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The monthly revenue report for April 2022 state tax collections was released today.

Note to readers: The monthly revenue estimates are based on the December 16, 2021 revenue forecast which considers revenue developments and the economic outlook presented on that date. This includes previously discussed changes in tax deadlines, payment timing, as well as assumptions related to federal and state policy actions leading up to the release of the forecast.

Information on the latest forecast is available at <https://www.in.gov/sba/2837.htm>.

Fiscal Year 2022 began on July 1, 2021 and ends June 30, 2022.

Results

- General Fund revenues for April totaled \$3,329.6 million, which is \$496.9 million (17.5%) above estimate based on the December 16, 2021 revenue forecast and \$1,099.2 million (49.3%) above revenue in April 2021.

Notably, better-than-expected collections from individual income tax are driving this month's better-than-expected performance.

Monthly fluctuations are influenced by refunds, payment timing, and seasonal factors. Year-over-year comparisons to FY 2021 must be considered relative to the pandemic, tax deadlines, and evolving federal policy actions on assistance programs, economic impact payments, interest rates, and more.

- Sales tax collections totaled \$884.5 million for April, which is \$52.9 million (5.6%) below the monthly estimate but \$12.2 million (1.4%) above revenue in April 2021.

Monthly collections attributable to sales tax excluding gasoline use tax were \$54.1 million below the monthly estimate and \$11.7 million (1.4%) above prior year actuals.

Gasoline use tax monthly collections came in \$1.2 million above the monthly estimate and \$0.5 million (3.1%) above prior year actuals. Despite the lower statutory share of collections distributed to the General Fund in FY 2022 relative to FY 2021, the gasoline use tax rate and taxable gallons were above prior year actuals.

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- Individual income tax collections totaled \$1,981.4 million for April, which is \$599.6 million (43.4%) above the monthly estimate and \$1,041.1 million (110.7%) above revenue in April 2021.

Monthly collections related to tax withholdings came in \$145.3 million above the monthly estimate and \$204.7 million (23.2%) above prior year actuals. Other monthly individual income tax collections, net of refunds, came in \$454.2 million above the monthly estimate and \$836.4 million (1,451.4%) above prior year actuals.

Year-over-year comparisons are impacted by the deferral of the tax deadline in FY 2021 from April to May 2021. Better-than-expected non-withholding payments and non-resident partnerships' withholdings drive most of the difference between actuals and monthly estimates.

Due to the timing of refunds and payments, individual income tax collections are historically better interpreted looking at the fiscal year-to-date perspective going into the end of the fiscal year.

- Corporate tax collections totaled \$352.3 million for April, which is \$31.4 million (8.2%) below the monthly estimate but \$65.6 million (22.9%) above revenue in April 2021.

Lower-than-expected corporate adjusted gross income tax collections drive most of the difference between actuals and monthly estimates. Due to the timing of refunds and payments, corporate tax collections are historically better interpreted looking at the fiscal year-to-date perspective going into the end of the fiscal year.

- Riverboat wagering collections totaled \$46.0 million for April, which is \$7.2 million (18.7%) above the monthly estimate and \$6.7 million (16.9%) above revenue in April 2021.

Racino wagering collections totaled \$14.5 million for April, which is \$1.3 million (10.0%) above the monthly estimate but \$0.5 million (3.5%) below revenue in April 2021.

Commentary

Year-to-date General Fund revenues totaled \$16,956.9 million, which is \$865.4 million (5.4%) above the December 2021 revenue forecast and \$1,851.6 million (12.3%) above revenues through the same period in the prior fiscal year.

Year-to-date sales tax collections totaled \$8,252.1 million, which is \$48.6 million (0.6%) below the December 2021 revenue forecast but \$817.8 million (11.0%) above

collections through the same period in the prior fiscal year.

Year-to-date collections attributable to sales tax excluding gasoline use tax are \$52.2 million (0.6%) below the December 2021 revenue forecast but \$788.1 million (10.8%) above collections through the same period in the prior fiscal year. Year-to-date collections attributable to gasoline use tax are \$3.6 million (2.6%) above the December 2021 revenue forecast and \$29.7 million (26.3%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$6,748.2 million, which is \$842.4 million (14.3%) above the December 2021 revenue forecast and \$821.4 million (13.9%) above collections through the same period in the prior fiscal year. About \$637.5 million of the difference relative to monthly estimate is attributable to non-withholdings which include final payments and estimated payments due in April 2022. Prior fiscal year collections were impacted by the deferral of the tax deadline from April to May 2021 as well as approximately \$700 million of payments initially due in FY 2020 but collected in FY 2021 due to the alignment of Indiana's tax filing and payment due dates with the federal deferral to July 15, 2020.

Year-to-date corporate tax collections totaled \$1,050.3 million, which is \$71.2 million (7.3%) above the December 2021 revenue forecast and \$132.9 million (14.5%) above collections through the same period in the prior fiscal year. Prior fiscal year collections were impacted by approximately \$200 million of payments initially due in FY 2020 but collected in FY 2021 due to the alignment of Indiana's tax filing and payment due dates with the federal deferral to July 15, 2020.

Overall, monthly collections and the year-to-date trend should be interpreted within the context of the full fiscal year forecast as significant fluctuations are expected, and deviations from monthly estimates are likely.

As previously noted, monthly collections will be influenced by multiple factors including temporary and seasonal economic dynamics, tax payment timing, changing restrictions related to the pandemic, developments on the vaccine front, as well as changes in federal policy actions on unemployment insurance benefits, economic impact payments, interest rates, and more.