



Illinois
Department of Commerce
& Economic Opportunity

Pat Quinn, Governor

February 5, 2014

To the members of the House Revenue & Finance Committee:

At your request, the Department of Commerce and Economic Opportunity has prepared the following summary of reports that address the overall state of the Illinois economy and its business climate.

We have divided this information into four categories. For your review and verification, we have provided you and your staff with either the reports themselves via email or the relevant web links.

This information, we believe, shows that while Illinois still has far to go to negate the effects of the last recession, our economy has made notable progress and is gaining momentum.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Pollet".

Adam Pollet
Director

www.ildceo.net

500 East Monroe
Springfield, Illinois 62701-1643
217/782-7500 • TDD: 800/785-6055

100 West Randolph Street, Suite 3-400
Chicago, Illinois 60601-3219
312/814-7179 • TDD: 800/785-6055

2309 West Main, Suite 118
Marion, Illinois 62959-1180
618/997-4394 • TDD: 800/785-6055

JOB CREATION

--Starting in the second half of 2013, the Illinois economy began adding jobs at a faster rate than the rest of the Midwest and the nation as a whole, according to the University of Illinois' Regional Economics Applications Laboratory (*Illinois Economic Review, November 2013*)

--Illinois has added 281,400 private-sector jobs since the beginning of the economic recovery in January 2010. (*U.S. Bureau of Labor Statistics*)

--Since May 2013, Illinois has created more private-sector jobs than any other state in the Midwest. (*U.S. Bureau of Labor Statistics*)

--Moody's Analytics Inc. in January ranked Illinois 40th among the states in projected job growth in 2014. While it is a low ranking, it was a marked improvement from the December 2013 report that ranked Illinois 50th.

UNEMPLOYMENT

--The Illinois unemployment rate of 8.6 percent is at its lowest rate in nearly 5 years. (*U.S. Bureau of Labor Statistics*)

--Despite the progress, the state still has the nation's highest unemployment rate except for Rhode Island and Nevada. (*U.S. Bureau of Labor Statistics*)

ECONOMIC GROWTH

--A study by CareerBuilder and Economic Modeling Specialists Intl. ranked Illinois as having the third highest increase in business establishments among all states from 2009 to 2012. Illinois added more than 18,000 establishments during that period, representing a 5 percent increase, to bring its total to 383,103. Growth in Illinois accounted for 14 percent of all net new establishments in the country.

--The University of Illinois Flash Index, a measure of economic growth, rose to 107.2 in January, its highest level since April 2007. (<http://igpa.uillinois.edu//flash-index/2014/january>)

--Site Selection magazine, a leading publication for corporate real estate and economic development, said Illinois ranked fifth in the nation during 2012 in corporate expansions and moves. Among cities, the Chicago region ranked second. (<http://www.siteselection.com/issues/2013/mar/>)

--The Federal Reserve Bank of Philadelphia, which historically has been accurate in projections of state economies, estimated that Illinois' will grow by 1.69 percent over the next six months. That's in line with the Fed's projected 1.7 percent growth rate for the United States overall and third among the five largest states. Among our neighbors, the projection puts Illinois ahead of Iowa, Kentucky, Minnesota,

Missouri, Ohio and Wisconsin and behind Indiana and Michigan (*Federal Reserve Bank of Philadelphia, "State Leading Indexes"*)

--Trends in commercial real estate, indicators of business expansion, show that values in office and industrial property for the Chicago region are rising and vacancy rates are falling. Industrial vacancy rates in the region are at their lowest in years. (*CBRE Inc. Market Reports Q4 2013*)

--Nearly 7,500 more businesses currently are registered in Illinois compared with the end of 2012, an increase of nearly 2 percent (*Illinois Department of Employment Security*)

--Venture capital funding for technology startups shot up 169 percent in 2013, to \$1.06 billion, from \$391 million in 2012. (*Built In Chicago, Annual 2013 Report*)

--Illinois has emerged as a biotechnology leader, with this high-paying sector accounting for 81,000 jobs at 3,500 companies. (*"The Economic Engine of Biotechnology in Illinois," Ernst & Young LLP, April 2013*)

--Illinois' historic pension reform improved the state's business climate by raising the credit outlook for state government. Moody's Investors Service said it "may be the largest reform package implemented by any U.S. state." (*Moody's Investors Service, Issuer Comment, "Illinois Pension Reform Legislation is Credit Positive," Dec. 6, 2013*)

INDEPENDENT TAX COMPARISONS

--A study by Anderson Economic Group of the total state and local tax burdens that business bears found that only 19 states qualify as having a lower corporate tax share than Illinois. Businesses here paid 9.6 percent of their pre-tax operating margins in taxes during 2011, the study found. (*Anderson Economic Group, 2013 State Business Tax Burden Rankings*)

--The nonpartisan Tax Foundation looked at state business taxes across the country and concluded that 30 states have lower overall rates than Illinois. (*Tax Foundation: Background Paper, October 2013*)