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

Results

- Total revenue collections were \$867 million, 16% below total collections for the same period last year. Total collections were \$76.5 million below the forecast amount.
- Sales tax collections totaled \$518 million for the month, 11% below collections for the same period last year.
- Individual income tax collections totaled \$190.3 million for the month, 35% below collections for the same period last year.

Commentary

As evidenced by July revenue collections, maintaining the state's sound and enviable fiscal condition will continue to require caution and care with tax dollars. Sales tax collections have been consistently declining 10% compared to prior year, a trend that continued again in July. This should come as no surprise given tightening consumer credit conditions and a dramatically higher personal savings rate.

Individual income tax collections for the last six months are 20% below the same six month period last year. Income tax withholdings on wages and salaries are declining while refunds are increasing. Withholdings were down 16% in July, the 8th month in a row of declines compared to prior year. Refunds in July were more than twice the amount of July refunds in prior years. Income tax collections for the last six months are consistent with federal income tax revenues which are on pace to decline 22% this year, the worst performance since the Great Depression.

Tax revenues from the two horse track casinos continue to outperform the state's estimates.

Note on Format of Revenue Report

The Property Tax Replacement Fund was eliminated January 1, 2009. All revenue previously deposited in the PTRF is now deposited in the General Fund. The page separating total collections into these two funds has been removed from the Report.

For informational purposes, gaming tax revenues received by the state have been separated into riverboat wagering and racino wagering on Page 1 of the Report.

The Budget Plan Targets differ slightly from the General Fund Targets because the Budget Plan Targets include the impact on revenue collections from acts adopted by the Indiana General Assembly in 2009.

The budget bill changed the distribution of cigarette tax revenues related to the retiree medical benefits and the health benefit and wellness tax credit accounts. Pages 3 and 5 of the Report have been adjusted to reflect those changes.

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