34,707	258,184	290,431	307,173	16,741	5.8%	367,938
Recreation Taxes	25,013	22,491	30,073	234,004	240,140	262,224	22,084	9.2%	318,411
Business Taxes	14,570	14,016	14,686	102,625	94,554	113,028	18,474	19.5%	128,213
State Taxes/Revenues									
Income Tax	43,676	28,046	46,967	280,358	259,954	288,900	28,946	11.1%	377,400
Personal Property Replacement Tax	111,146	44,752	68,701	403,321	196,322	330,665	134,343	68.4%	266,000
Auto Rental Tax	564	472	746	2,711	2,319	2,850	531	22.9%	4,239
State Reimbursements	26	248	85	2,015	1,617	2,176	559	34.6%	2,000
Proceeds and Transfers									
ARP Revenue Replacement	-	-	-	-	-	-	-	NA	152,400
Reserve Fund Interest	-	-	-	-	-	-	-	NA	19,000
Sales Tax Corporation Residual	45,575	55,520	(1,119)	404,281	323,123	219,611	(103,512)	-32.0%	619,375
Other Proceeds and Transfers	-	-	-	-	-	-	-	NA	75,000
Local Non-Tax									
Licenses, Permits, and Certificates	9,588	11,659	9,046	87,474	105,779	93,617	(12,162)	-11.5%	123,597
Fines, Forfeitures, and Penalties	32,287	26,571	26,637	268,380	252,495	253,344	849	0.3%	302,208
Charges for Service	38,070	28,881	35,374	308,790	282,452	304,806	22,354	7.9%	363,574
Municipal Parking	500	620	518	5,816	6,469	6,011	(459)	-7.1%	7,676
Leases, Rentals, and Sales	324	1,015	1,019	12,945	11,818	8,407	(3,411)	-28.9%	31,966
Interest	-	-	-	-	-	-	-	NA	10,300
Internal Service Earnings	31,287	47,729	30,095	238,562	390,369	253,580	(136,789)	-35.0%	586,542
Other Revenue	4,274	7,174	934	108,341	112,759	96,039	(16,721)	-14.8%	149,950
Total Revenue	476,406	422,252	390,570	3,704,263	3,546,012	3,489,437	(56,576)	-1.60%	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.