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The monthly revenue report of April 2010 state tax collections was released today.

Results

- Total revenue collections were \$1.437 billion, \$14 million (1%) below total collections for the same period last year. Collections were \$82 million below the amount used in the June 2009 as passed budget.
- Sales tax collections totaled \$517 million for the month, \$30 million above collections for the same period last year.
- Individual income tax collections totaled \$578 million for the month, \$18 million below collections for the same period last year.

Commentary

Revenue collections through ten months of the current state fiscal year are \$949 million or 10% below the budget passed by the General Assembly. Revenue collections have been below the budget plan for nine of the ten months of the fiscal year. The as passed budget estimated 2% growth in tax revenue for FY 2010 compared to FY 2009. Actual year to date tax collections are 8% below prior year.

Total tax collections for the month of April are the lowest since FY 2004. To realize the budget forecast for the fiscal year, revenue collections for the next two months would have to exceed by 2 ½ times the May and June 2009 levels.

Sales tax collections, though higher than April 2009, are lower than FY 2008, FY 2007 and even FY 2006 levels. Year to date sales tax collections are 5% below prior year. If the -5% trend continues for the full fiscal year it will be the worst performance in state history, exceeding FY 2009's record of -4.7%. The budget as passed projected sales tax collections equal to prior year.

April individual income tax collections are the lowest in five years. Year to date income tax collections are 11% below prior year—on top of an 11% decline for FY 2009. The budget as passed projected a 1% decline in individual income tax collections for FY 2010.

Given that revenues once again underperformed the forecast used to craft the budget, even after actions taken to reduce budgeted spending, the state's reserves were drawn down further in April. Revenues for the first ten months are \$9.754 billion. Spending for the first ten months, after the reductions ordered by the Governor, is approximately \$10.384 billion. Therefore, reserves have been reduced by \$630 million through ten months, or about one-half of the total \$1.3 billion in state reserves at the beginning of this budget cycle.

"There's no arguing with these numbers. Without our actions to restrain spending, all of our reserves would be gone sometime this year and we'd be in the shape of most other states," said Governor Mitch Daniels. "Anyone attacking the reduction measures we've been forced to take is demanding a tax increase and should identify which taxes they want to go up."

May 4, 2010