



STATE OF INDIANA

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REVENUE FORECASTING METHODOLOGY

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Discussion of the Forecast

In its April 2013 forecasts, IHS Global Insight projected that real U.S. Gross Domestic Product would increase by 2.1% in FY 2013, 2.2% in FY 2014, and 3.2% in FY 2015. The U.S. Bureau of Economic Analysis currently estimates that real GDP increased by 2.0% in FY 2013. IHS Global Insight's December 2013 forecast is for real GDP to increase by 2.3% in FY 2014 and 2.7% in FY 2015.

U.S. corporate profits, which increased by 7.0% in CY 2012, are forecasted by IHS Global Insight to have increased by 4.4% in CY 2013 and will increase by 5.4% in CY 2014. The S&P 500 stock index is forecasted by IHS Global Insight to finish CY 2013 up 19.0% over the previous year and to increase by 9.8% in CY 2014.

Indiana personal income, which increased by 4.3% in FY 2013, is forecasted by IHS Global Insight to increase by 3.5% in FY 2014 and 4.7% in FY 2015. In April 2015, IHS Global Insight forecasted Indiana personal income to increase by 3.9% in FY 2014 and 4.7% in FY 2015. Federal transfer payments to Indiana residents are forecasted to remain at historically high levels throughout the forecast period. Indiana personal income net of those payments is forecasted to increase by 3.4% in FY 2014 before accelerating to a 4.8% increase in FY 2015. The percentage of Indiana's population age 15 and over who are in the labor force is projected to remain at a very low level, averaging slightly more than 60.0% over the forecast period.

The Revenue Forecast Technical Committee concluded that while the federal Affordable Care Act will most likely affect insurance premiums tax revenues in a positive way, the scale and complexities of the changes that will occur under the Act are such that those effects cannot be accurately determined at this time. Therefore, this forecast does not contain estimates of those revenue impacts.

Discussion of the Equations Used in the Forecast

Sales Tax

Labor and investment income drive sales tax revenues differently than government transfer payment income. Specifically, transfer payments are largely spent on items which are not subject to sales taxes such as food and shelter. Furthermore, government transfer payments contain a large counter-cyclical component in the form of income support payments such as unemployment benefits. Beginning in the first quarter of 2009, government transfer payments have accounted for, on average, nearly 20% of Indiana personal income. This is more than 1.6 times the historical average that prevailed between the first quarter of 1969 and the fourth quarter of 2008, and that elevated level is expected to continue throughout the forecast period. The committee incorporated personal income net of transfer payments into the sales tax equation to capture this dynamic.

Consumer spending does not change in a linear fashion with income, but depends on both the nature of that income and consumers' spending versus savings decisions. Those decisions are influenced by consumers' current economic conditions and what they believe those economic conditions will be in the future. The Committee incorporated the Indiana labor force participation rate into the sales tax equation as a proxy for those conditions.

The model used by the Committee is replicated as Equation (1) below.

$$\text{Equation (1): Sales Tax Base} = 1.0002 * (\text{EXP}(0.1907 + (0.9514 * \text{LN}(\text{CY Adjusted IPI})) + (0.6383 * \text{LN}(\text{FY IN Labor Force Participation Rate}}))) + \text{Adjustments}$$

Individual Income Tax

The Committee determined that the income tax forecast should be derived using two separate equations to account for the fact that estimated payments react differently to investment activity than withholdings and final payments. The selected equation uses quarterly data rather than fiscal year data to account for the fact that taxpayers have substantial flexibility in planning their quarterly payments throughout the year. The equation uses the S&P 500 lagged two quarters, nominal GDP growth over the same quarter in the prior year, estimated payments lagged four quarters, and a binary variable to account for seasonal factors in the second and fourth calendar quarters.

For the remaining components of individual income tax, the Committee forecasted the combined state and local income tax base using fiscal year Indiana personal income and the S&P 500. The latter was included to account for the fact that not all investment income is subject to estimated

payments and taxpayers who make estimated payments must reconcile those payments on their tax returns and either make a final payment or claim a refund. The resulting forecasts were combined with forecasts of estimated payments and allocated between state and local income taxes based on the respective statewide tax rates.

Equation (2): Individual Income Tax = Quarterly Estimated Payments + Non-Estimated Individual Income Tax

Equation (2a): Quarterly Adjusted Estimated Payments = $-31.8334 + (0.066 * \text{S\&P 500 Lagged Two Quarters}) + (638.542 * \% \text{ Change Nominal GDP}) + (0.564 * \text{Adj Est Pmts Lagged Four Quarters}) + (43.576 * \text{CY Q2 Dummy Variable}) - (55.561 * \text{CY Q4 Dummy Variable})$

Equation (2b): Non-Estimated Individual Income Tax = $12,914.698 + (0.440 * \text{FY IPI}) + (6.858 * \text{CY S\&P})$

Corporate Income Tax

The forecast equation employed by the Committee in April 2013 and retained for this forecast is driven by Calendar Year National Income and Product Accounts (NIPA) Corporate Profits and a binary variable to account for the impact from the 2008 recession. The binary variable was introduced to capture the impact from net operating loss carry backs caused by the 7.1% and 16.0% decline in corporate profits in CY 2007 and CY 2008 respectively. The binary variable has been set to 0 throughout this forecast period to reflect the diminished pool of net operating losses and the elimination of the carry-back option for the purposes of Indiana taxation. The equation employed by the Committee is replicated as Equation (3). Revenues from the Utility Receipts Tax, the Utility Services Use Tax, and the Financial Institutions Tax were forecast separately and the results of the Equation (3) were adjusted accordingly.

Equation (3): Corporate Income Tax Base = $1.00597 * (\text{EXP}(5.905 + (0.429 * \text{LN}(\text{CY Corporate Profits})) - (0.286 * \text{Dummy 2010, Dummy 2011}))) + \text{Adjustments}$

Cigarette & Tobacco Products Tax

The Committee adopted two equations to estimate the Cigarette Tax and Tobacco Products Tax. Cigarette Sales, measured in packs of 20, depend upon fiscal year real Indiana Personal Income (RFY_IPI), an estimate of the sum of the four surrounding states' real prices (RALLPRICE), the real Indiana price (RINPRICE), the real Indiana cigarette excise tax rate (RCIG_RATE), and a trend variable equal to the fiscal year forecast minus 1965 (TREND65). Tobacco Product sales are estimated based on fiscal year real Indiana Personal Income (RFY_IPI), a product of real price index and federal tobacco products excise tax (RPPITOBFED), real Indiana excise tax on tobacco products (RTOBRATE), a real federal tobacco product tax rate (RTOBFED), and a trend variable

(TREND65). The sales, income, cigarette tax rate and price variables are expressed in natural logarithms. The tobacco tax rate and the trend variable are not in logarithmic form.

$$\begin{aligned} \text{Equation (4):} \quad & \text{Cigarette Sales} = \text{EXP} (-11.64 + 1.69 * \text{LN} (\text{RFY_IPI}) \\ & - 0.85 * \text{LN} (\text{RINPRICE}) + 0.20 * \text{LN} (\text{RALLPRICE}) \\ & - 0.06 * \text{LN} (\text{R CIG_RATE}) - 0.06 * (\text{TREND65})) \end{aligned}$$

$$\text{Equation 4(a):} \quad \text{Gross Cigarette Tax} = 0.995 * (\text{Cigarette Sales})$$

$$\begin{aligned} \text{Equation (5):} \quad & \text{Tobacco Product Sales} = \text{EXP} (-15.17 + 1.60 * \text{LN} (\text{RFY_IPI}) \\ & - 0.293 * \text{LN} (\text{RPPITOB FED}) - 0.017 * (\text{RTOBRATE}) + 0.012 * (\text{RTOBFED}) \\ & + 0.015 * (\text{TREND65})) \end{aligned}$$

$$\text{Equation (5a):} \quad \text{Tobacco Products Tax} = 0.24 * (\text{Tobacco Products Sales})$$

Alcoholic Beverage Taxes

The alcoholic beverage tax model includes three equations: one for beer, one for liquor, and one for wine. All three equations include fiscal year real Indiana Personal Income (RFY_IPI), the real beverage price (BEER_PRICE, LIQ_PRICE, and WINE_PRICE). The beer equation includes dummy variables for 1979 and after (D79), 1993 and after (D93) and 2012 and after (D12). Two other dummy variables are included where D79 and D12 are multiplied by the log of real Indiana Personal Income. The liquor equation includes a dummy variable for 1999 and after (D99). It also includes a variable where D99 is multiplied by the log of real Indiana Personal Income. The wine equation includes dummy variables for 1987 and after. For all equations, the income and price variables were adjusted by the Gross Domestic Product price deflator. The sales and income variables are expressed in terms of natural logarithms. The price variables are not in natural logarithms.

Equation (6): Beer Sales = EXP (3.32 + .7267 * LN (RFY_IPI) - 0.73 * LN (RFYIPI79) + 0.252 * LN (RFYIPI93) - 0.041 * (RBEER_PRICE) + 8.75 * (D79) - 3.06 * (D93) - 0.075 * (D12))

Where RFY_IPI79 = Real FY_IPI when FY > 1978

Where RFY_IPI93 = Real FY_IPI when FY > 1992

Where D79 = 1 when FY > 1978

Where D93 = 1 when FY > 1992

Where D12 = 1 when FY > 2011

Equation (6a): Beer Tax = 0.115 * (Beer Sales)

Equation (7): Liquor Sales = EXP (16.97 - 0.61 * LN (RFY_IPI) - 0.073 (RLIQ_PRICE) + 2.18 * LN (RFYIPI99) - 26.44 (D99))

Where RFY_IPI99 = Real FY_IPI when FY > 1998

Where D99 = 1 when FY > 1998

Equation (7a): Liquor Tax = 2.68 * (Liquor Sales)

Equation (8): Wine Sales = EXP (1.26 + 0.846 * LN (RFY_IPI) - 0.529 (RWINE_PRICE) - .261 * (D87))

Where D87 = 1 when FY > 1986

Equation (8a): Wine Tax = 0.47 * (Wine Sales)

Gaming Taxes

The Committee adopted an equation to estimate the total adjusted gross wagering receipts of the state's 11 riverboat casinos and 2 racinos. Adjusted gross wagering receipts serves as the tax base for the riverboat wagering tax and the racino slot machine wagering tax. These estimates are then used to compute estimated fiscal year riverboat wagering tax collections and racino slot machine wagering tax collections.

The equation estimates quarterly total adjusted gross wagering receipts (Q_AGR) generated at the state's 11 riverboat casinos and 2 racinos based on its relationship to quarterly nominal Indiana personal income in millions of dollars (Q_NIPI), a set of dummy variables, and an interaction variable that account for other economic and market circumstances. The equation contains a dummy variable (D_FRLICK) to account for the addition of the French Lick Casino and its impact on total adjusted gross wagering receipts levels since 2006. The equation includes a dummy variable (D_FRWINDS) to account for the competitive impact of the Four Winds Casino on total adjusted gross wagering receipts levels since 2007. The Four Winds Casino is a tribal casino located in New Buffalo, Michigan, about 20 miles from the Blue Chip Casino in Michigan City, Indiana. The equation also includes a dummy variable (D_RACINO) to account for the addition of the racinos at Hoosier Park and Indiana Downs and their impact on total adjusted gross wagering receipts levels since 2008. The equation includes a variable comprising the interaction of Q_NIPI and D_FRLICK to account for the secular leveling and decline in total adjusted gross wagering receipts levels due to market and capacity factors. The equation also includes quarterly dummy variables (D_Q2 and D_Q4) to account for seasonal variation in adjusted gross wagering receipts levels. The baseline AGR forecast is then adjusted to account for: (1) potential competitive impacts from new casino operations in neighboring states, (2) changes in Indiana laws, and (3) court decisions impacting taxation of gaming revenues. The equation chosen is replicated as Equation (9) below.

$$\begin{aligned} \text{Equation (9): } \quad Q_AGR = & -4,971,950 + 3,139(Q_NIPI) \\ & + 915,781,477 (D_FRLICK) - 31,973,547 (D_FRWINDS) \\ & + 65,055,602 (D_RACINO) - 4,193(Q_NIPI * D_FRLICK) \\ & - 8,435,665 (D_Q2) - 39,766,105 (D_Q4) \end{aligned}$$

Where D_FRLICK = 0.67 in 4th Quarter 2006 and 1 in calendar quarters thereafter.

Where D_FRWINDS = 0.67 in 3rd Quarter 2007 and 1 in calendar quarters thereafter.

Where D_RACINO = 0.33 in 2nd Quarter 2008 and 1 in calendar quarters thereafter.

Where Q_NIPI * D_FRLICK = Q_NIPI * 0.67 in 4th Quarter 2006 and Q_NIPI * 1 in calendar quarters thereafter.

Where D_Q2 = 1 during the 2nd calendar quarter of a year.

Where D_Q4 = 1 during the 4th calendar quarter of a year.

SPECIFIC METHODOLOGY
(December 20, 2013)

Sales Tax

For Each Fiscal Year to be Forecast:

1. Multiply 0.9514 by the natural logarithm of the Calendar Year Indiana Personal Income Net of Transfer Payments.
2. Multiply 0.6383 by the natural logarithm of the Fiscal Year Indiana Labor Force Participation Rate.
3. Add the results of Steps 1 and 2.
4. Add 0.1907 to the result of Step 3.
5. Compute the exponential of the result of Step 4. Multiply the result by 1.0002 to obtain the total fiscal year sales tax base.
6. Multiply the results of Step 5 by the sales tax rate (7%).
7. Add 53.6 in FY 2014 and 89.4 in FY 2015 from the result of Step 6 to account for the impact of tax measures enacted by the General Assembly.
8. Multiply the results of Step 7 by 0.98848 to account for the percentage of sales taxes deposited in the General Fund under HEA 1001- 2013.

Individual Income Tax

For Each Fiscal Year to be Forecast:

1. Convert calendar year data to quarterly data.

The amounts in the table below are lagged two quarters. To convert the annual Fiscal Year S&P 500 data to quarterly data, multiply 2013 amount below by the FY 2013 S&P 500 amount, multiply the 2014 amounts below by the FY 2014 S&P 500 amount, and multiply the 2015 amounts below by the FY 2015 S&P 500 amount.

	Lagged S&P 500
2013 Q4	1.0832
2014 Q1	0.9546
2014 Q2	1.0078
2014 Q3	1.0155
2014 Q4	1.0221
2015 Q1	0.9851
2015 Q2	0.9946

To convert the annual Fiscal Year Nominal GDP data to quarterly data, multiply 2013 amount below by the FY 2013 Nominal GDP amount, multiply the 2014 amounts below by the FY 2014 Nominal GDP amount, and multiply the 2015 amounts below by the FY 2015 Nominal GDP amount

	Nominal GDP
2013 Q4	1.0311
2014 Q1	1.0035
2014 Q2	1.0145
2014 Q3	1.0254
2014 Q4	1.0373
2015 Q1	1.0060
2015 Q2	1.0182

2. Multiply 0.066 times the Calendar Year quarters S&P 500 Common Stock from two quarters prior.
3. Multiply 638.542 times the Calendar Year quarters of the Percent Change in Nominal GDP from the same quarter previous year.
4. Multiply 0.564 times the Adjusted Estimated Payments from four quarters prior (CY 2013Q4 is 44.9, CY 2014Q1 is 176.1, CY 2014Q2 is 237.9, CY 2014Q3 is 153.4, CY 2014Q4 is 67.5, CY 2015Q1 is 202.8, CY 2015Q2 is 289.6). The Actual Adjusted Estimated payment for CY 2013Q3 is 154.8.
5. Add the results of Steps 2, 3, and 4.

6. Subtract 31.834 from the result of Step 5.
7. Add 43.576 to Step 6 if Calendar Year Quarter 2.
8. Subtract 55.561 from Step 6 if Calendar Year Quarter 4.
9. Repeat Steps 1 through 8 to account for each quarter in the Fiscal Year.
10. Calculate the sum of 2013 Q3 through 2014 Q2 values found in Step 9 to determine the FY 2014 amount. Calculate the sum of 2014 Q3 through 2015 Q2 values found in Step 9 to determine the FY 2015 amount.
11. Multiply 0.440 times the Fiscal Year Indiana Personal Income.
12. Multiply 6.858 times the Calendar Year S&P 500 Common Stock Index.
13. Add the results of Step 11 and Step 12.
14. Add 12,914.698 to the result in Step 13.
15. Multiply the result in Step 14 by the State and Local Income Tax Rate (4.707% for FY2014 and 4.657% for FY 2015)
16. Add the results in Step 10 and Step 15.
17. Subtract 329.8 for FY 2014 and 318.5 for FY 2015 from the result of Step 16 to account for tax measures enacted by the General Assembly.
18. Multiply the result in Step 17 by 72.228% in FY 2014 and by 71.930% in FY 2015 to account for the State's rate share of the Income Tax.

Corporate Income Tax

For Each Fiscal Year to be Forecast:

1. Multiply 0.429 by the natural logarithm of the prior Calendar Year Corporate Profit.
2. Multiply -0.286 by the dummy for FY 2010 and for FY 2011.
3. Add the results of Step 1 to Step 2.
4. Add 5.905 to the results of Step 3.
5. Compute the exponential of the result of Step 4. Multiply the result by 1.00597 to obtain the total Fiscal Year corporate tax base.
6. Subtract 802.5 for FY 2014 and 820.9 for FY 2015 from the result of Step 5 to account for tax measures enacted by the General Assembly.
7. Multiply the result of Step 6 by the tax rate (7.44% for FY 2014 and 6.95% for FY 2015).

8. Add 11.9 for FY 2014 and 17.5 for FY 2015 to the result of Step 7 to account for the adjustment for the tax on state/local bonds.
9. Subtract 7.76 for FY 2014 and add 0.09 to FY 2015 to account for the IRC Re-couple.
10. Add 201 for FY 2014 and FY 2015 to the result of Step 9 to account for the revenues from the Utility Receipts Tax.
11. Add 6.8 for FY 2014 and FY 2015 to the result of Step 10 to account for the revenues from the Utility Service Use Tax.
12. Add 52.5 in FY 2014 and 52.1 in FY 2015 to the result of Step 11 to account for the revenues from the Financial Institutions Tax.

Cigarette Tax

For Each Fiscal Year to be Forecast:

1. Multiply 1.69 by the logarithm of fiscal year real Indiana Personal Income.
2. Subtract 11.64 from the result of Step 1.
3. Multiply 0.20 by the logarithm of the sum of the real cigarette prices in the four surrounding states.
4. Add the result of Step 3 to the result of Step 2.
5. Multiply -0.85 by the logarithm of the real cigarette price in Indiana.
6. Add the result of Step 5 to the result of Step 4.
7. Multiply -0.06 by the logarithm of the real cigarette excise tax rate.
8. Add the result of Step 7 to the result of Step 6.
9. Subtract 1,965 from the fiscal year of the forecast.
10. Multiply the result of Step 9 by -0.06.
11. Add the result of Step 10 to the result of Step 8.
12. Take the exponential of Step 11 to calculate packs sold.
13. Multiply the result of Step 12 by 0.995 to calculate total revenue.
14. Add the results of Step 15 from the Tobacco Product Tax methodology to the results of Step 13.
15. Multiply the result of Step 14 by 0.5624 to calculate General Fund revenue.

Tobacco Products Tax

For Each Fiscal Year to be Forecast:

1. Multiply 1.60 by the logarithm of fiscal year real Indiana Personal Income.
2. Subtract 15.17 from the result of Step 1.
3. Multiply real tobacco producer price index by Federal Tax Rate on other tobacco products.
4. Multiply -0.293 by the result of Step 3.
5. Add the result of Step 4 to the result of Step 2.
6. Multiply 100 by the Indiana tobacco products excise tax rate.
7. Multiply -0.017 by the result of Step 5.
8. Add the result of Step 7 to the result of Step 5.
9. Subtract 1965 from the fiscal year of the forecast.
10. Multiply the result of Step 9 by 0.015.
11. Add the result of Step 10 to the result of Step 9.
12. Multiply 0.12 by the federal other tobacco products tax rate.
13. Add the result of Step 12 to the result of Step 10.
14. Take the exponential of Step 13 to calculate sales.
15. Multiply the result of Step 14 by 0.24 to calculate total revenue.
16. Multiply the result of Step 15 by 0.75 and distribute the amount along with the Cigarette Tax revenue.
17. Multiply the results of Step 15 by 0.25. Deposit the amount in the Affordable Housing Fund.

Alcoholic Beverage Tax - Beer

For Each Fiscal Year to be Forecast:

1. Multiply 0.726 by the logarithm of fiscal year real Indiana Personal Income.
2. Add 3.33 to the result of Step 1.
3. Multiply -0.0417 by the real beer price

4. Add the result of Step 3 to the result of Step 2.
5. For 1979 and thereafter, multiply -0.7239 to the logarithm of fiscal year real Indiana Personal Income.
6. For 1993 and thereafter, multiply 0.252 to the logarithm of fiscal year real Indiana Personal Income.
7. Add Step 4, Step 5 and Step 6.
8. For 1979 and thereafter, add 8.75.
9. For 1993 and thereafter, subtract 3.06.
10. For 2012 and thereafter, subtract 0.075.
11. Take the exponential of the result of Step 10 to calculate sales.
12. Multiply the result of Step 11 by 0.115 to calculate total revenue; multiply the result of Step 11 by 0.04 to calculate General Fund revenue.

Alcoholic Beverage Tax - Liquor

For Each Fiscal Year to be Forecast:

1. Multiply -0.614 by the logarithm of fiscal year real Indiana Personal Income
2. Add 16.97 to the result of Step 1.
3. Multiply -0.073 by the real liquor price.
4. Add the result of Step 3 to the result of Step 2.
5. For 1999 and thereafter, multiply 2.18 to the logarithm of fiscal year real Indiana Personal Income.
6. For 1999 and thereafter, subtract 26.44.
7. Take the exponential of the result of Step 6 to calculate sales.
8. Multiply the result of Step 7 by 2.68 to calculate total revenue; multiply the result of Step 7 by 1.00 to calculate General Fund revenue.

Alcoholic Beverage Tax – Wine

For Each Fiscal Year to be Forecast:

1. Multiply 0.846 by the logarithm of fiscal year real Indiana Personal Income.

2. Subtract 1.26 from the result of Step 1
3. Multiply -0.529 by the real wine price.
4. Add the result of Step 2 to the result of Step 3
5. For 1987 and thereafter, subtract 0.26.
6. Take the exponential of the result of Step 6 to get sales.
7. Multiply the result of Step 6 by 0.47 to get total revenue; multiply the result of Step 6 by 0.20 to get General Fund revenue.

Gaming Taxes

For Each Fiscal Year to be Forecast:

1. Multiply 3,139.2 by quarterly nominal Indiana Personal Income in millions of dollars.
2. Subtract 4,971,950 from the result of Step 1.
3. Add 613,573,589 to the result of Step 2 for the 4th Quarter of 2006, and add 915,781,477 to the result of Step 2 for each calendar quarter thereafter.
4. Subtract 21,422,276 from the result of Step 3 for the 3rd Quarter of 2007, and subtract 31,973,546 from the result of Step 3 for each calendar quarter thereafter.
5. Add 21,468,348 to the result of Step 4 for the 2nd Quarter of 2008, and add 65,055,602 to the result of Step 4 for each calendar quarter thereafter.
6. Multiply 2,809 by quarterly nominal Indiana Personal Income in millions of dollars and subtract the result from the result of Step 5 for the 4th Quarter of 2006, or multiply 4,193 by quarterly nominal Indiana Personal Income in millions of dollars and subtract the result from the result of Step 5 for each calendar quarter thereafter.
7. Subtract 8,435,665 from the result of Step 6 if the calendar quarter is the 2nd Quarter or subtract 39,766,105 from the result of Step 6 if the calendar quarter is the 4th Quarter.
8. Sum the quarterly totals from Step 7 for the fiscal year to obtain the total fiscal year adjusted gross wagering receipts of the 11 riverboat casinos and 2 racinos.
9. Divide the total fiscal year adjusted gross receipts from Step 8 between the 11 riverboat casinos and 2 racinos based on the historical percentage distribution of adjusted gross wagering receipts by riverboat casino and racino.
10. Reduce the estimated adjusted gross wagering receipts for Belterra Casino, Grand Victoria Casino, and Hollywood Casino by 33.3% in FY 2014 and FY 2015 to account for potential competitive impacts from new casino operations in Cincinnati, Ohio, and Columbus, Ohio.

11. Reduce the estimated adjusted gross wagering receipts for the Hoosier Park racino by 16.2% in FY 2014, 17.5% in FY 2015, to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 91.5%.
12. Reduce the estimated adjusted gross wagering receipts for the Indiana Downs racino by 9.8% in FY 2014, 11.1% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 91.5%.
13. Use the fiscal year adjusted gross wagering receipts totals for the 11 riverboat casinos resulting from Step 10 to compute the fiscal year riverboat wagering tax for each riverboat casino.
14. Sum the fiscal year wagering tax totals for each riverboat casino from Step 13 to obtain the fiscal year total riverboat wagering tax collections. For FY 2015, subtract \$2,500,000 from the total to account for a special rate provision for smaller riverboats.
15. Subtract from the Step 14 result: (1) \$1,100,000 each year to account for reimbursement to the Indiana Gaming Commission for administrative expenses, (2) \$33,000,000 each year to account for local revenue sharing, and (3) \$92,091,947 in FY 2014 and \$89,779,686 in FY 2015 to account for riverboat wagering tax distributions to riverboat communities and other purposes.
16. Use the fiscal year adjusted gross wagering receipts totals for the 2 racinos resulting from Step 11 and 12 to compute the fiscal year racino slot machine wagering tax for each racino.
17. Sum the fiscal year wagering tax totals for each racino from Step 16 to obtain fiscal year total racino slot machine wagering tax collections.