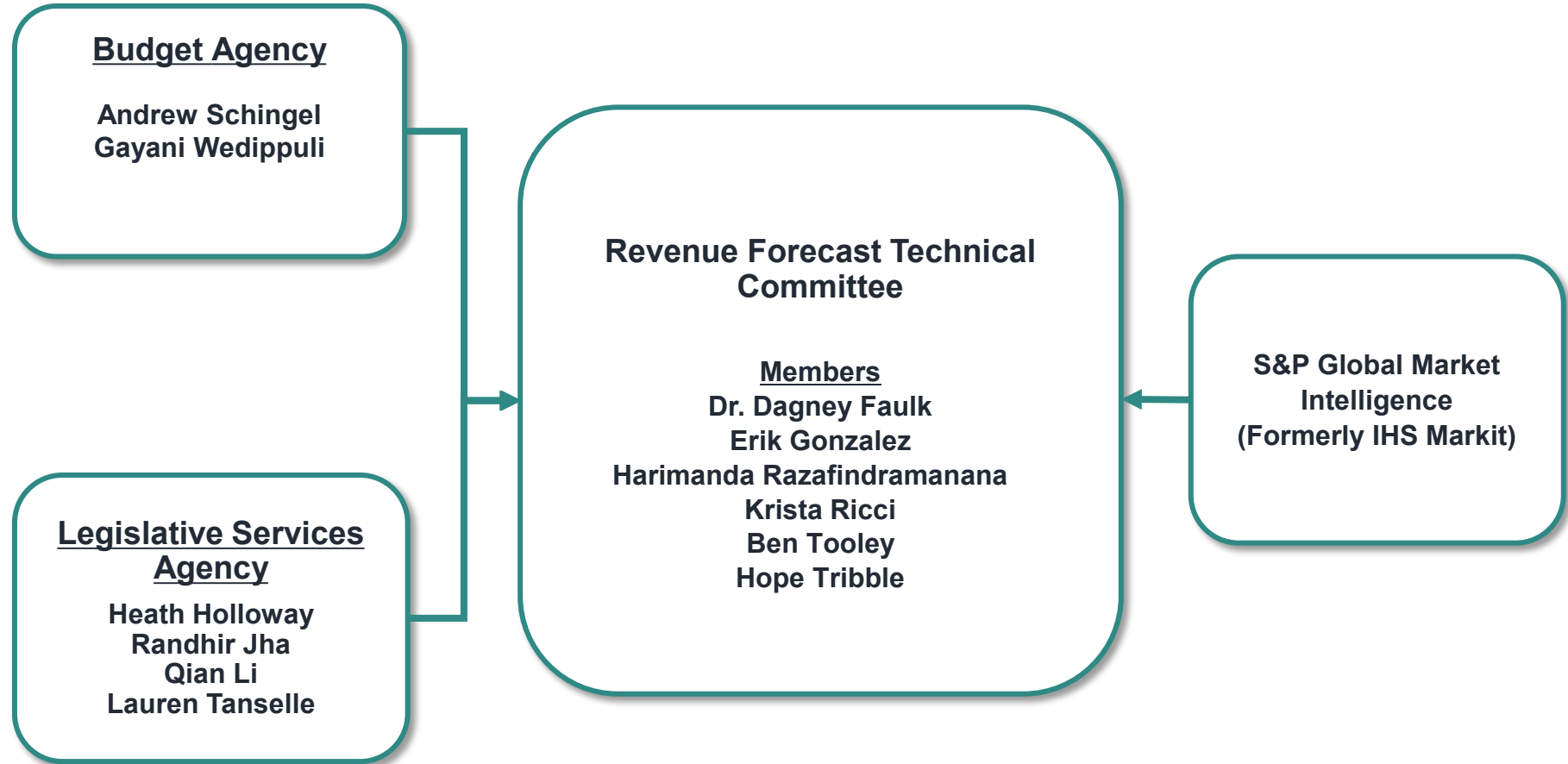


# **General Fund Revenue Forecast**

**Fiscal Years 2024 and 2025  
Revenue Forecast Technical Committee**

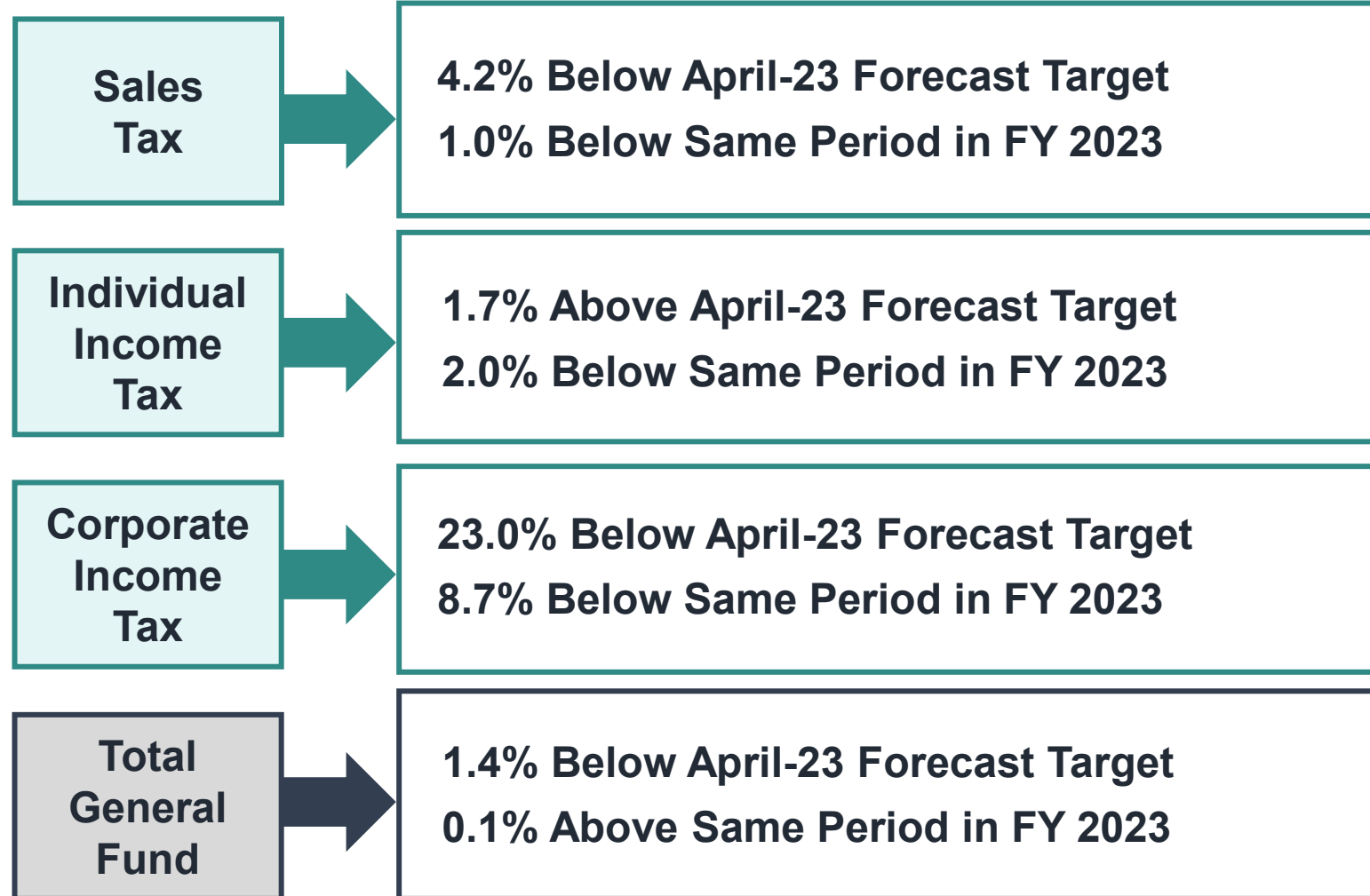
**Presented to the State Budget Committee  
December 19, 2023**

# Indiana Revenue Forecast

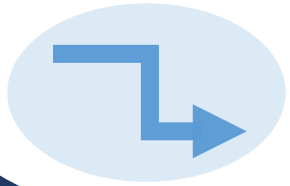


# Performance of Major Revenue Sources

## Year-To-Date Through November 30<sup>th</sup> FY 2024



# Economic Forecast Overview



While the impacts of Federal monetary policy, inflation, and a global slowdown are projected to limit the pace of growth, economic activity is above the growth trend projected pre-pandemic.



As the labor markets and spending patterns rebalance, the improved outlook in employment and income are mitigated by higher interest rates, lower excess savings and lower growth in demand.



Inflation has slowed but remains above the Fed's target level. Interest rates are projected to moderate as inflation slows closer to the Fed's target level and the labor markets stabilize.



During this biennium, Indiana's economic growth outlook follows a similar path to the US. The unemployment rate is estimated to rise close to 4.25% by mid-2025.

# Legislative Changes Incorporated

## Fiscal Impact from 2023 Session

- Indiana EITC is now 10% of federal EITC.
- Income Tax Exemption for Military Pay.
- Credit for Indiana Pass Through Entity Tax (PTET).
- Redirection of the gasoline use tax from the General Fund to road funding accounts.

## Individual Income Tax Rate Reduction

- 3.23% in CY 2022
- 3.15% in CY 2023
- 3.05% in CY 2024
- 3.00% in CY 2025
- 2.95% in CY 2026
- 2.90% in CY 2027

## Gasoline Use Tax Distributions to State General Fund

- 32.155% in FY 2022.
- 21.445% in FY 2023
- 0% in FY 2024 and years thereafter.

# Revenue Estimators

## Sales Tax

Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
Prior Fiscal Year Home Sales	Prior Fiscal Year Personal Savings
U.S. Household Financial Obligation Ratio	
Ind Household Net Worth per Household	

## Other Adjustments

### Sales & Use Tax:

- ❖ Sales tax collections from remote sellers
- ❖ Marketplace facilitators required to collect Sales tax starting FY 2020

## Individual Income Tax

Withholdings	
Indiana Adjusted Wages & Salaries	
Prior Year Births	Prior Year Withholding
Estimated Payment & Others	
U.S. Dividend Payment & Personal Interest Income	
Change in Prior Calendar Year S&P 500 Index	Prior Year Estimated Payments & Other

## Corporate Income Tax

Corporate Adjusted Gross Income
Indiana Gross State Product
S&P 500 Index
Indiana GSP / U.S. GDP

# December 2023 Forecast Results

# Total Tax Revenue Estimates

## December 19, 2023, Revenue Forecast

Sales Tax (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	10,815.2	10,455.3	-9.4	-0.1%	-359.9	-3.3%
2025	11,100.6	10,916.9	461.6	4.4%	-183.7	-1.7%
Individual Income Tax (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	7,907.4	8,012.0	436.3	5.8%	104.6	1.3%
2025	8,240.3	8,283.6	271.6	3.4%	43.4	0.5%
Corporate Income Tax (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	1,358.4	1,146.7	-83.9	-6.8%	-211.8	-15.6%
2025	1,378.8	1,202.5	55.8	4.9%	-176.4	-12.8%



# Total Tax Revenue Estimates

## December 19, 2023, Revenue Forecast

Gaming Taxes (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	448.6	461.4	-38.8	-7.7%	12.8	2.9%
2025	447.5	457.0	-4.4	-1.0%	9.5	2.1%
Other Taxes (Includes MVET/CVET Recapture) (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	1,324.5	1,423.9	136.8	10.6%	99.4	7.5%
2025	1,264.7	1,453.3	29.4	2.1%	188.6	14.9%
Total General Fund Taxes (Millions \$)						
Fiscal Year	April-23 Forecast	Dec-23 Forecast	Growth Over Prior Year		Difference April-23 Forecast to Dec-23 Forecast	
2024	21,854.1	21,499.2	441.0	2.1%	-354.9	-1.6%
2025	22,431.9	22,313.3	814.1	3.8%	-118.6	-0.5%

# December forecast and the April budget forecast

	FY 2024	FY 2025
April 2023 Revenue Forecast	\$ 21,854.1	\$ 22,431.9
Adjustments for Outside Acts	\$ (275.2)	\$ (396.2)
<b>Budget Plan Revenue Forecast</b>	<b>\$ 21,578.9</b>	<b>\$ 22,035.7</b>
December 2023 Revenue Forecast	\$ 21,499.2	\$ 22,313.3
<b><i>\$ Difference</i></b>	<b><i>\$ (79.7)</i></b>	<b><i>\$ 277.6</i></b>
<b><i>% Difference</i></b>	<b><i>-0.4%</i></b>	<b><i>1.3%</i></b>

# Total General Fund Revenue Forecast

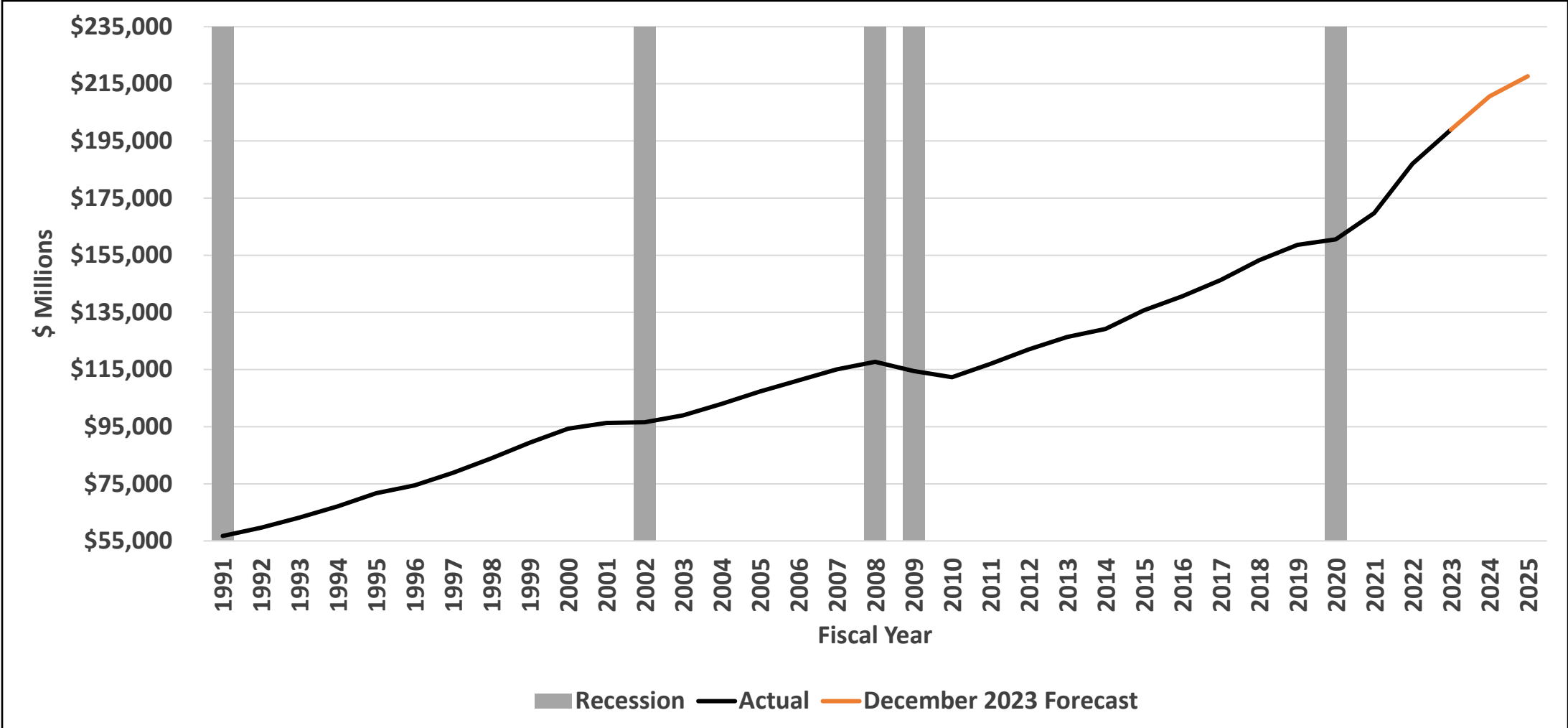
Fiscal Years 2024 and 2025

December 19, 2023 (in millions)

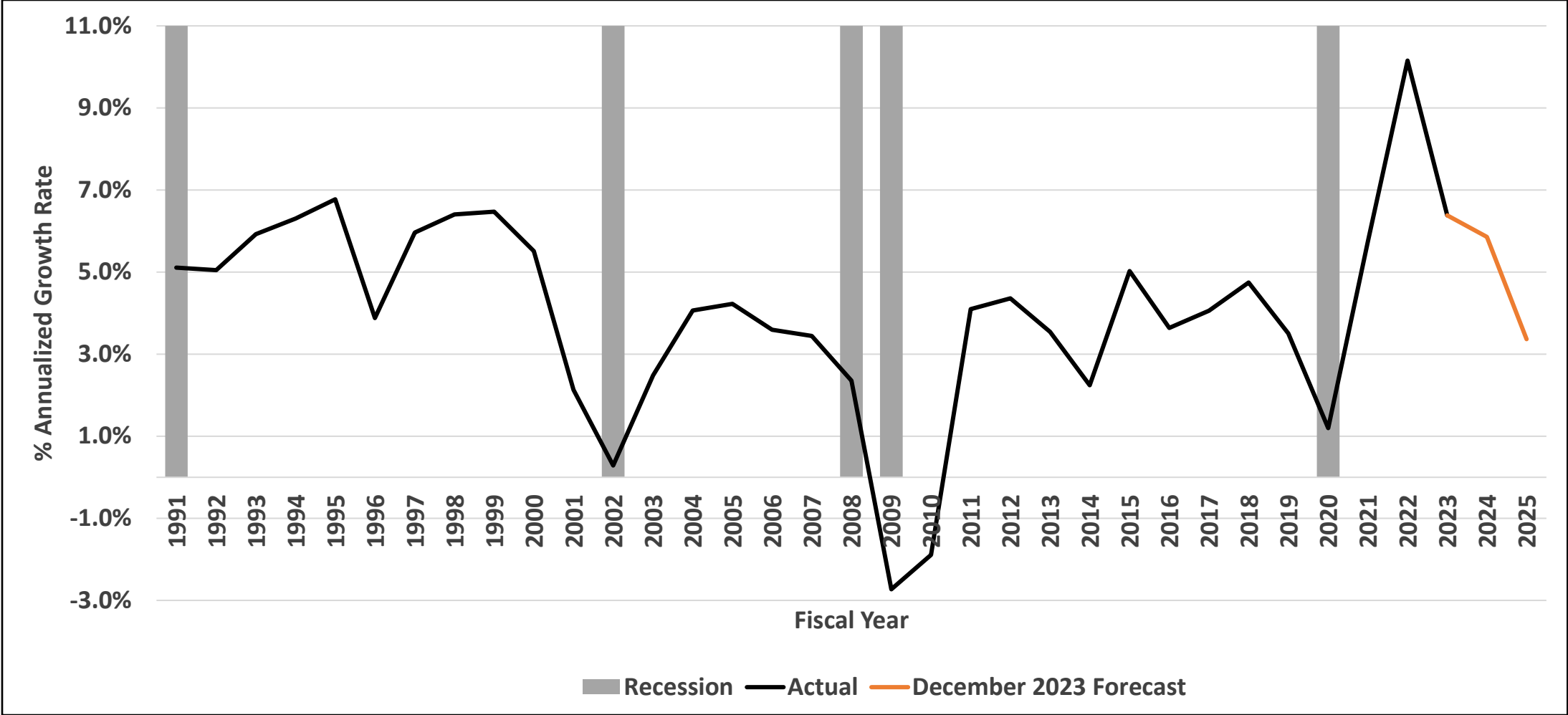
	FY 2022	FY 2023	FY 2024					FY 2025				
	Actual	Actuals	April 2023 Forecast	Updated Forecast	Year over Year Growth	\$ Diff vs Prior Forecast	% Diff vs Prior Forecast	April 2023 Forecast	Updated Forecast	Year over Year Growth	\$ Diff vs Prior Forecast	% Diff vs Prior Forecast
	2022	2023	2024	2024	2024	2024	2024	2025	2025	2025	2025	2025
<b>Major Taxes</b>												
Sales & Use	9,991.0	10,464.7	10,815.2	10,455.3	-0.1%	-359.9	-3.3%	11,100.6	10,916.9	4.4%	-183.7	-1.7%
Individual Income	8,181.2	7,575.7	7,907.4	8,012.0	5.8%	104.6	1.3%	8,240.3	8,283.6	3.4%	43.4	0.5%
Corporate - AGI, URT, USUT, FIT	1,539.5	1,230.6	1,358.4	1,146.7	-6.8%	-211.8	-15.6%	1,378.8	1,202.5	4.9%	-176.4	-12.8%
Riverboat Wagering	311.2	348.8	296.9	315.6	-9.5%	18.7	6.3%	294.8	309.0	-2.1%	14.2	4.8%
Racino Wagering	141.1	139.8	142.0	135.7	-2.9%	-6.3	-4.4%	143.1	138.2	1.8%	-4.9	-3.5%
<b>Subtotal Major Taxes</b>	<b>20,164.1</b>	<b>19,759.6</b>	<b>20,519.9</b>	<b>20,065.3</b>	<b>1.55%</b>	<b>-454.7</b>	<b>-2.2%</b>	<b>21,157.6</b>	<b>20,850.2</b>	<b>3.9%</b>	<b>-307.4</b>	<b>-1.5%</b>
<b>Other Revenue</b>												
Cigarette	221.4	217.4	218.3	204.0	-6.2%	-14.3	-6.6%	213.0	197.8	-3.0%	-15.2	-7.1%
Insurance	251.9	261.8	272.6	274.0	4.7%	1.4	0.5%	276.8	280.8	2.5%	4.0	1.4%
Inheritance	0.0	0.1	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0	N/A
Alcoholic Beverages	21.1	23.1	21.7	23.1	0.2%	1.4	6.5%	22.2	23.7	2.6%	1.5	6.8%
Riverboat Supplemental Wagering Tax	7.8	11.5	9.7	10.1	-12.8%	0.4	3.7%	9.6	9.9	-1.9%	0.3	2.8%
Interest	33.9	287.2	290.0	393.5	37.0%	103.5	35.7%	220.0	407.3	3.5%	187.3	85.1%
Motor & Commercial Vehicle Excise	288.5	284.1	301.7	296.6	4.4%	-5.2	-1.7%	309.6	304.4	2.7%	-5.2	-1.7%
Miscellaneous Revenue	202.0	213.3	220.1	232.7	9.1%	12.5	5.7%	223.2	239.3	2.9%	16.2	7.3%
<b>Subtotal Other Revenue</b>	<b>1,026.6</b>	<b>1,298.6</b>	<b>1,334.2</b>	<b>1,433.9</b>	<b>10.4%</b>	<b>99.7</b>	<b>7.5%</b>	<b>1,274.3</b>	<b>1,463.2</b>	<b>2.0%</b>	<b>188.9</b>	<b>14.8%</b>
<b>Total General Fund</b>	<b>21,190.7</b>	<b>21,058.2</b>	<b>21,854.1</b>	<b>21,499.2</b>	<b>2.1%</b>	<b>-354.9</b>	<b>-1.6%</b>	<b>22,431.9</b>	<b>22,313.3</b>	<b>3.8%</b>	<b>-118.6</b>	<b>-0.5%</b>

# Appendices for December 2023 Revenue Forecast

# Indiana Wages & Salary

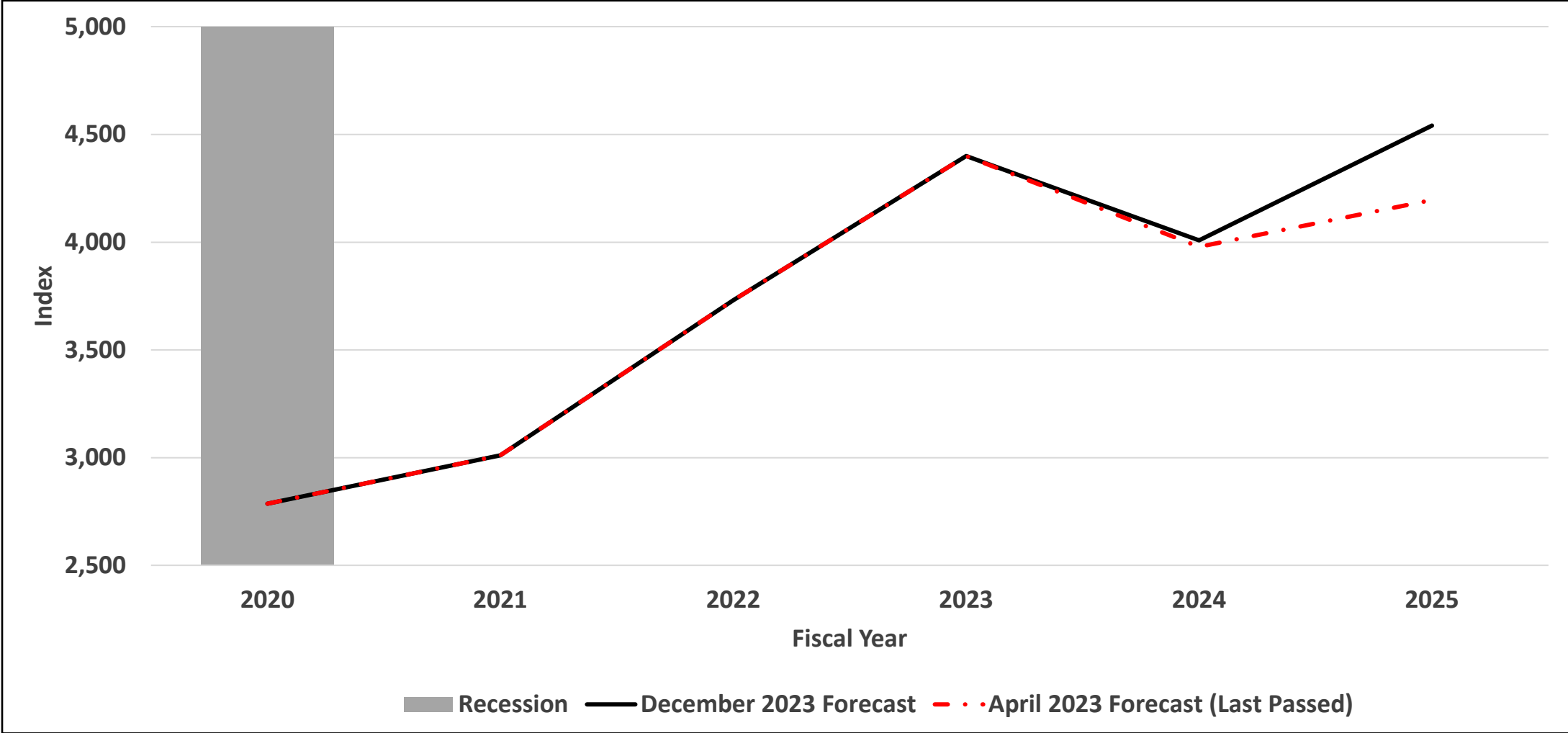


# Indiana Wages & Salary Growth over Prior Year

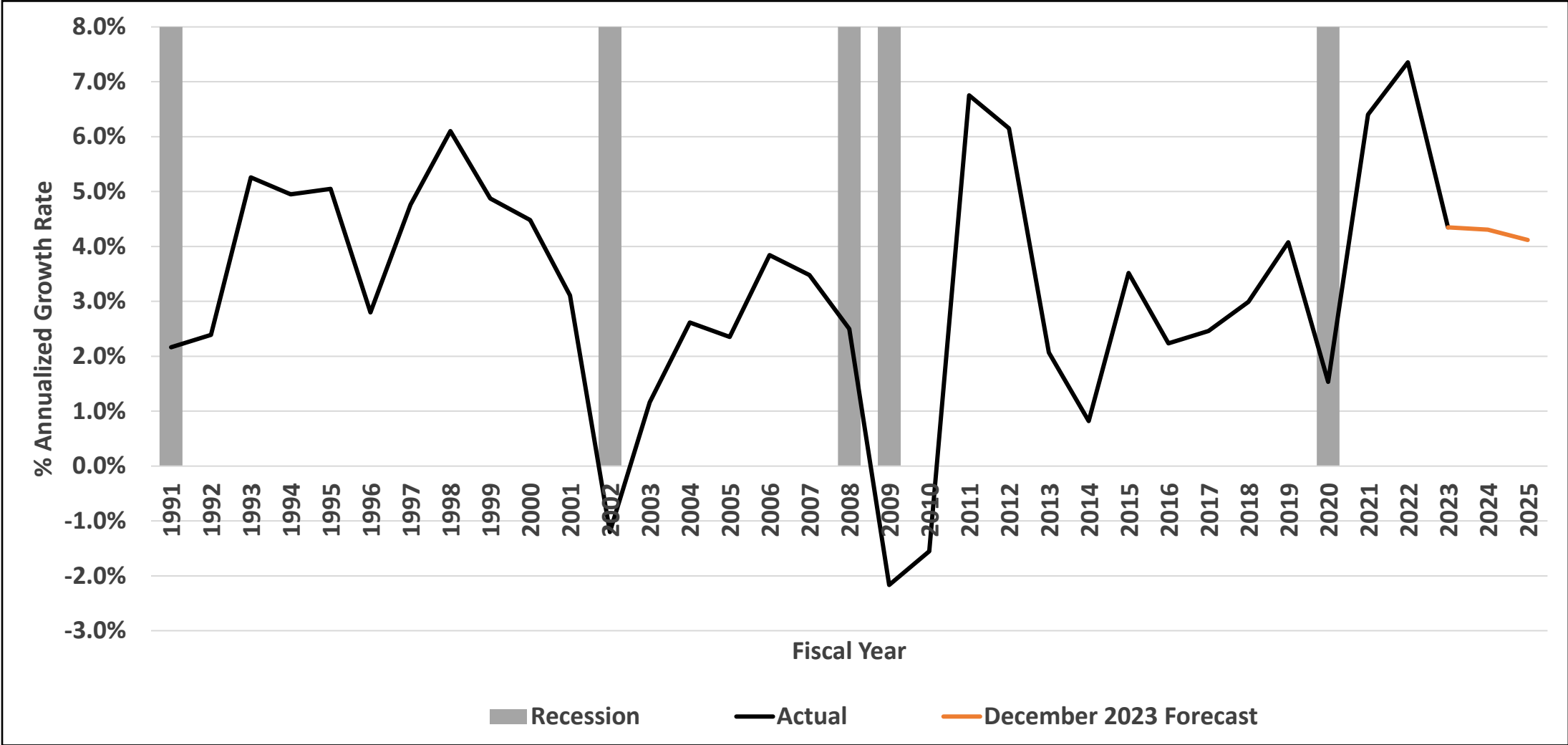


Source: Bureau of Economic Analysis and S&P Global Market Intelligence

# Prior Calendar Year S&P 500 Index of Common Stocks

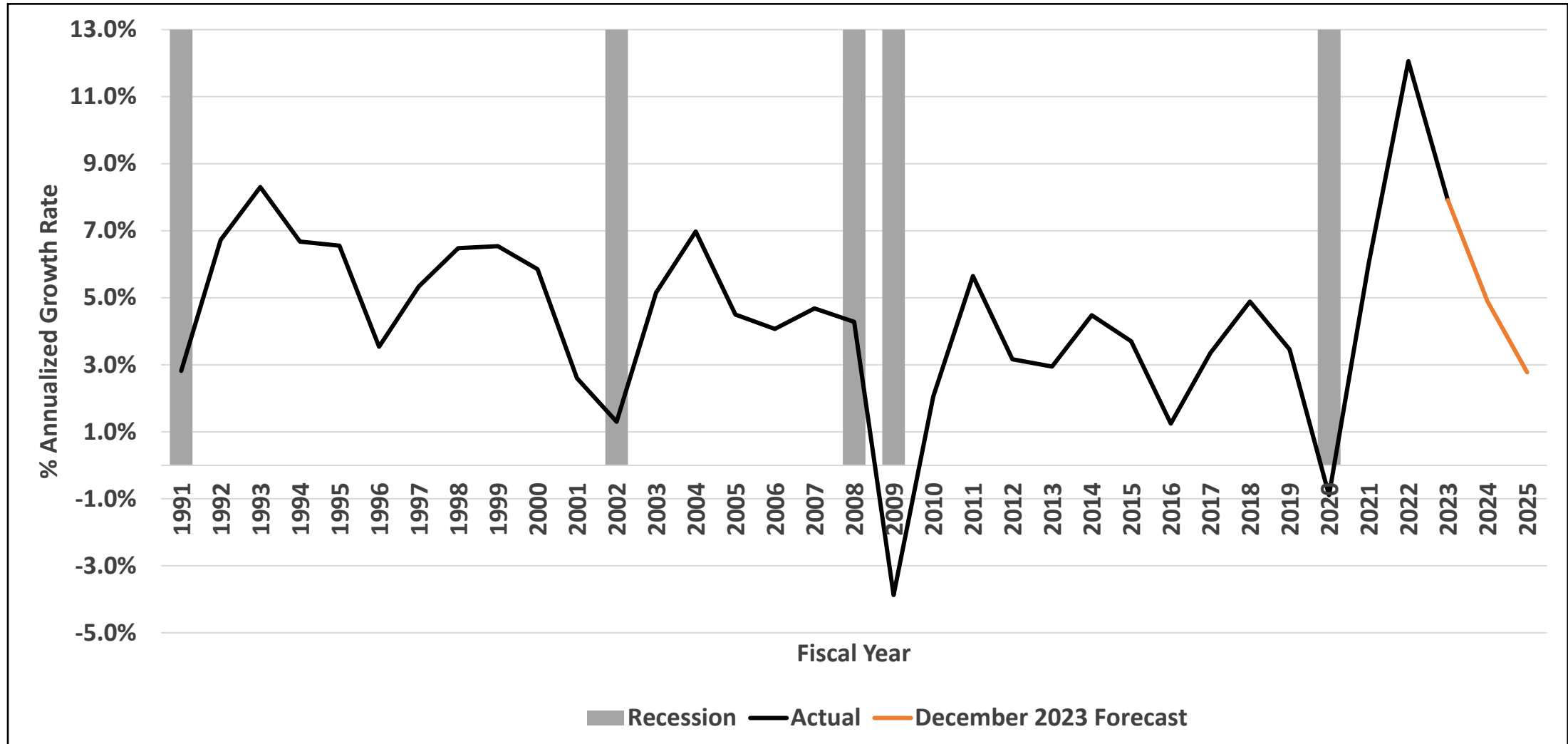


# Indiana Personal Income Net of Transfer Payments Per Household - Growth over Prior Year



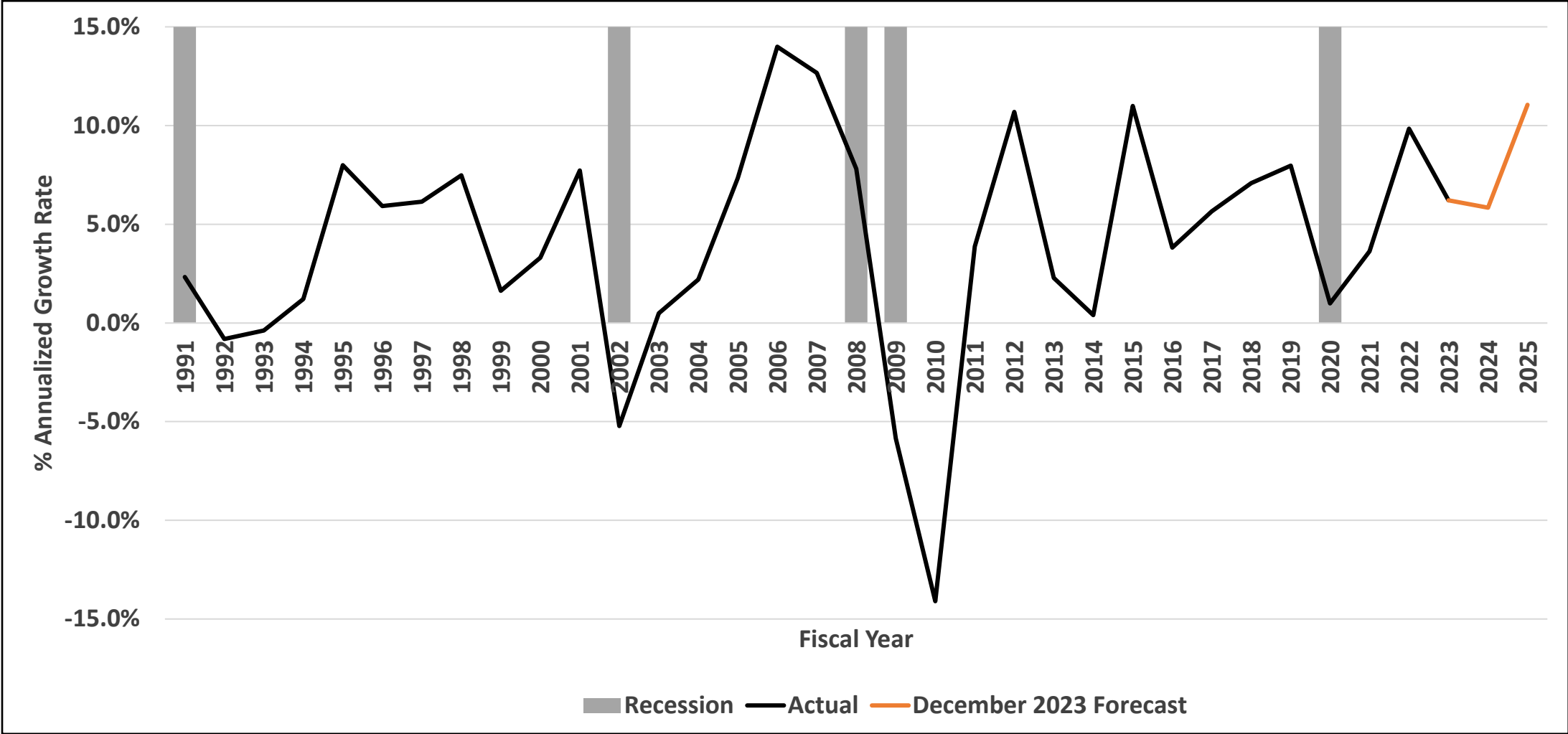


# Indiana Gross State Product Growth over Prior Year

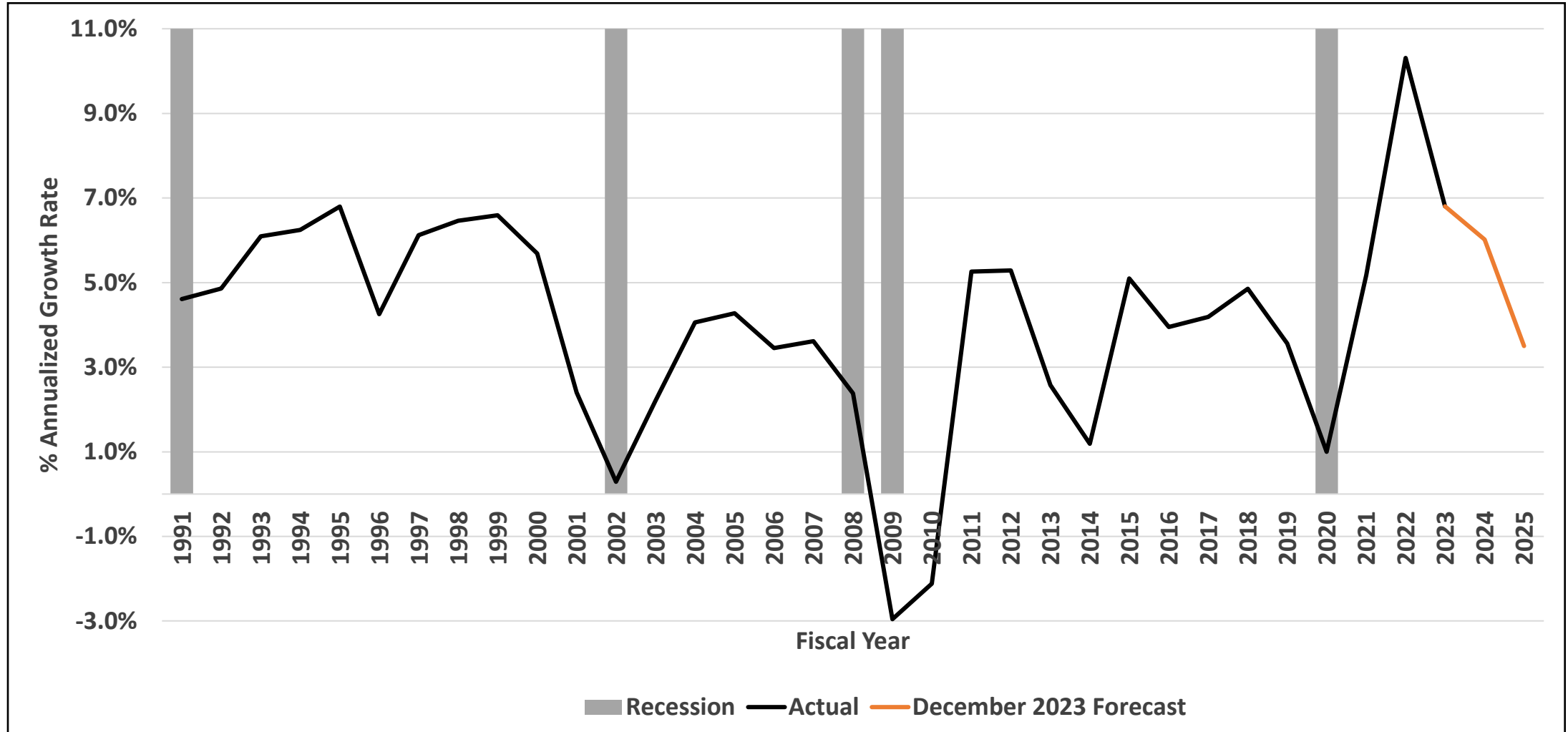


Source: Bureau of Economic Analysis and S&P Global Market Intelligence

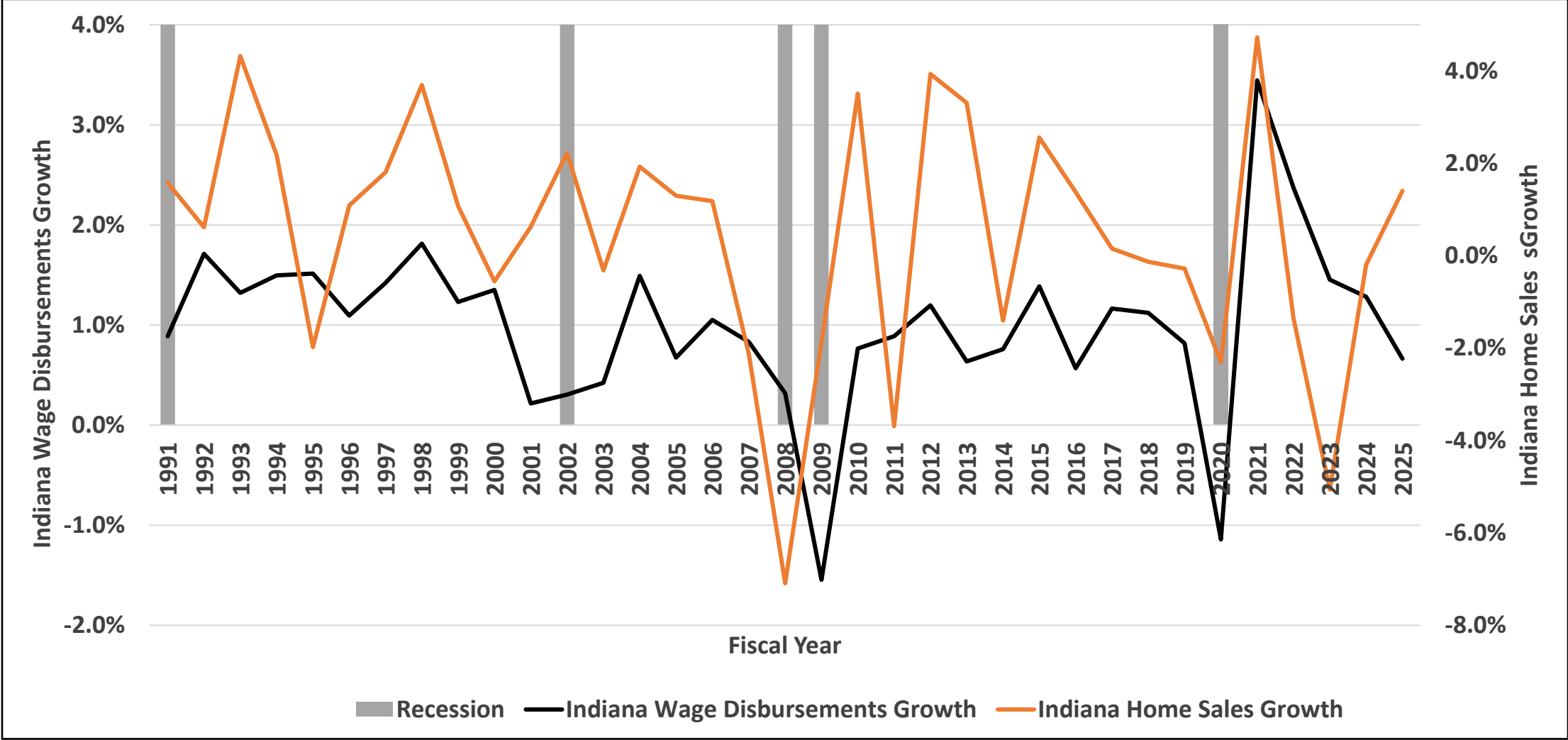
# U.S. Dividend Payment and Interest Income Growth over Prior Year



# Adjusted Wages and Salaries Growth over Prior Year

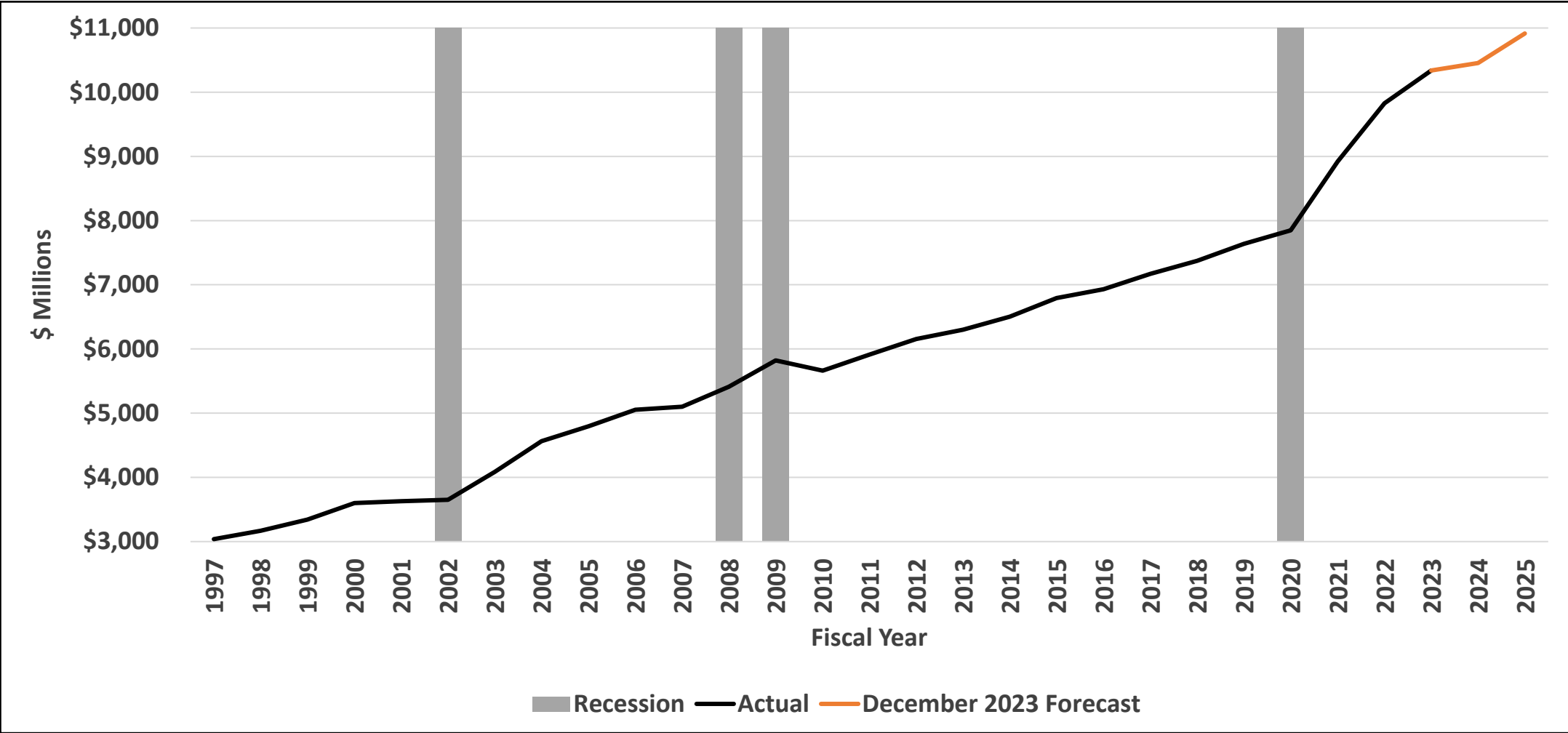


# Indiana Wage Disbursements and Home Sales Growth over Prior Year

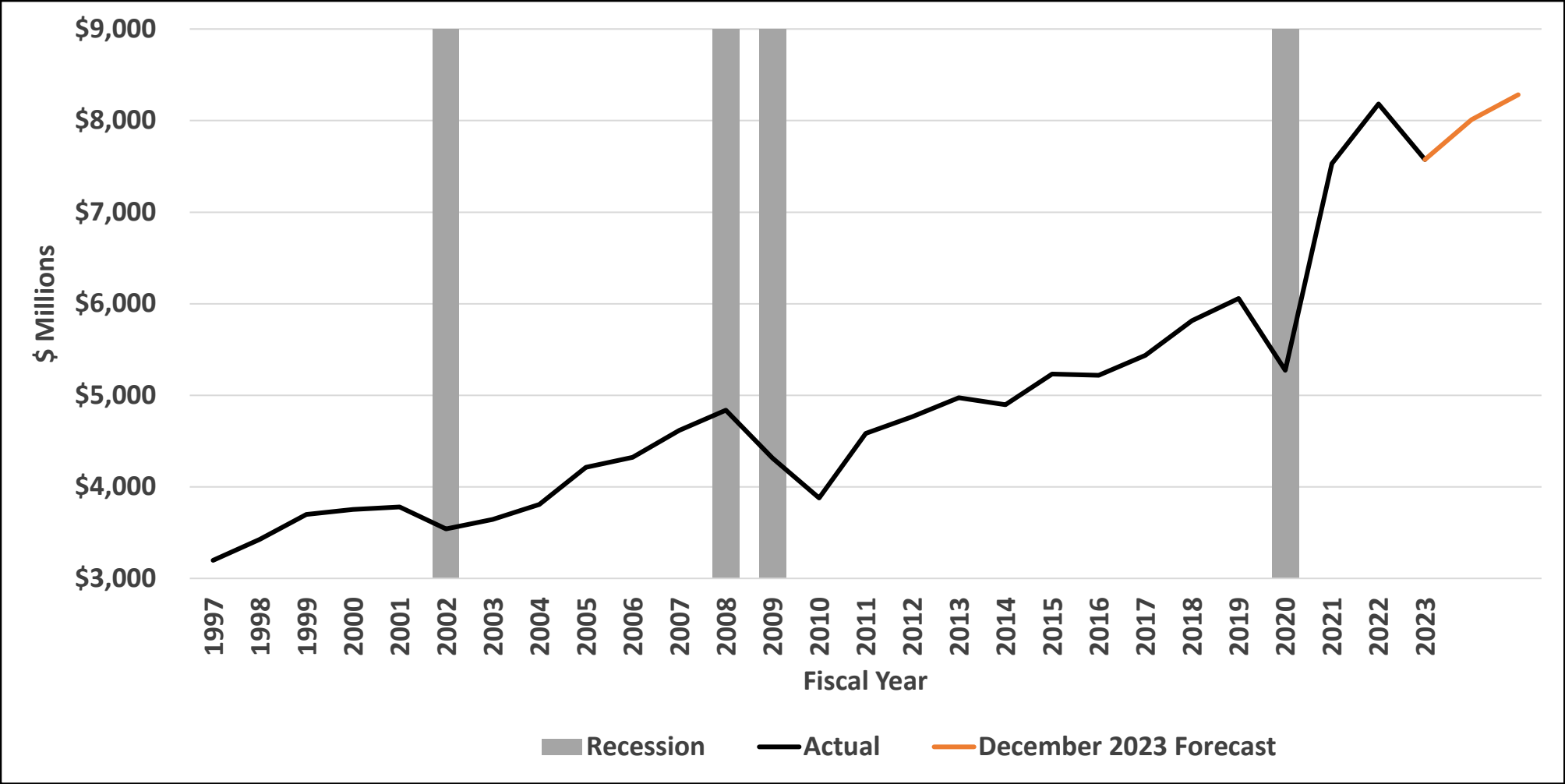


# Revenue Trend and Forecast

## Adjusted Sales Net of GUT Tax



# Revenue Trend and Forecast Adjusted Individual Income Tax



# Revenue Trend and Forecast – Adjusted Corporate Income Tax

