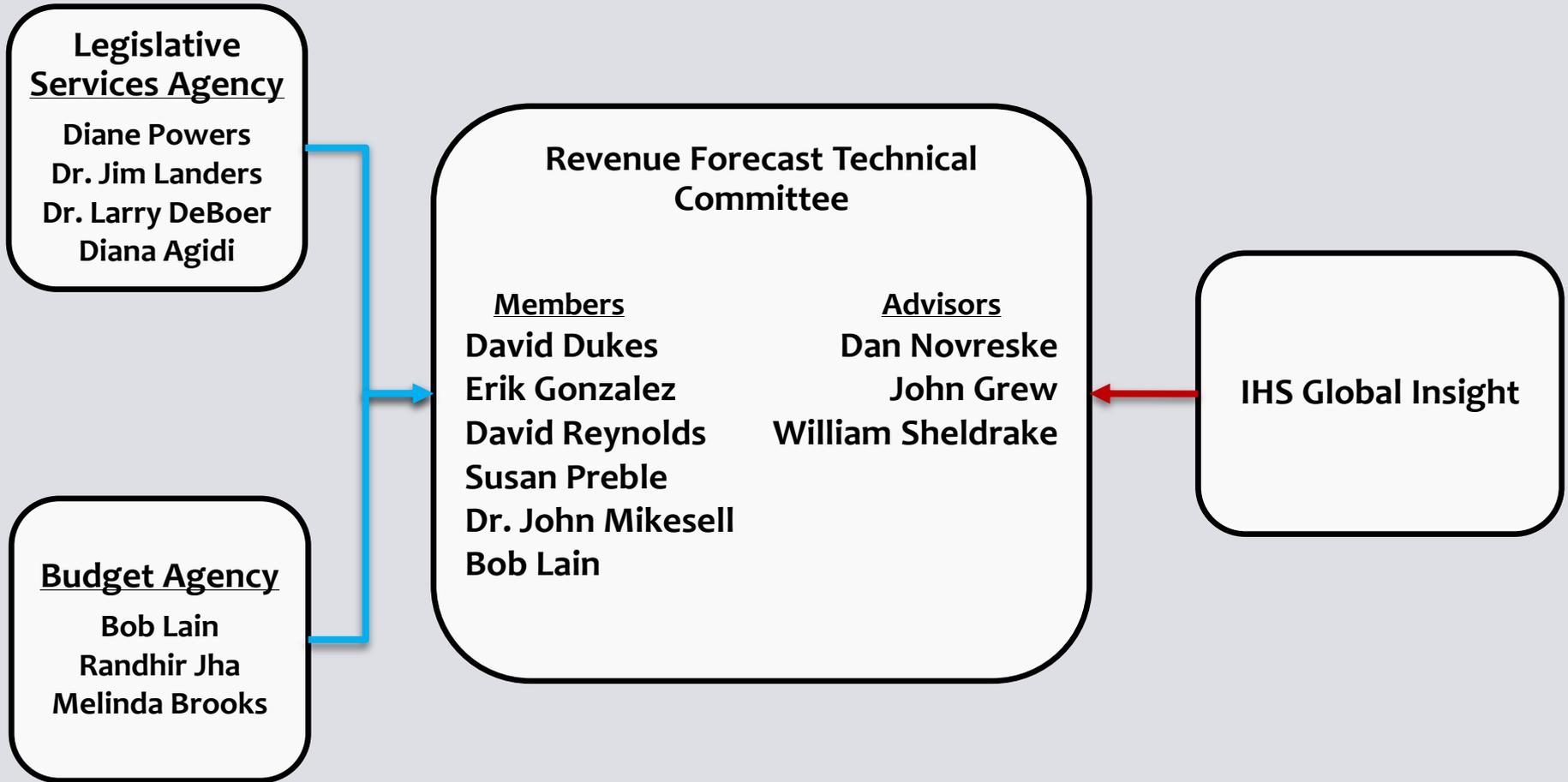


General Fund Revenue Forecast Update

Fiscal Years 2011-2013
Revenue Forecast Technical Committee

Presented to the State Budget Committee
April 15, 2011

Indiana Revenue Forecast



Considerations for this Forecast Update

Sales and Income Taxes

- Sales and Income Taxes which account for 83% of the forecast have stabilized and are growing

Model Performance

- Models are performing satisfactorily, except for Gaming

Riverboat Wagering Tax

- Riverboat Wagering Tax revenue is lagging

Potential Threats

- An unusually large and diverse number of threats suggest a cautious approach

LOIT

- No accelerated recapture of LOIT “overpayment”

Sales and Income Taxes Have Stabilized and Are Growing

- ❑ Sales and Income Tax Collections have outpaced targets every month for the past 5 months
- ❑ Actual year-to-date Sales Tax Collections through March 31st exceed Sales Tax collections for the same period last year by 5%
- ❑ Monthly Sales Tax Collections are comparatively level so year-to-date collections provide a relatively good indicator for the near term
- ❑ Actual year-to-date Individual Income Tax Collections through March 31st exceeded Income Tax Collections for the same period last year by 6.5% (after adjustment for LOIT)
- ❑ Income Tax Collections vary widely month-to-month, so year-to-date collections versus targets are less determinative
- ❑ Actual year-to-date Withholdings through March 31st exceed Withholdings for the same period last year by 6.2%

Riverboat Wagering Tax

Riverboat Wagering Tax revenue is lagging

- Short Run Issues : Weather and gas prices
- Long Run Issues : Market saturation and competition

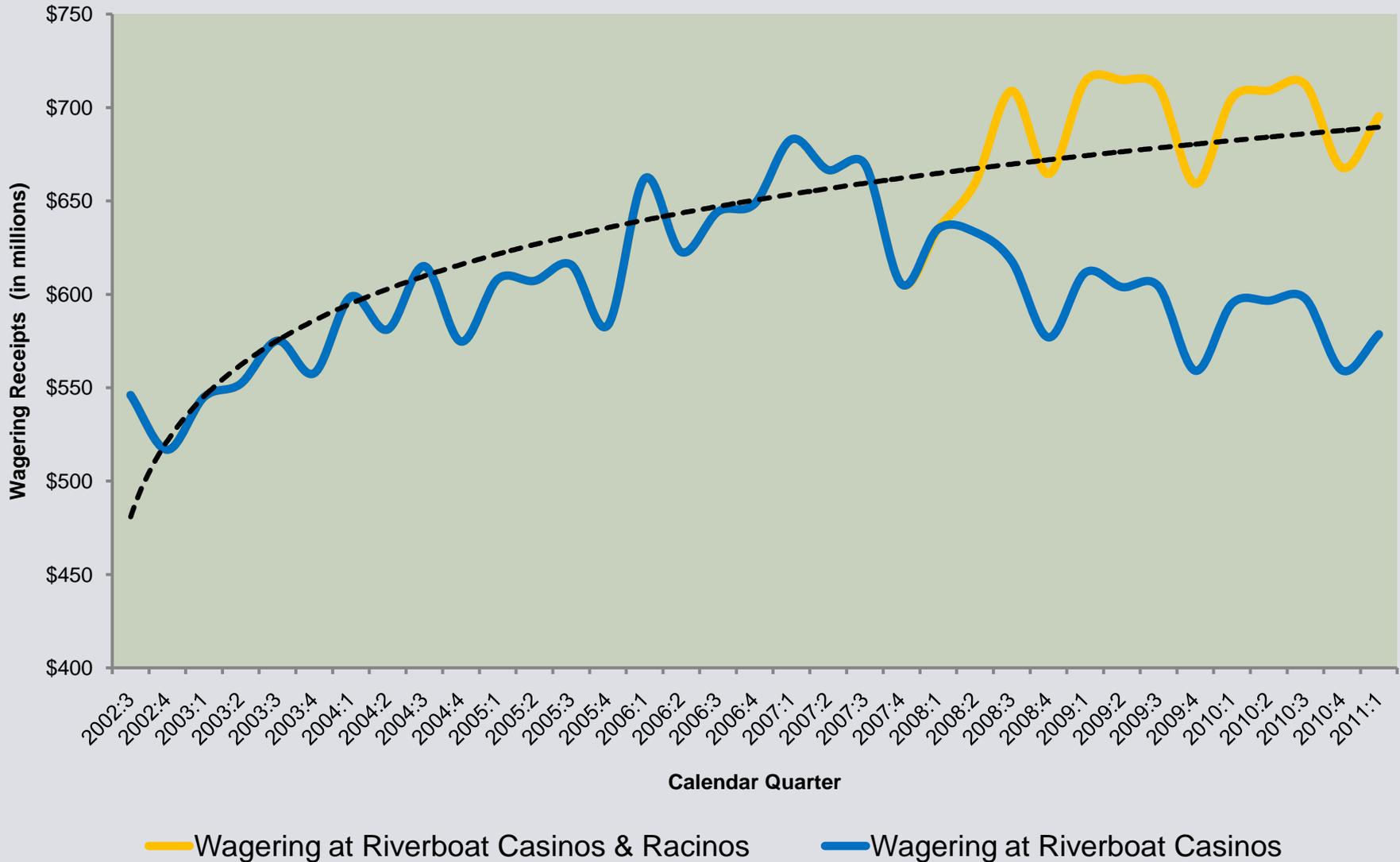
Racino growth partly due to displacement of riverboat business

- 40% to 45% of racino revenue shifted from riverboats

Larger revenue loss due to Toledo, OH casino

- Accelerated opening date
- Half-year impact in FY 2012
- Full- year impact in FY 2013

Racino Displacement



Potential Threats

High fuel and energy prices

Continuing negative impacts from the collapse of credit markets and foreclosures

Continued large federal budget deficits and inflation

Wars on three fronts

Disruptions in the supply chain could slow manufacturing and create shortages

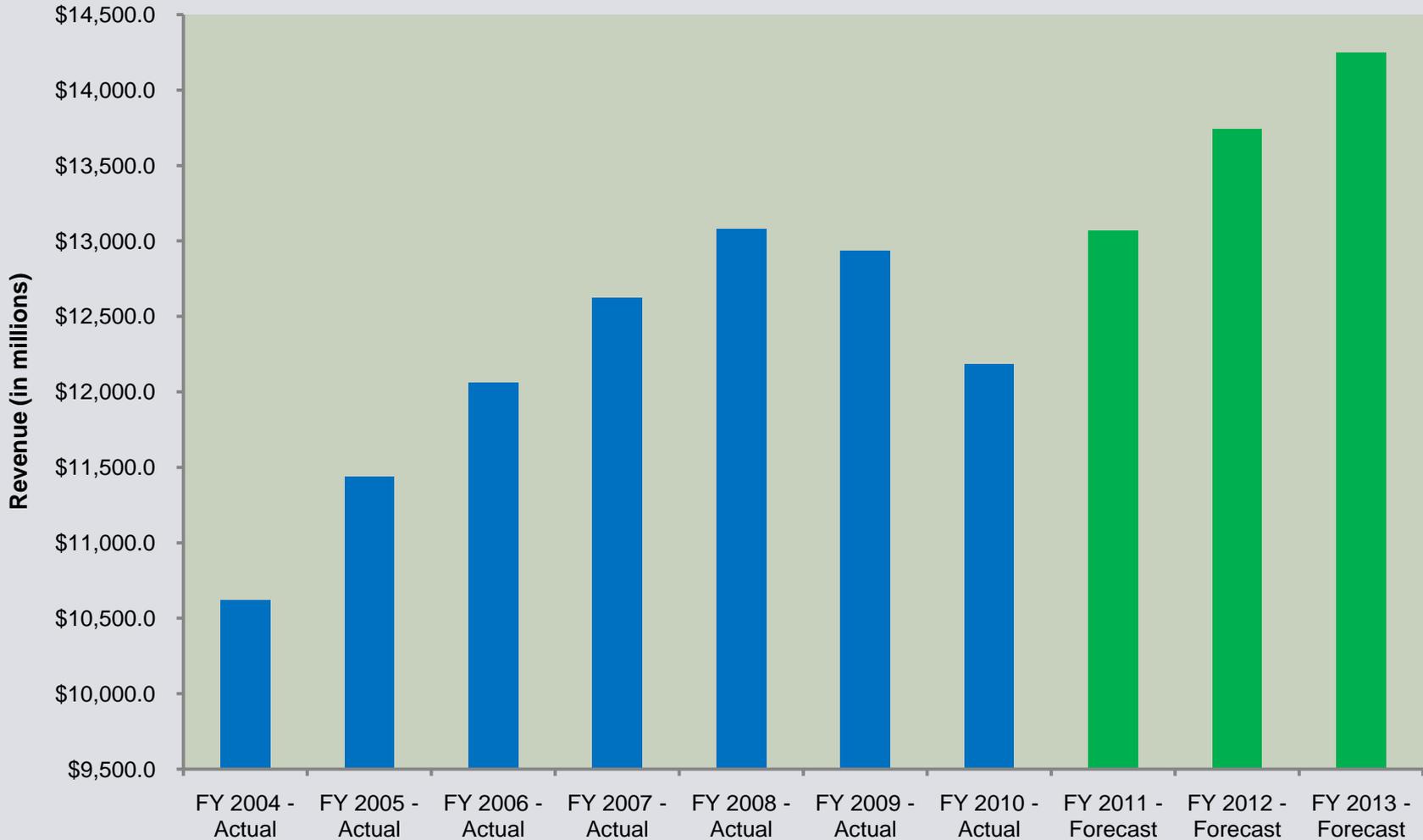
Continued high unemployment

April 2011 Forecast Results

Total General Fund Revenue Forecast
Fiscal Years 2011,2012 and 2013
April 15, 2011
(In Millions \$)

	Actual 2010	Dec. 2010	Updated	Diff. From	Percent	Percent	Dec. 2010	Updated	Diff. From	Percent	Percent	Dec. 2010	Updated	Diff. From	Percent	Percent
		Forecast	Forecast	Prior	Diff. From	Growth	Forecast	Forecast	Prior	Diff. From	Growth	Forecast	Forecast	Prior	Diff. From	Growth
		2011	2011	Forecast	Forecast	Over 2010	2012	2012	Forecast	Forecast	Over 2011	2013	2013	Forecast	Forecast	Over 2012
Major Taxes																
Sales & Use	5,914.7	6,133.0	6,213.5	80.5	1.3%	5.1%	6,337.0	6,517.7	180.7	2.9%	4.9%	6,624.0	6,796.2	172.2	2.6%	4.3%
Individual AGI	3,875.6	4,354.9	4,390.2	35.3	0.8%	13.3%	4,620.0	4,773.5	153.5	3.3%	8.7%	4,896.6	5,051.2	154.6	3.2%	5.8%
Corporate - AGI, URT, USUT, FIT	592.2	681.8	672.7	-9.1	-1.3%	13.6%	688.1	686.5	-1.6	-0.2%	2.0%	694.7	692.1	-2.6	-0.4%	0.8%
Riverboat Wagering	538.1	555.3	535.6	-19.7	-3.5%	-0.5%	573.1	556.5	-16.6	-2.9%	3.9%	550.5	530.4	-20.1	-3.7%	-4.7%
Racino Wagering	<u>120.8</u>	<u>128.1</u>	<u>128.7</u>	<u>0.6</u>	<u>0.5%</u>	<u>6.5%</u>	<u>131.7</u>	<u>127.7</u>	<u>-4.0</u>	<u>-3.0%</u>	<u>-0.8%</u>	<u>131.2</u>	<u>121.4</u>	<u>-9.8</u>	<u>-7.5%</u>	<u>-4.9%</u>
Subtotal Major Taxes	11,041.3	11,853.1	11,940.7	87.6	0.7%	8.1%	12,349.9	12,661.9	312.0	2.5%	6.0%	12,897.0	13,191.3	294.3	2.3%	4.2%
Other Revenue																
Cigarette	270.3	271.5	273.0	1.5	0.6%	1.0%	267.2	268.7	1.5	0.6%	-1.6%	265.3	265.8	0.5	0.2%	-1.1%
Insurance	176.5	177.2	177.2	0.0	0.0%	0.4%	177.2	177.2	0.0	0.0%	0.0%	177.2	177.2	0.0	0.0%	0.0%
Inheritance	133.2	135.0	145.0	10.0	7.4%	8.9%	135.0	145.0	10.0	7.4%	0.0%	135.0	145.0	10.0	7.4%	0.0%
Alcoholic Beverages	12.7	16.1	16.2	0.1	0.6%	27.9%	16.3	16.5	0.2	1.2%	1.9%	16.7	16.9	0.2	1.2%	2.4%
Riverboat Admissions	20.6	16.7	16.3	-0.4	-2.4%	-20.9%	16.7	15.9	-0.8	-4.8%	-2.5%	16.0	15.5	-0.5	-3.1%	-2.5%
Interest	25.4	25.0	25.0	0.0	0.0%	-1.6%	25.0	25.0	0.0	0.0%	0.0%	25.0	25.0	0.0	0.0%	0.0%
MV, CVET & FIT Recapture	302.0	240.9	260.9	20.0	8.3%	-13.6%	201.1	219.7	18.6	9.2%	-15.8%	200.8	200.8	0.0	0.0%	-8.6%
Miscellaneous Revenue	<u>204.8</u>	<u>215.7</u>	<u>215.8</u>	<u>0.1</u>	<u>0.0%</u>	<u>5.3%</u>	<u>213.4</u>	<u>211.5</u>	<u>-1.9</u>	<u>-0.9%</u>	<u>-2.0%</u>	<u>212.5</u>	<u>211.9</u>	<u>-0.6</u>	<u>-0.3%</u>	<u>0.2%</u>
Subtotal Other Revenue	1,145.4	1,098.1	1,129.4	31.2	2.8%	-1.4%	1,051.9	1,079.5	27.6	2.6%	-4.4%	1,048.5	1,058.1	9.6	0.9%	-2.0%
Total General Fund	12,186.7	12,951.2	13,070.1	118.9	0.9%	7.2%	13,401.8	13,741.4	339.6	2.5%	5.1%	13,945.5	14,249.4	303.9	2.2%	3.7%

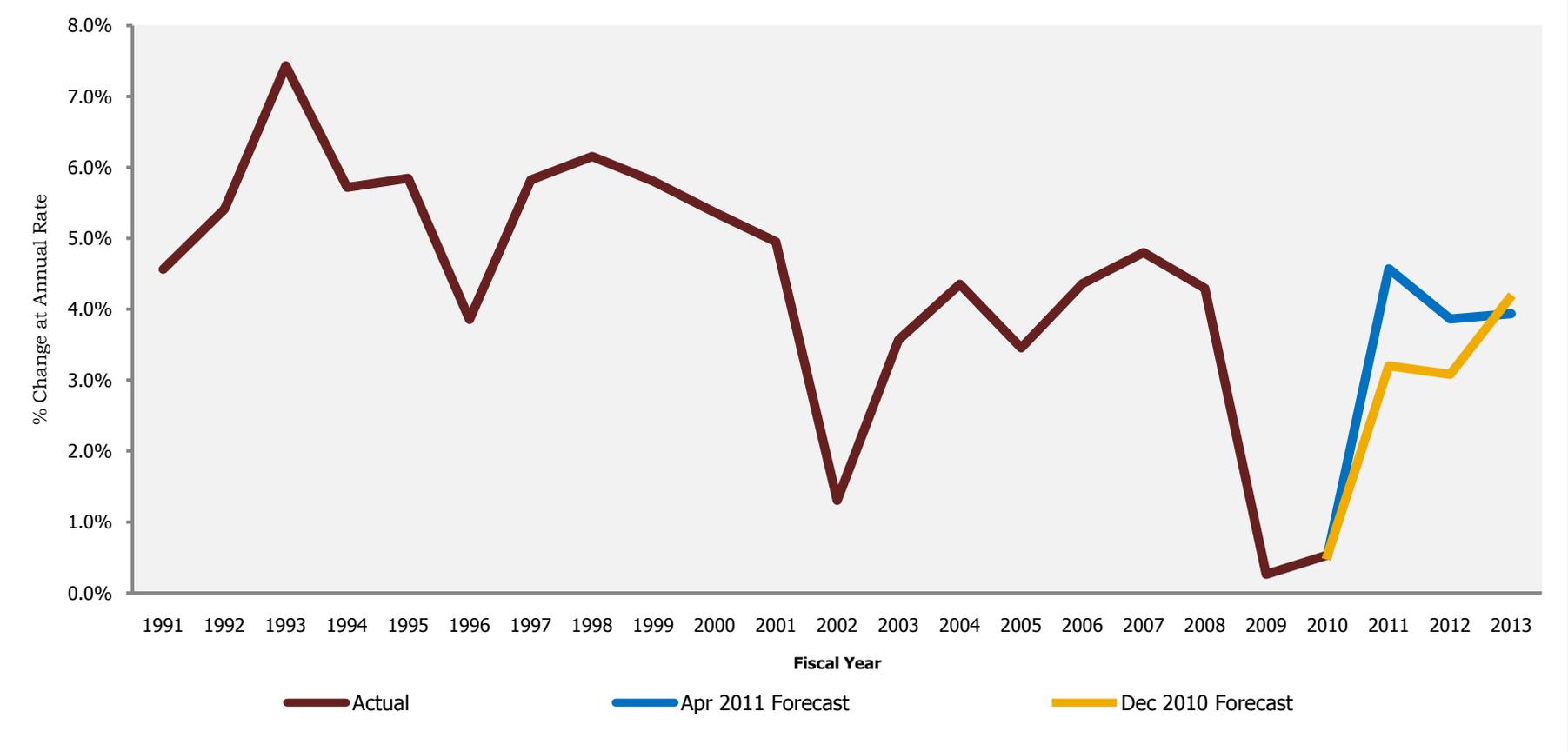
Actual and Forecast General Fund Revenue



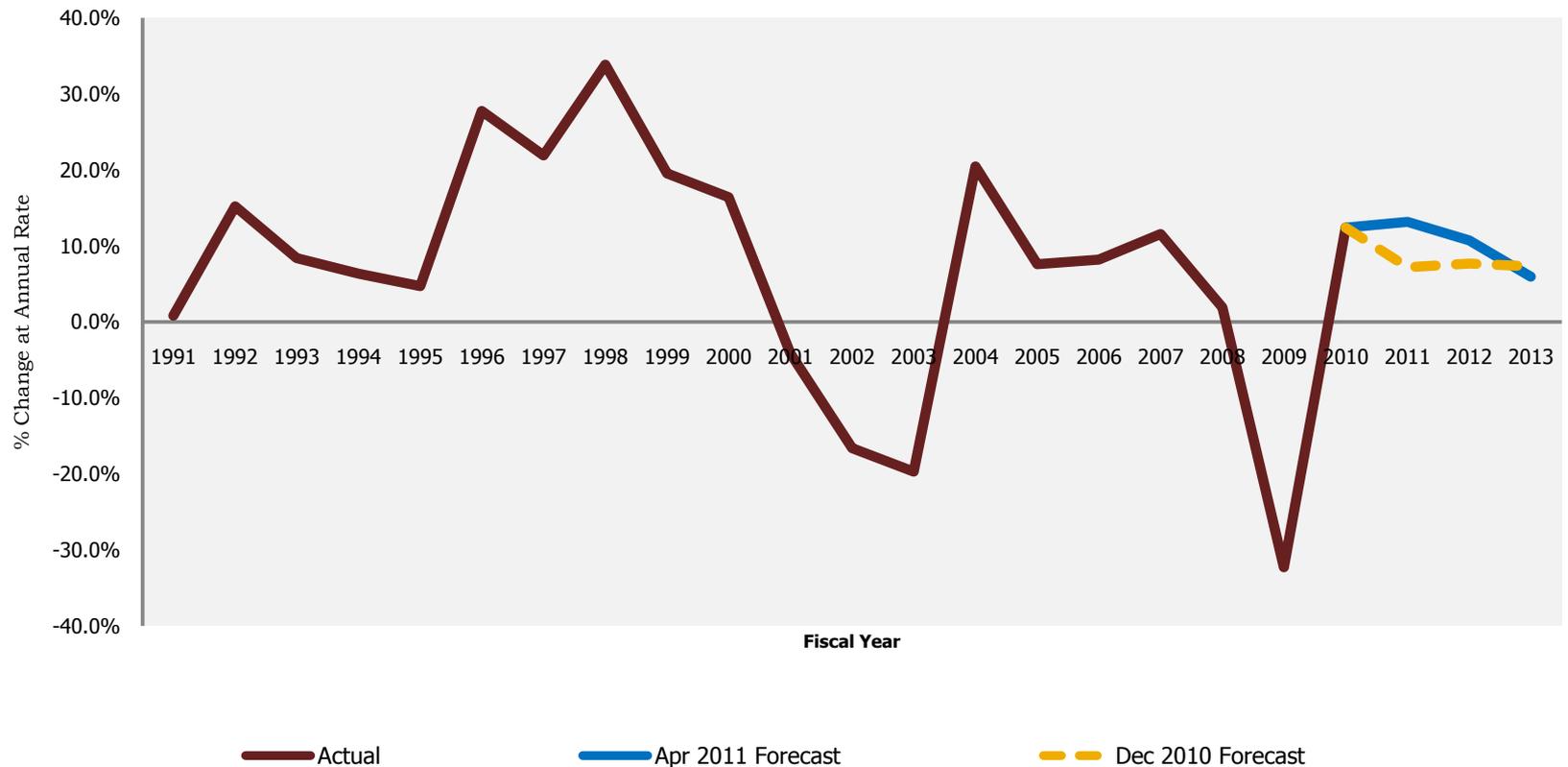
Notes : Sales Tax increased to 7% in April 2008; Prior to FY 2009, revenue numbers included the Property Tax Replacement Fund

Appendices for
April 2011 Revenue Forecast

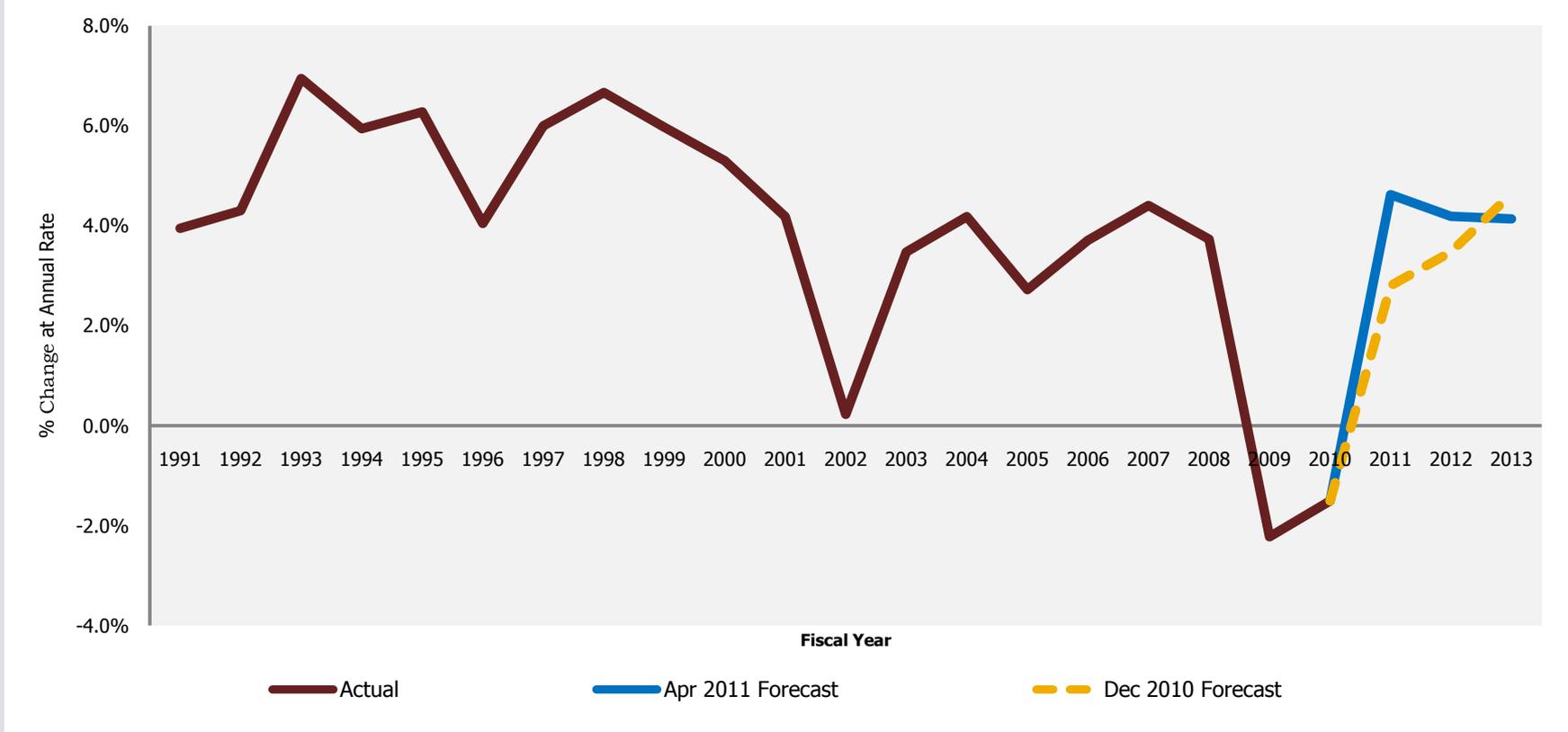
Indiana Nominal Personal Income



Standard and Poor's 500 Index of Common Stocks

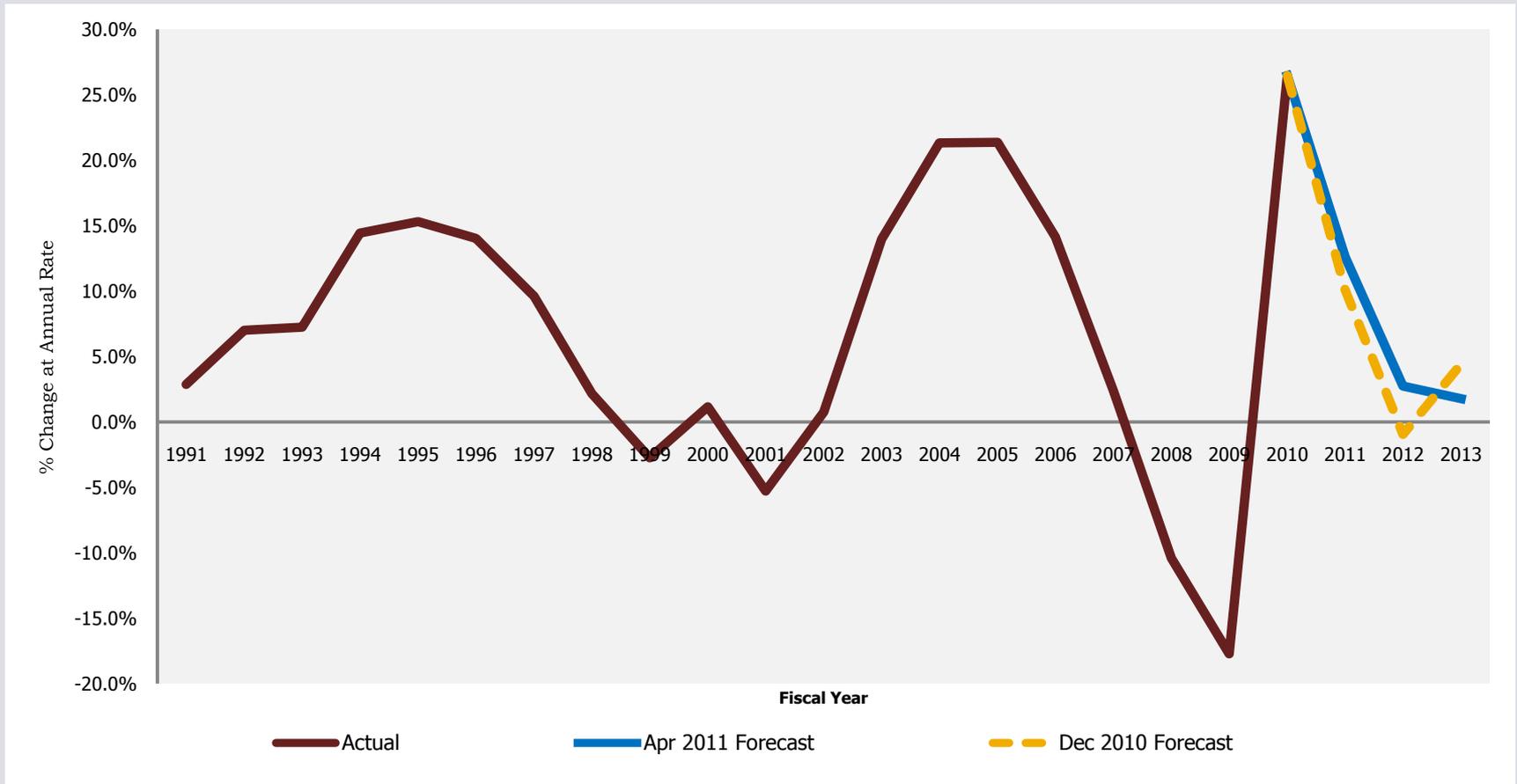


Indiana Nominal Personal Income Net of Transfer Payments



Data Source: IHS Global Insight

U.S. Corporate Profits



Changes in Economic Variables

December 2010 to April 2011

Nominal Indiana Personal Income (in millions)			
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (%) Dec 2010 to April 2011
2011	\$227,488	\$231,932	1.95%
2012	\$234,498	\$240,893	2.73%
2013	\$244,313	\$250,377	2.48%

Nominal Indiana Personal Income Net of Transfer Payments (in millions)			
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (%) Dec 2010 to April 2011
2011	\$180,508	\$185,166	2.58%
2012	\$186,786	\$192,926	3.29%
2013	\$195,455	\$200,912	2.79%

U.S. Nominal GDP (in billions)			
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (%) Dec 2010 to April 2011
2011	\$14,927	\$14,953	0.17%
2012	\$15,472	\$15,678	1.33%
2013	\$16,214	\$16,358	0.89%

Changes in Economic Variables

December 2010 to April 2011

Standard and Poor's 500 Index of Common Stocks			
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (%) Dec 2010 to April 2011
2011	1,164	1,229	5.58%
2012	1,253	1,360	8.53%
2013	1,345	1,441	7.12%

U.S. Corporate Profits (in billions)			
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011
2011	\$1,623	\$1,660	2.29%
2012	\$1,607	\$1,706	6.10%
2013	\$1,679	\$1,736	3.40%

Total Tax Revenue Estimates

Sales Tax (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$6,133.0	\$6,213.5	\$80.5	1.3%
2012	\$6,337.0	\$6,517.7	\$180.7	2.9%
2013	\$6,624.0	\$6,796.2	\$172.2	2.6%

Individual Income Tax (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$4,354.9	\$4,390.2	\$35.3	0.8%
2012	\$4,620.0	\$4,773.5	\$153.5	3.3%
2013	\$4,896.6	\$5,051.2	\$154.6	3.2%

Corporate Taxes (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$681.8	\$672.7	(\$9.1)	-1.3%
2012	\$688.1	\$686.5	(\$1.6)	-0.2%
2013	\$694.7	\$692.1	(\$2.6)	-0.4%

Total Tax Revenue Estimates

Gaming Taxes (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$683.4	\$664.3	(\$19.1)	-2.8%
2012	\$704.8	\$684.2	(\$20.6)	-2.9%
2013	\$681.7	\$651.8	(\$29.9)	-4.4%

Other Taxes (Includes FIT, Excise, CVET Transfer) (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$1,098.1	\$1,129.4	\$31.2	2.8%
2012	\$1,051.9	\$1,079.5	\$27.6	2.6%
2013	\$1,048.5	\$1,058.1	\$9.6	0.9%

Total General Fund Taxes (in millions)				
Fiscal Year	Dec 2010 Forecast	April 2011 Forecast	Difference (\$) Dec 2010 to April 2011	Difference (%) Dec 2010 to April 2011
2011	\$12,951.2	\$13,070.1	\$118.9	0.9%
2012	\$13,401.8	\$13,741.4	\$339.6	2.5%
2013	\$13,945.5	\$14,249.4	\$303.9	2.2%