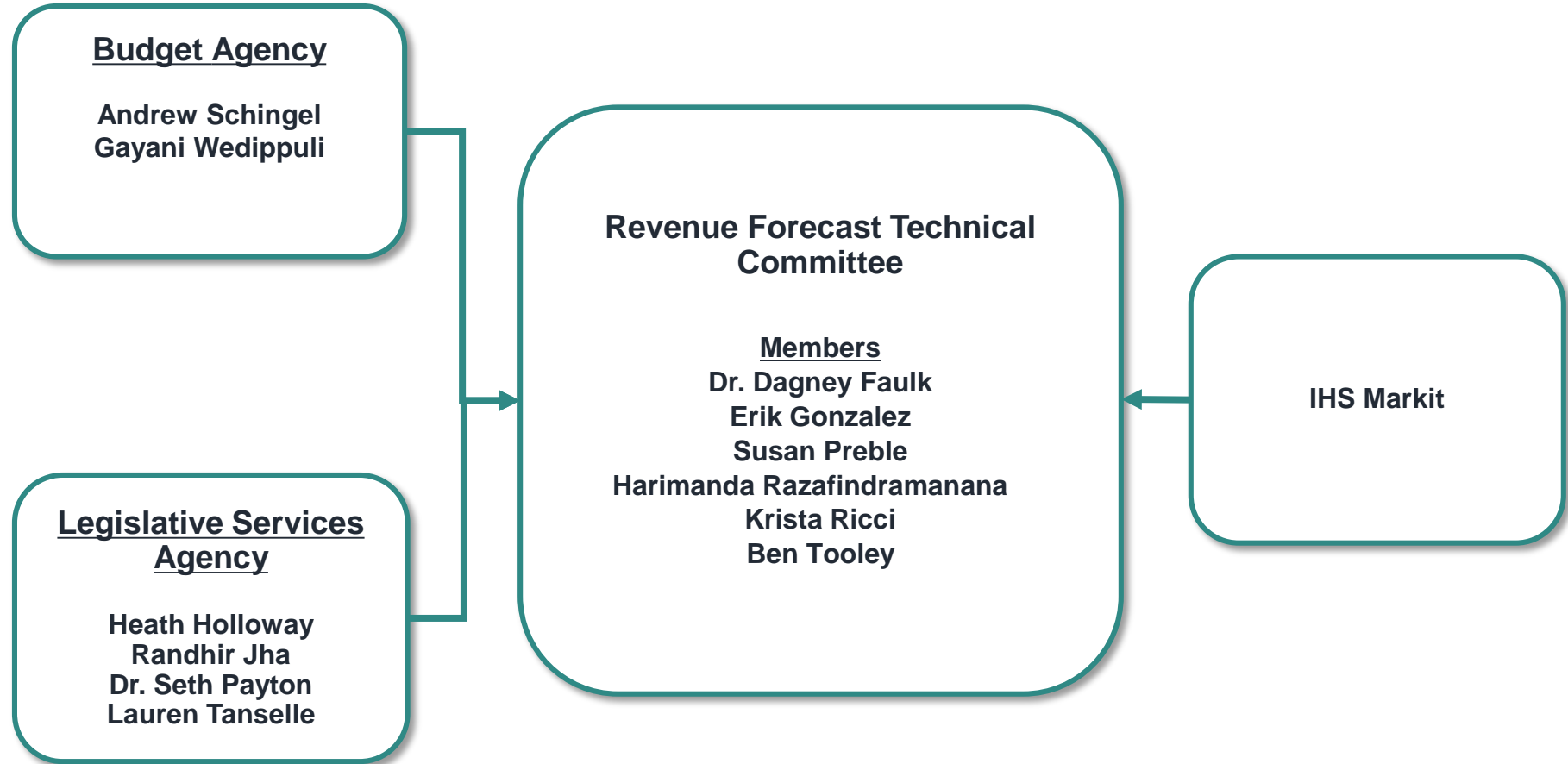


General Fund Revenue Forecast

**Fiscal Years 2021, 2022 and 2023
Revenue Forecast Technical Committee**

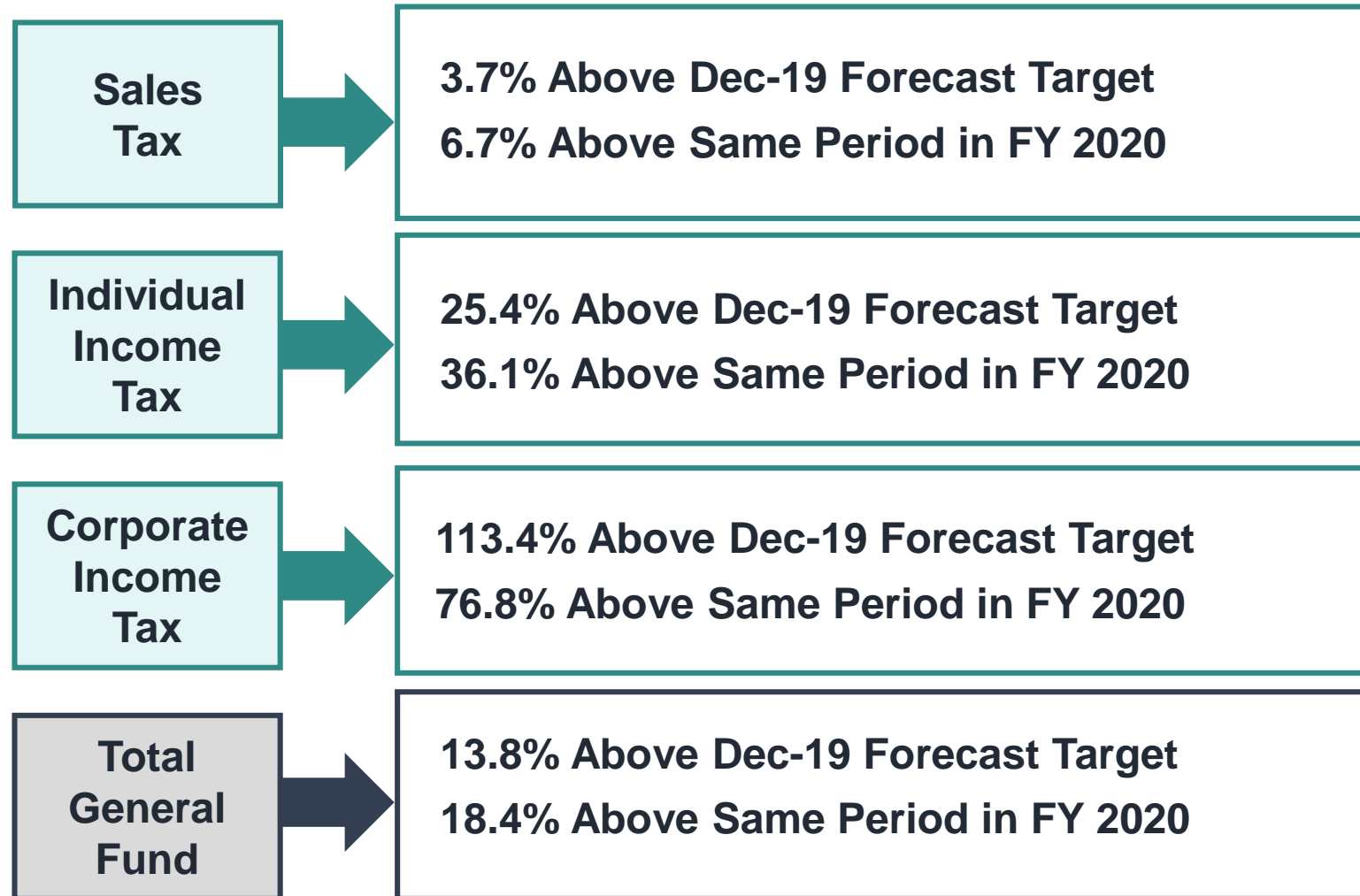
**Presented to the State Budget Committee
December 16, 2020**

Indiana Revenue Forecast



Performance of Major Revenue Sources

Year-To-Date Through Nov 30th FY 2021



Economic Forecast Overview



U.S. economy is estimated to grow at a slow pace in early 2021, with stronger GDP growth expected in the second half of 2021.



2020 Q3 showed an unexpected growth in consumer spending on goods but recovery in services has lagged the broader growth in consumption. Spending on services will likely remain subdued until the pandemic recedes.



Uncertainty around the length of the pandemic and an additional federal stimulus package are some of the key unknowns going into 2021.



Indiana's unemployment rate is estimated to decline from about 5% currently to about 4% by the end of the next biennium. The leisure & hospitality sector will continue to lag the recovery in employment.

Legislative Changes Incorporated

Fiscal Impact from 2019 Session

- Sales tax collections from remote sellers.
- Various gaming tax changes.
- Federal Tax Cuts and Jobs Act conformity.

Ongoing Corporate Income Tax Rate Reduction

- 5.25% in FY 2021
- 4.90% in FY 2022 and thereafter.

Ongoing Financial Institutions Tax Rate Reduction

- 6.00% in CY 2020
- 5.50% in CY 2021
- 5.00% in CY 2022
- 4.90% in CY 2023 and thereafter.

Gasoline Use Tax Distributions to State General Fund

- Distributed like the rest of the sales tax in FY 2016
- 85.714% in FY 2017
- 71.428% in FY 2018
- 64.285% in FY 2019
- 53.575% in FY 2020
- 42.865% in FY 2021
- 32.155% in FY 2022
- 21.445% in FY 2023

Revenue Estimators

Sales Tax

Gasoline Use Tax	
Indiana Real GSP, Retail Trade	U.S. Demand for Petroleum as a % of All Fuel
U.S. Summer Gas Price * Fuel Efficiency	
Remaining Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
U.S. Household Financial Obligation Ratio	Prior FY Home Sales

Individual Income Tax

Estimated Payment & Others	
U.S. Dividend & Interest Income	U.S. Household Holding of Corp. Equities
Withholdings	
Indiana Adj. Wages & Salaries	
Prior Year Births	AR1
Refunds	
A Set Share of Withholding + Estimated Payment & Others	

Corporate Income Tax

Corporate Adjusted Gross Income
U.S. Before Tax Corporate Profits with Adjustments
Industrial Production Index Transportation Equipment
Net U.S. International Investment Position
FY Tax Rate Change

Other Adjustments to Forecast

Recognition of:

Sales Tax:

- ❖ Enforcement of Economic Nexus Threshold Following U.S. Supreme Court Decision (*South Dakota v. Wayfair, Inc., 2018*)
- ❖ Marketplace Facilitators Required to Collect Sales Tax

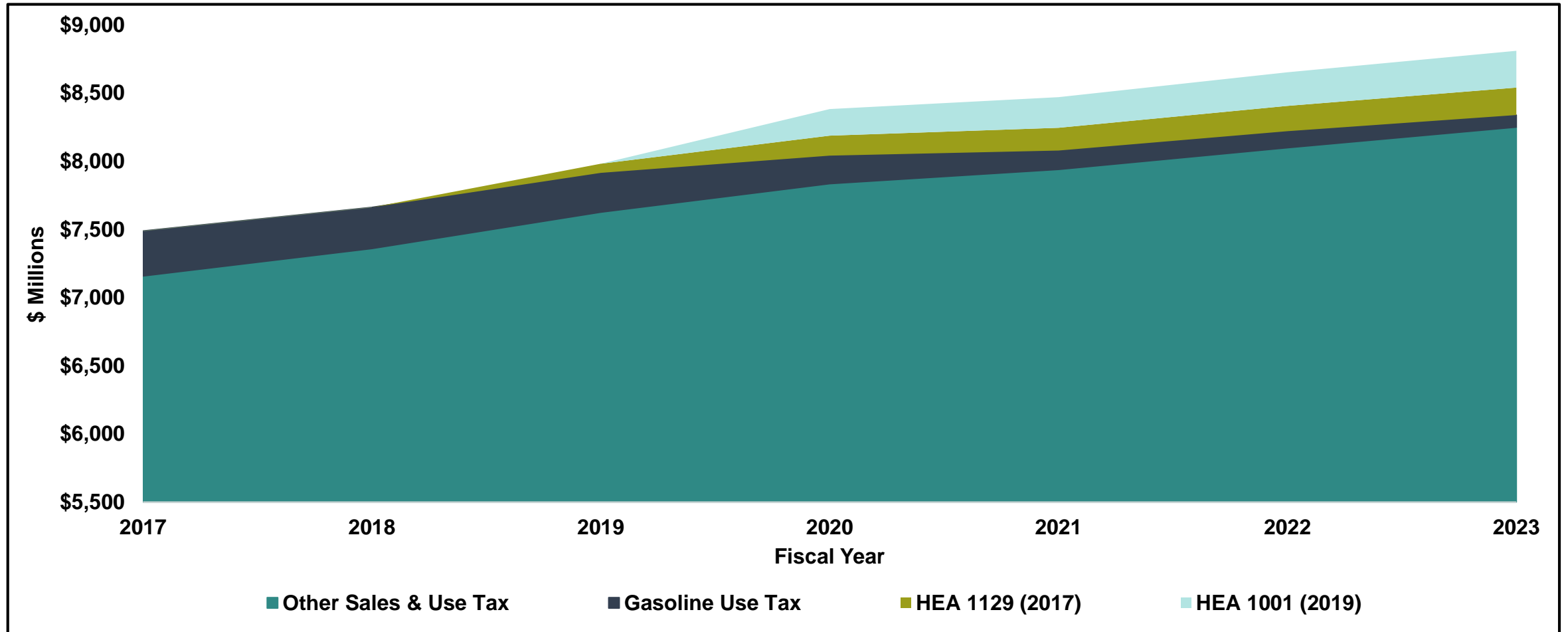
Gaming Tax:

- ❖ Table Games at the Racinos
- ❖ Vigo County Casino

Miscellaneous:

- ❖ Sports Wagering Tax
- ❖ Casino License Fees

Components of the Sales Tax Forecast



HEA 1129 (2017): Enforcement of the economic nexus threshold requirements began on October 1st, 2018.

HEA 1001 (2019): Enforcement of marketplace facilitator collections began on July 1st, 2019.

December 2020 Forecast Results

Total Tax Revenue Estimates

December 16, 2020, Revenue Forecast

Sales Tax (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	8,459.8	8,470.2	428.2	5.3%	10.4	0.1%
2022		8,652.9	182.7	2.2%		
2023		8,810.2	157.3	1.8%		
Individual Income Tax (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	6,395.5	6,972.9	1,701.1	32.3%	577.4	9.0%
2022		6,369.3	-603.6	-8.7%		
2023		6,601.1	231.8	3.6%		
Corporate Income Tax (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	872.4	881.6	190.8	27.6%	9.2	1.1%
2022		765.1	-116.5	-13.2%		
2023		888.3	123.2	16.1%		

Total Tax Revenue Estimates

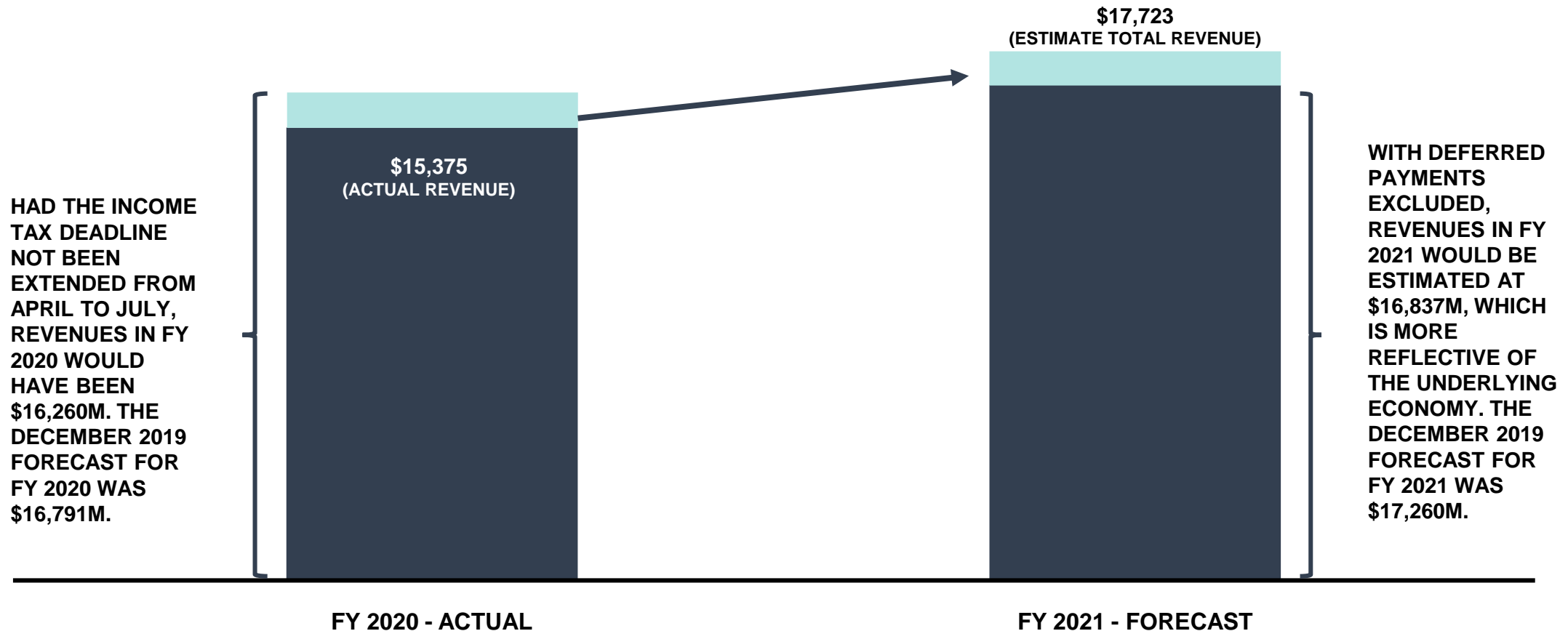
December 16, 2020, Revenue Forecast

Gaming Taxes (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	454.5	385.5	94.8	32.6%	-69.0	-15.2%
2022		421.7	36.2	9.4%		
2023		429.5	7.8	1.8%		
Other Taxes (Includes MVET/ CVET Recapture) (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	1,077.7	1,012.2	-66.9	-6.2%	-65.5	-6.1%
2022		1,005.6	-6.6	-0.7%		
2023		1,007.2	1.6	0.2%		
Total General Fund Taxes (in millions \$)						
Fiscal Year	Dec-19 Forecast	Dec-20 Forecast	Growth Over Prior Year		Difference Dec-2019 Forecast to Dec-2020 Forecast	
2021	17,259.9	17,722.5	2,348.0	15.3%	462.6	2.7%
2022		17,214.6	-507.9	-2.9%		
2023		17,736.3	521.7	3.0%		

Adjusted Revenues for FY 2020 and FY 2021 (After Deferred Tax Deadline Adjustments)

IMPACT OF DEFERRED PAYMENTS IN FY 2020 AND FY 2021 (\$ IN MILLIONS)

DUE TO A DELAY IN THE INCOME TAX DUE DATE FROM APRIL 2020 TO JULY 2020, \$885.1M OF INDIVIDUAL AND CORPORATE INCOME TAX PAYMENTS WERE SHIFTED FROM FY 2020 TO FY 2021.



Revenue Forecast Annual Growth Rate

(After Deferred Tax Deadline Adjustments)

Fiscal Year	As Received		As Adjusted for Deferred Tax Deadline	
	Total GF Revenue (in \$ M)		Total GF Revenue (in \$ M)	
	Actual/Forecast	Growth	Actual/Forecast	Growth
2020	15,374.5	-6.3%	16,259.5	-0.9%
2021	17,722.5	15.3%	16,837.4	3.6%
2022	17,214.6	-2.9%	17,214.6	2.2%
2023	17,736.3	3.0%	17,736.3	3.0%

Total General Fund Revenue Forecast

Fiscal Years 2021, 2022 and 2023

December 16, 2020 (in millions \$)

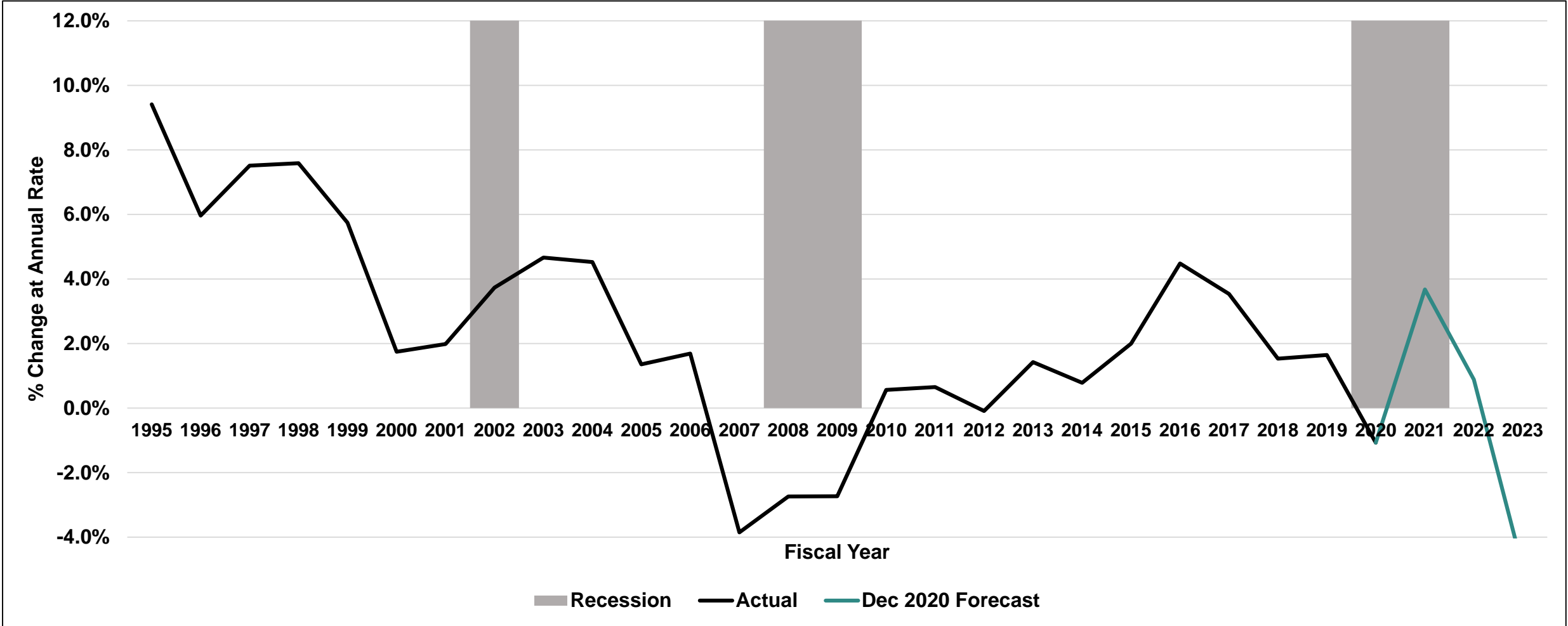
		FISCAL YEAR 2020				FISCAL YEAR 2021				FISCAL YEARS 2022-2023			
		Dec. 2019 Forecast 2020	Actuals 2020	Actuals Without Deferred Pmts 2020	Dec. 2020 Year over Year Growth	Dec. 2019 Forecast 2021	Dec. 2020 Forecast 2021	Forecast Without Deferred Pmts 2021	Dec. 2020 Year over Year Growth	Dec. 2020 Forecast 2022	Dec. 2020 Year over Year Growth	Dec. 2020 Forecast 2023	Dec. 2020 Year over Year Growth
Major Taxes	Actual 2019												
Sales & Use	7,915.0	8,205.0	8,042.0	8,042.0	1.6%	8,459.8	8,470.2	8,470.2	5.3%	8,652.9	2.2%	8,810.2	1.8%
Individual Income	6,057.0	6,202.1	5,271.8	5,998.9	-13.0%	6,395.5	6,972.9	6,245.9	32.3%	6,369.3	-8.7%	6,601.1	3.6%
Corporate - AGI, URT, USUT, FIT	948.3	874.9	690.8	848.8	-27.1%	872.4	881.6	723.7	27.6%	765.1	-13.2%	888.3	16.1%
Riverboat Wagering	311.6	304.5	200.3	200.3	-35.7%	311.0	259.5	259.5	29.6%	280.0	7.9%	287.2	2.6%
Racino Wagering	119.4	131.4	90.4	90.4	-24.3%	143.5	126.0	126.0	39.4%	141.7	12.5%	142.3	0.4%
Subtotal Major Taxes	15,351.2	15,717.9	14,295.3	15,180.4	-6.9%	16,182.2	16,710.2	15,825.2	16.9%	16,208.9	-3.0%	16,729.1	3.2%
Other Revenue													
Cigarette	232.4	227.5	235.0	235.0	1.1%	219.4	245.1	245.1	4.3%	246.8	0.7%	238.3	-3.4%
Insurance	251.6	257.3	243.4	243.4	-3.2%	263.3	236.2	236.2	-2.9%	242.1	2.5%	248.0	2.5%
Inheritance	0.2	0.0	0.1	0.1	-43.2%	0.0	0.0	0.0	-100.0%	0.0	N/A	0.0	N/A
Alcoholic Beverages	19.4	19.8	19.7	19.7	1.6%	19.9	20.2	20.2	2.4%	20.0	-1.0%	20.1	0.5%
Riverboat Supplemental Wagering Tax	12.2	9.4	7.0	7.0	-42.9%	9.3	8.9	8.9	27.3%	9.6	7.9%	9.6	0.0%
Interest	115.3	115.0	112.2	112.2	-2.7%	95.0	37.0	37.0	-67.0%	17.7	-52.2%	21.5	21.5%
Motor & Commercial Vehicle Excise	275.2	283.3	275.8	275.8	0.2%	291.3	288.8	288.8	4.7%	289.5	0.3%	296.6	2.5%
Miscellaneous Revenue	148.6	160.6	185.9	185.9	25.1%	179.6	176.0	176.0	-5.3%	180.0	2.2%	173.1	-3.8%
Subtotal Other Revenue	1,054.9	1,072.8	1,079.1	1,079.1	2.3%	1,077.7	1,012.2	1,012.2	-6.2%	1,005.6	-0.7%	1,007.2	0.2%
Total General Fund	16,406.2	16,790.8	15,374.5	16,259.5	-6.3%	17,259.9	17,722.5	16,837.4	15.3%	17,214.6	-2.9%	17,736.3	3.0%

TOTALS MAY NOT MATCH DUE TO ROUNDING

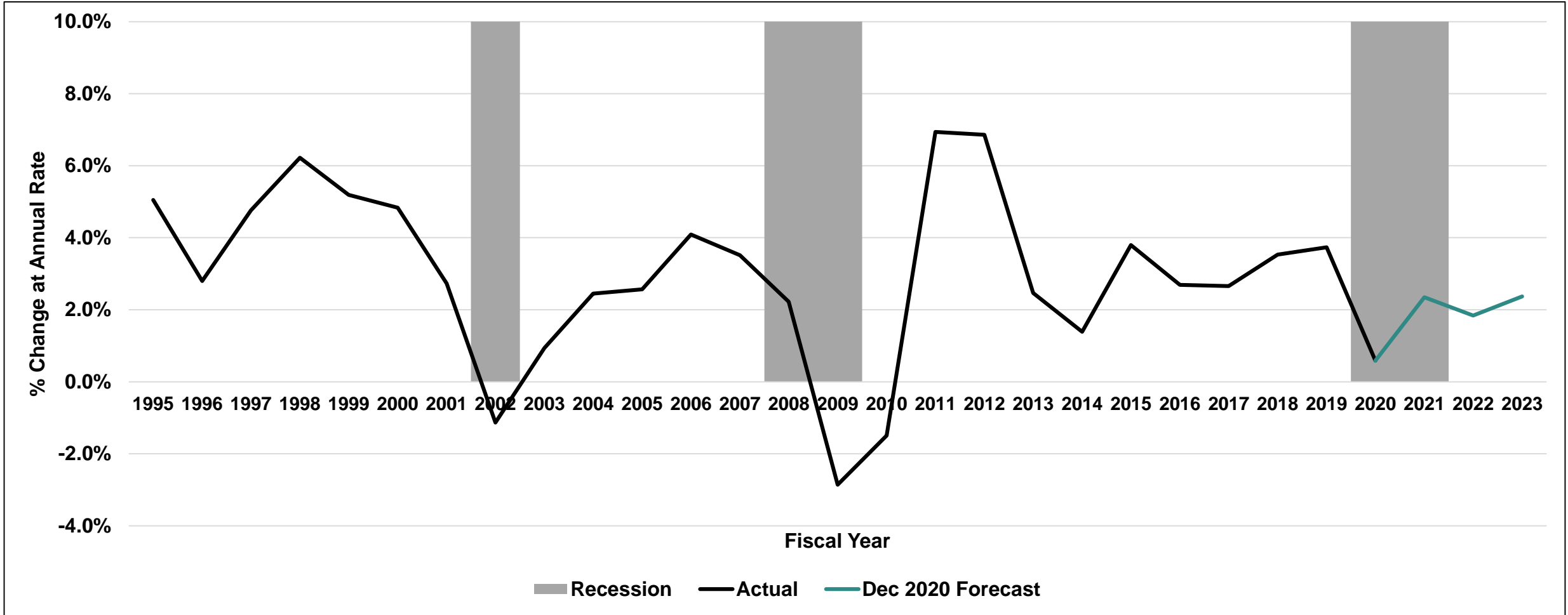
Excluding Tax Deferred Payments ->	Dec. 2020 Forecast for FY 2021	16,837.4	-2.4%	Below Dec. 2019 Forecast
FY20-21 Biennium ->	Difference Dec. 2020 vs Dec. 2019 Forecast	(953.7)	-2.8%	Below Dec. 2019 Forecast

Appendices for December 2020 Revenue Forecast

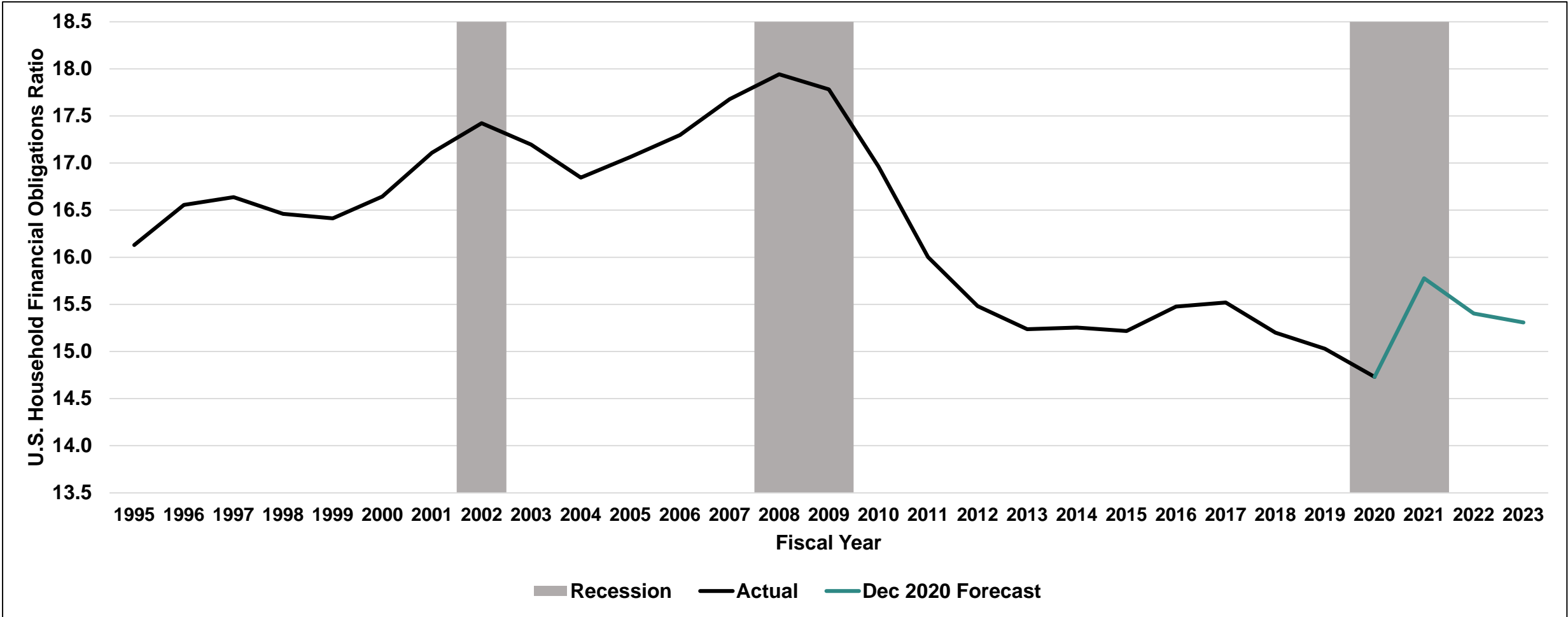
Indiana Real GSP, Retail Trade



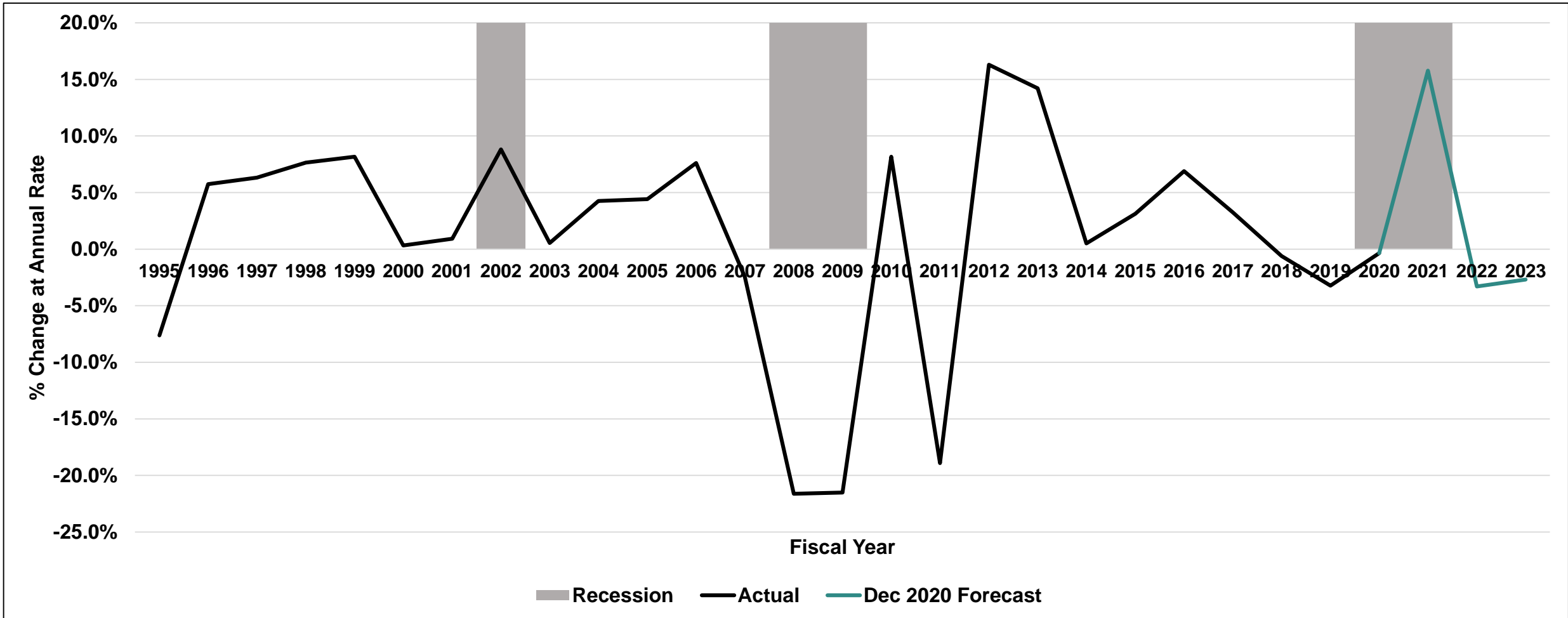
Indiana Personal Income Net of Transfer Payments Per Household



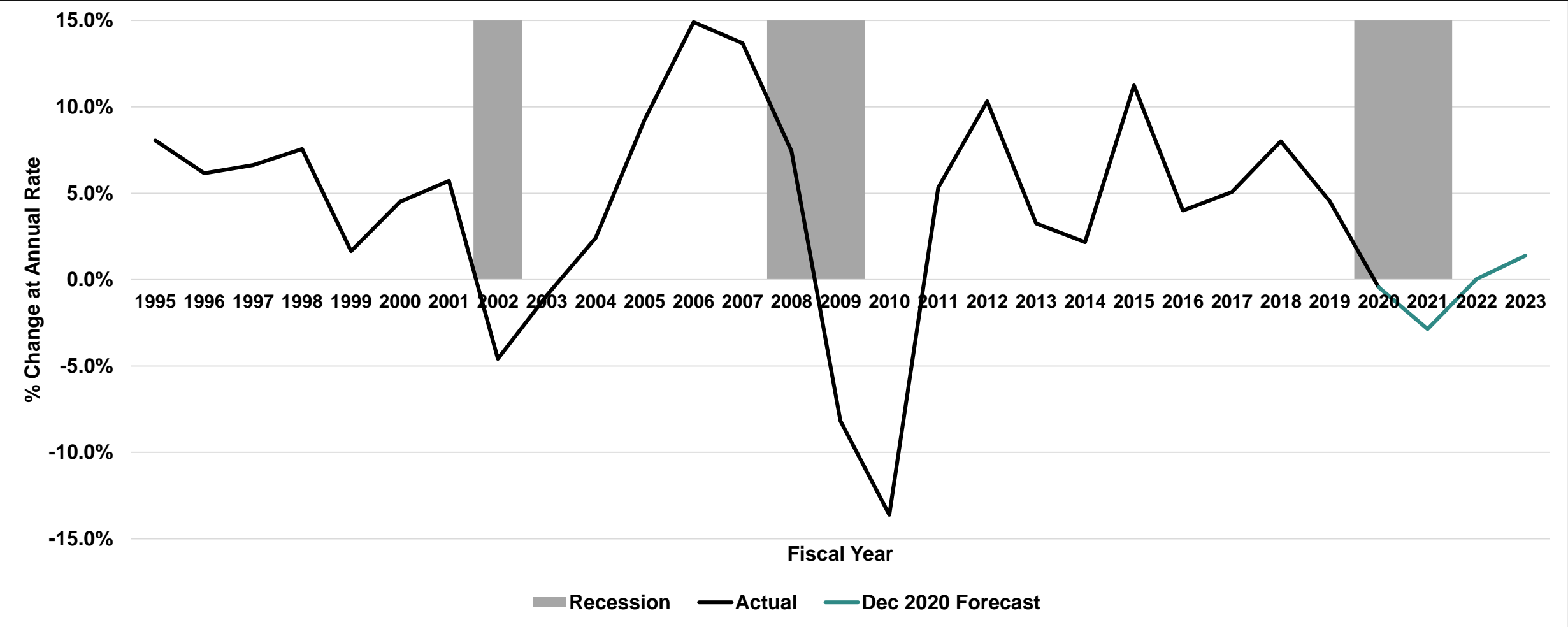
U.S. Household Financial Obligations Ratio



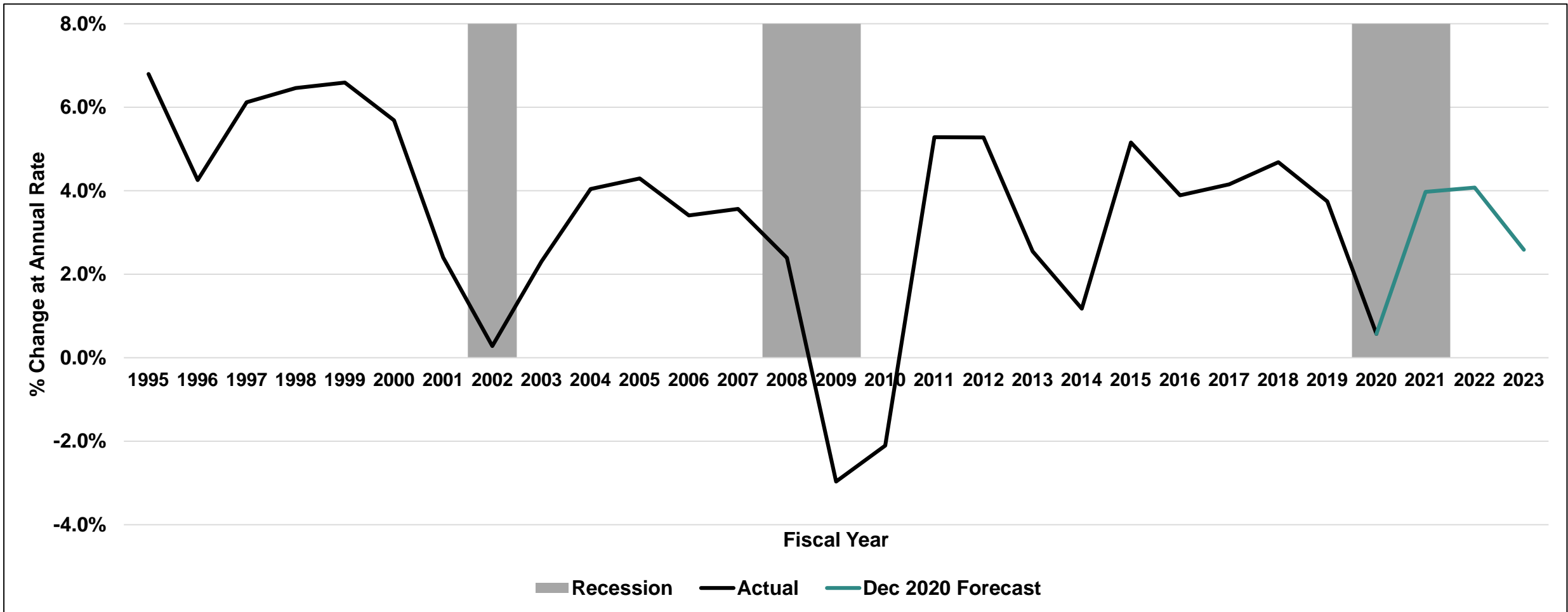
Indiana Existing Single-Family Home Sales



Dividend and Interest Income



Adjusted Wages and Salaries



Before-Tax Corporate Profits with IVA and Capital Consumption Adjustment

