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

Results

- Total revenue collections were \$622 million, 10% below total collections for the same period last year. Total collections were \$42 million below the December 2008 forecast amount. Year to date collections are 3.8% below prior year.
- Sales tax collections totaled \$400 million for the month, 7% below collections for the same period last year. This is the fourth consecutive month of lower collections compared to prior year. This is the first time on record that sales tax collections have declined compared to prior year for four consecutive months. Year to date collections are 2% below last year.
- Individual income tax collections totaled \$139 million for the month, 8% below collections for the same period last year. Year to date collections remain 5% below prior year. Only twice in the last thirty years have individual income tax revenues finished the year 5% or more below prior year collections (FY 1980; FY 2002).

Commentary

For the third consecutive month tax collections have lagged the most recent forecast. The deterioration of the world and national economy, most recently evidenced by the negative 6.2% U.S. GDP fourth quarter report, continues to materially impact actual state tax collections. Based on recent economic data, pessimistic commentary from economists and these results, it appears highly likely that the December revenue forecast was too optimistic.

These results underscore how essential it is to keep spending down, taxes low and focus limited resources on priorities such as education, public safety and the protection of children. Given the magnitude of the declines in revenue over the past three months, it is difficult to predict the bottom. Until we see signs of a bottom, the scarce dollars entrusted to us by Hoosier taxpayers must continue to be used efficiently and we must continue to identify additional opportunities to save taxpayer dollars.

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