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The monthly revenue report for April 2020 state tax collections was released today.

Results

- General Fund revenues for April totaled \$1,234.0 million, which is \$964.2 million (43.9%) below estimate based on the December 20, 2019 revenue forecast and \$1,040.6 million (45.7%) below revenue in April 2019.

Year-to-date General Fund collections totaled \$12,634.4 million, which is \$930.6 million (6.9%) below the December 2019 revised revenue forecast and \$587.7 million (4.4%) below collections through the same period in the prior fiscal year.

Overall, weaker than usual volume of tax payments relative to the deferral of payment deadlines from April to July combined with casino closures to drive monthly collections below current year estimates and prior year actuals both on a monthly and fiscal year-to-date basis.

May and June will be impacted by the rapidly changing economic outlook for the remainder of this fiscal year.

Note: The monthly revenue estimates are based on the December 20, 2019 revenue forecast and include the estimated impact of legislative actions taken by the General Assembly in the 2019 legislative session. The monthly revenue estimates do not include any developments since December 2019.

- Sales tax collections totaled \$606.4 million for April, which is \$103.3 million (14.6%) below the monthly estimate and \$65.0 million (9.7%) below revenue in April 2019. Notably, the recent stay-at-home orders, effective in March, both statewide and beyond, likely affected various taxable activities. In particular, sales tax (excluding gasoline use tax) collections were \$89.5 million below prior year actuals and gasoline use tax collections were \$8.1 million below the monthly estimate.

While it is difficult to identify the specific impact of the state enforcement of the recent changes in the taxation of remote sales on the fiscal year-to-date tax collections, some data on revenue collections attributable to compliance from marketplace facilitators may suggest an uptick in April. On gasoline use tax, gasoline consumption and gasoline use tax rates were lower than monthly estimates and prior year actuals. Gasoline use tax collections are better interpreted relative to current year monthly estimates as the share of total

gasoline use tax collections distributed to the General Fund has decreased from last fiscal year.

- Individual income tax collections totaled \$477.1 million for April, which is \$668.7 million (58.4%) below the monthly estimate and \$755.9 million (61.3%) below revenue in April 2019. Overall, April individual income tax collections are better interpreted relative to the current year monthly estimate as last April 2019 was higher than usual due the 5 Fridays impact.

Notably, individual income tax refunds as well as tax collections from withholdings and other individual income sources each came in below monthly estimates. In particular, collections attributable to final and estimated payments initially due in April, net of refunds, came in \$591.8 million below the monthly estimate and \$614.8 million below prior year actuals. Additionally, withholding tax collections came in \$76.8 million below the monthly estimate, \$62.9 million of which was attributable to IT-6WTH payments (partnerships' non-resident withholdings) that were initially due in April but could be delayed until July.

- Corporate tax collections totaled \$74.2 million for April, which is \$134.9 million (64.5%) below the monthly estimate and \$150.7 million (67.0%) below revenue in April 2019. Corporate adjusted gross income tax and utility receipts tax collections drove most of the underperformance as the two corporate tax sub-categories came in \$124.2 million and \$10.3 million below their respective monthly estimates.

Similarly to individual income tax payments initially due in April and extended to July 15, lower than usual volume of payments for corporate taxes drove collections below the monthly estimates and prior year actuals. In particular, corporate estimated payments were \$161.8 million below prior actuals and corporate refunds were \$21.7 million below prior year actuals.

- Riverboat wagering collections totaled \$0.0 million for April, which is \$36.2 million (100%) below the monthly estimate and \$39.1 million (100%) below revenue in April 2019.

Racino wagering collections totaled \$0.0 million for April, which is \$12.8 million (100%) below the monthly estimate and \$11.6 million (100%) below revenue in April 2019.

April monthly tax collections related to riverboats and racinos were affected by the statewide closures effective since March. Future tax collections will be influenced by the timing of casino openings and economic conditions.

Commentary

Year-to-date sales tax collections totaled \$6,762.3 million, which is \$56.5 million (0.8%) below the December 2019 revenue forecast but \$194.7 million (3.0%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$4,440.0 million, which is \$719.6 million (13.9%) below the December 2019 revenue forecast and \$639.4 million (12.6%) below collections through the same period in the prior fiscal year.

Year-to-date corporate tax collections totaled \$531.2 million, which is \$98.6 million (15.7%) below the December 2019 revenue forecast and \$107.7 million (16.9%) below collections through the same period in the prior fiscal year.

Going into May and June, significant fluctuations are expected and deviations from monthly estimates are likely as the rapidly changing economic outlook will most likely impact monthly collections. Additional uncertainty will persist over the coming months, particularly with individual income tax and corporate taxes, with the alignment of Indiana's tax filing and payment due date with the federal deferral to July 15.