



STATE OF INDIANA

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The monthly revenue report of April 2009 state tax collections was released today.

Results

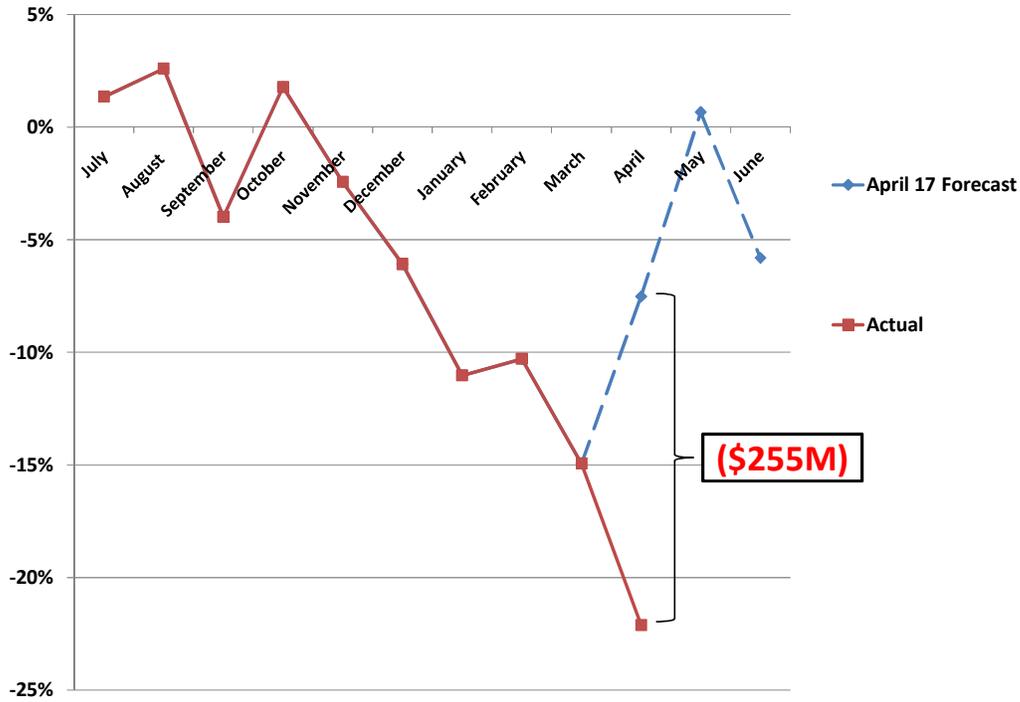
- Total revenue collections were \$1.367 billion, 22% below collections for the same period last year. Total collections were \$255 million (15%) below the April 2009 forecast amount. Year to date collections are 8% below prior year.
- Sales tax collections totaled \$417 million for the month, 12% below collections for the same period last year—the largest decline on a percentage basis this fiscal year. This is the sixth consecutive month of lower collections compared to prior year. Year to date collections are 4% below last year. A 4% decline in sales tax collections for the entire year would be the worst in state history.
- Individual income tax collections totaled \$596 million for the month, 31% below collections for the same period last year. Year to date collections are 12% below prior year. A decline of this magnitude is unprecedented in the last twenty five years.

Commentary

Total tax collections dramatically missed the most recent revenue forecast—a forecast that is less than three weeks old. The skepticism noted by Governor Daniels and numerous legislative fiscal leaders over the forecast's prediction of a sudden near improvement in revenue collections has proven correct. In April alone, actual collections missed the revised forecast by \$255 million, five times the expected loss for April, May and June collectively. If the April trend continued for May and June, the forecast would miss by hundreds of millions of dollars more.

It is demonstrably clear that a new revenue forecast will be necessary before the General Assembly reconvenes to adopt the biennial budget in a special session. Based upon April's results, the budget that the General Assembly was considering in April was based upon a revenue forecast that relied upon over \$1 billion in revenues that are highly unlikely to be realized. Passing that budget would have totally consumed the state's reserves before the end of FY 2011 and created a structural deficit entering FY 2012 of nearly \$1 billion.

Year-Over-Year Revenue Collections



Budgeted Revenue Comparison



The Cliff

