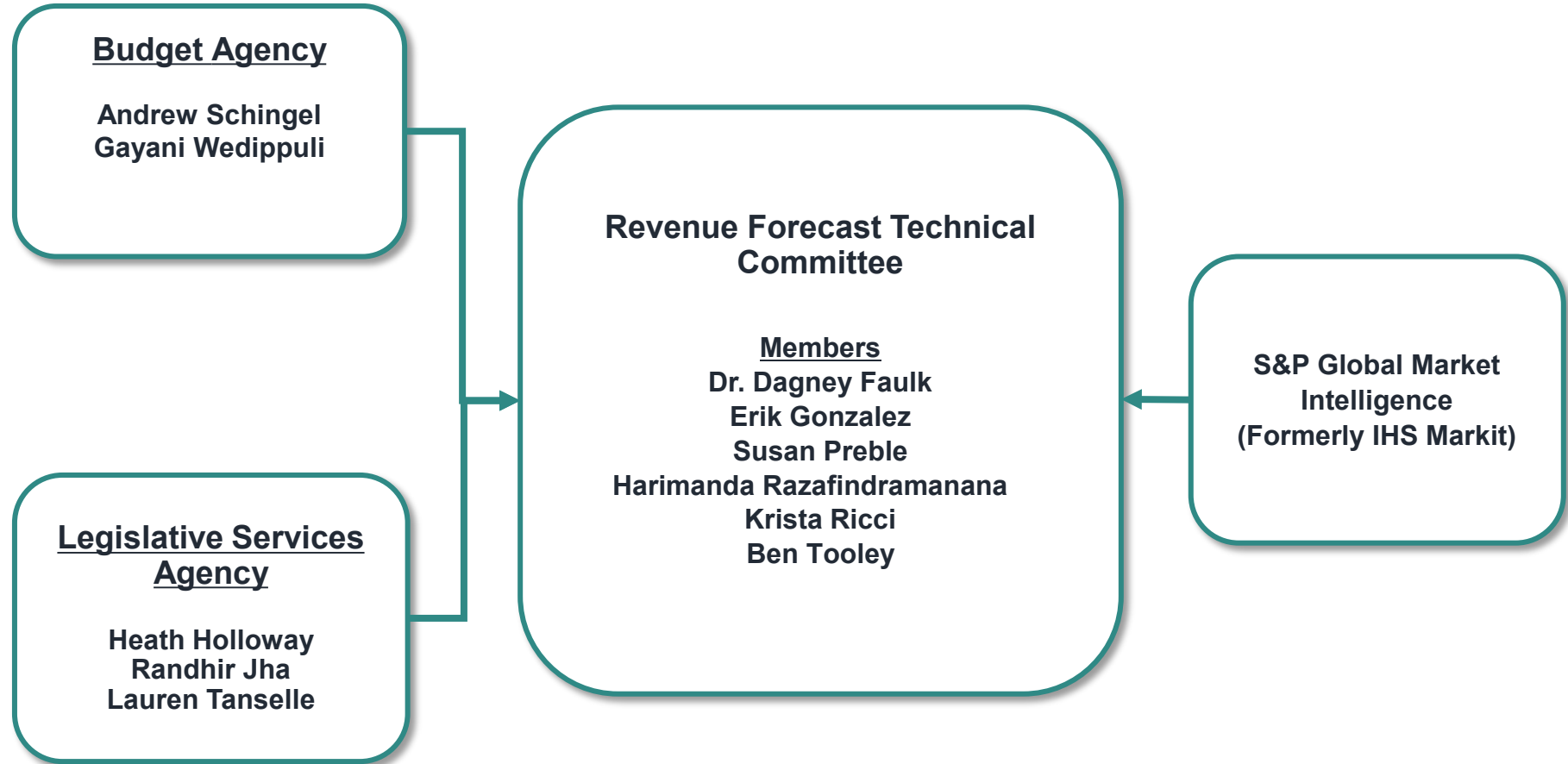


General Fund Revenue Forecast

**Fiscal Years 2023, 2024 and 2025
Revenue Forecast Technical Committee**

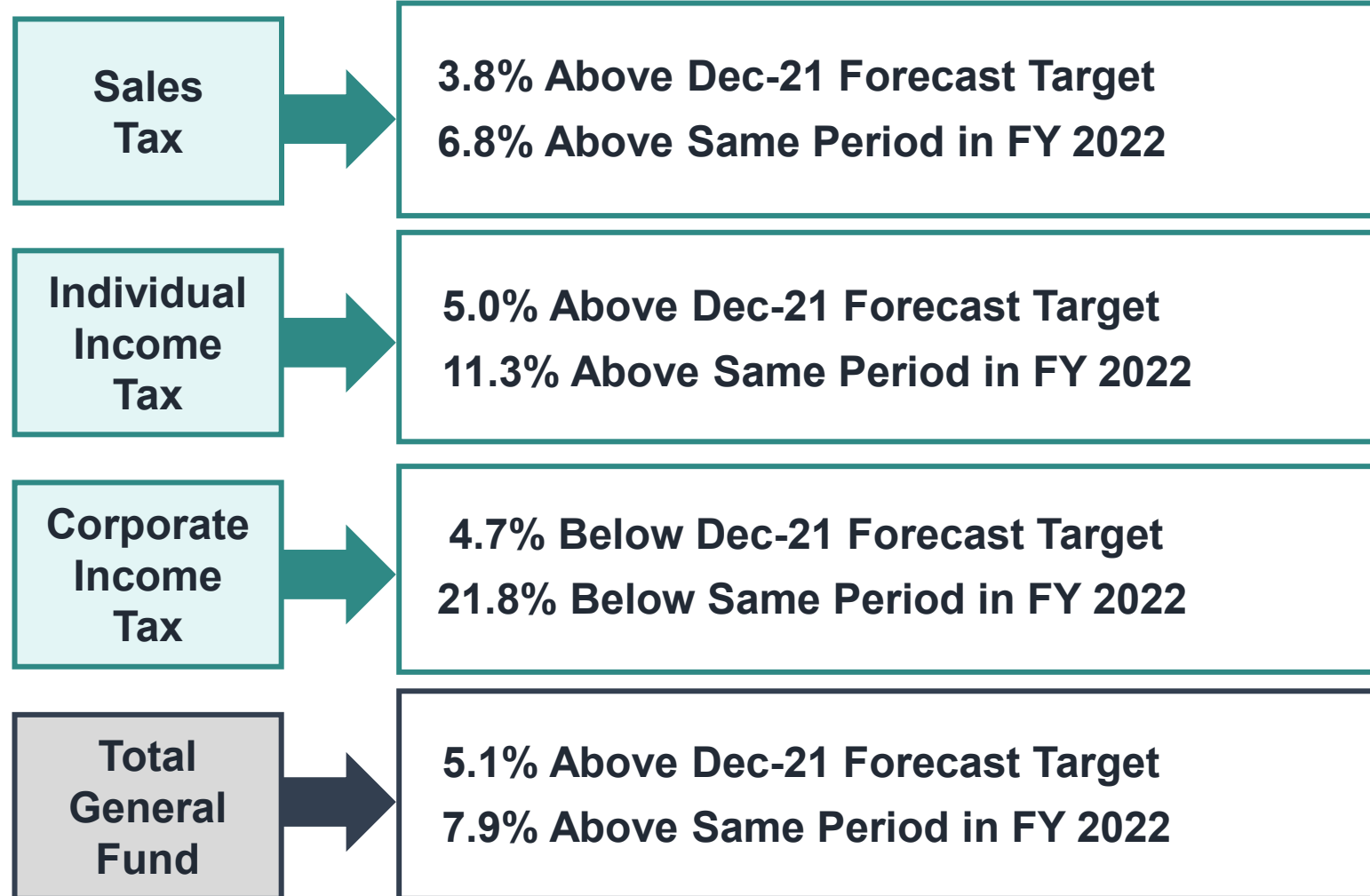
**Presented to the State Budget Committee
December 15, 2022**

Indiana Revenue Forecast

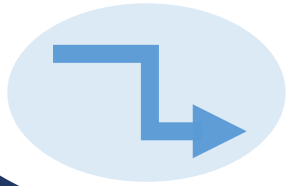


Performance of Major Revenue Sources

Year-To-Date Through Nov 30th FY 2023



Economic Forecast Overview



Tighter monetary policy, persistently high inflation, and the slowdown in global economic growth is leading to a sluggish economic growth and a projected mild recession.



With strong labor market and elevated wage growth, consumer spending continues to grow. This could change with rising interest rates and higher rate of inflation.



Inflation projections are substantially up from December 2021. Inflation will continue to be at higher than historical levels in 2023. The pandemic and continuing robust demand for goods has also caused supply-chain bottlenecks.



During this biennium, Indiana unemployment rate is estimated to increase but remain below 5.0%. The projected recession will cause payroll declines through 2023Q4.

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	
Prior Fiscal Year Savings	Estimated Taxable Indiana PCE / Total Indiana PCE
Ind Household Net Worth per Household	
U.S. Household Financial Obligation Ratio	

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

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.

Individual Income Tax Rate Reduction

- 3.23% in CY 2022
- 3.15% in CY 2023
- 3.15% in CY 2024
- If certain thresholds are met, the tax rate will be phased down to 3.1% for CY 2025 and CY 2026, 3.0% for CY 2027 and CY 2028, and 2.9% for CY 2029 and thereafter.

Ongoing Financial Institutions Tax Rate Reduction

- 5.00% in CY 2022
- 4.90% in CY 2023 and thereafter.

Gasoline Use Tax Distributions to State General Fund

- 32.155% in FY 2022
- 21.445% in FY 2023
- 10.735% in FY 2024
- 0% in FY 2025 and years thereafter.

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 starting FY 2020

Business Taxes:

- ❖ Repeal of Utility Receipts Tax beginning in FY 2023

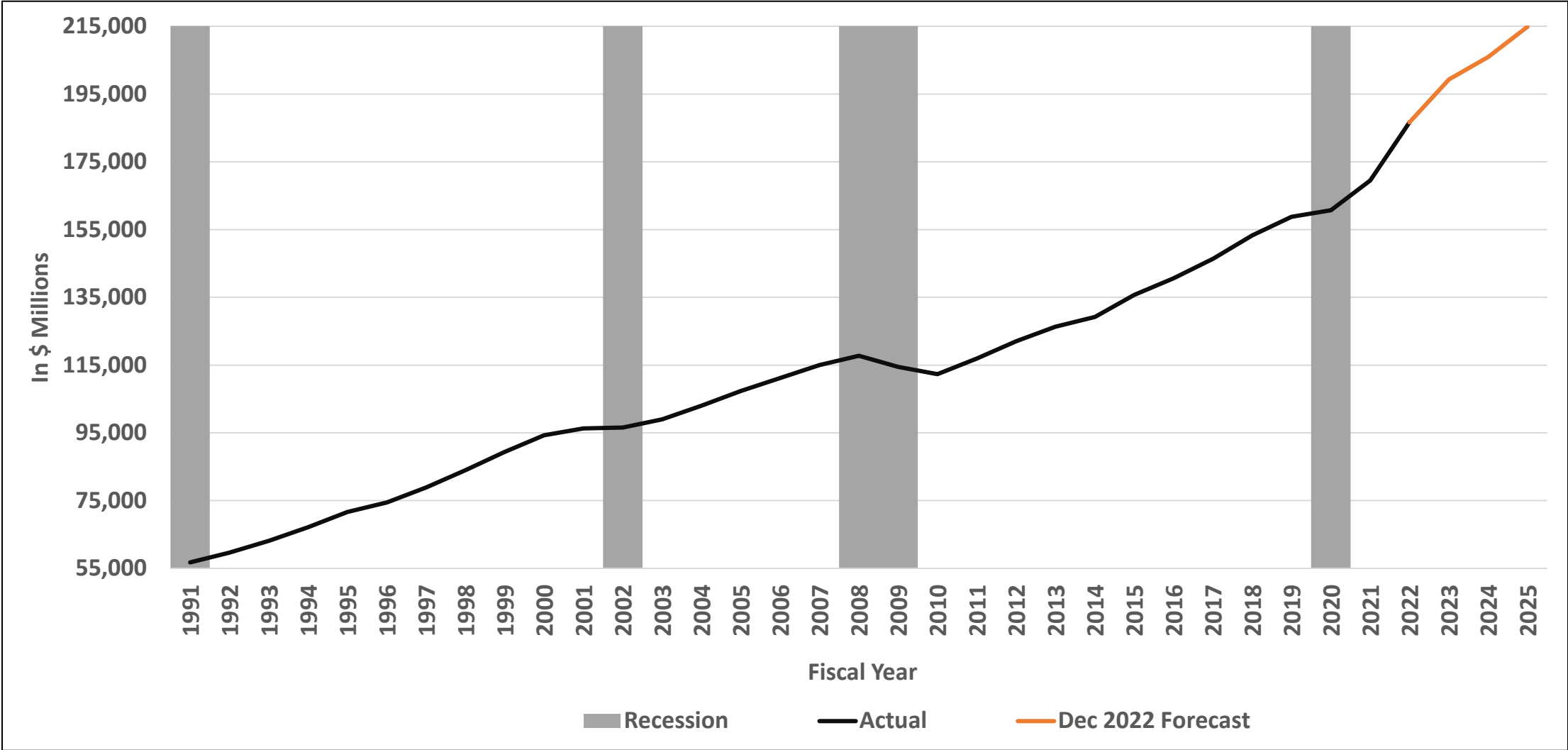
Gaming Tax:

- ❖ Gary casino move to inland location starting FY 2021
- ❖ Illinois Casino expansion starting FY 2024

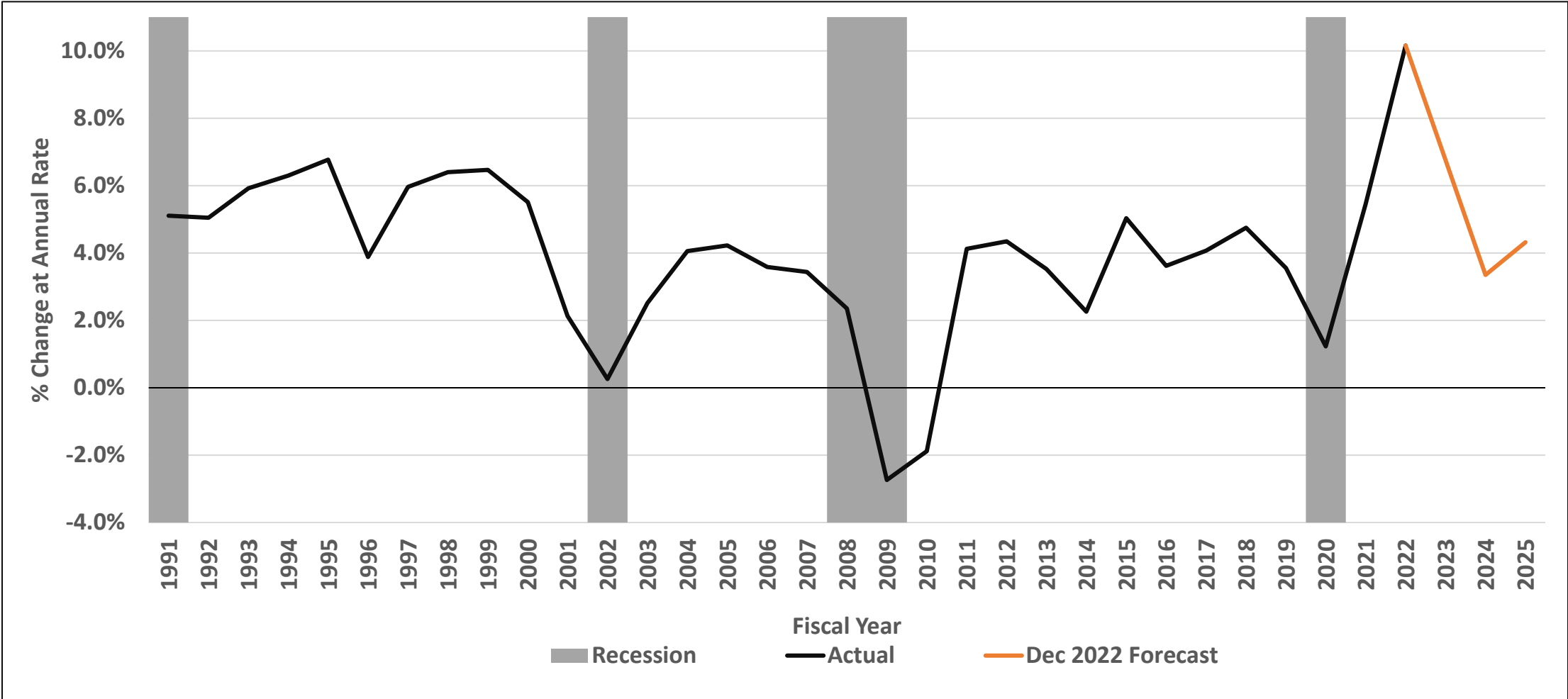
Miscellaneous:

- ❖ Sports Wagering Tax starting FY 2020

Indiana Wages & Salary



Indiana Wages & Salary Growth over Prior Year



December 2022 Forecast Results

Total Tax Revenue Estimates

December 15, 2022, Revenue Forecast

Sales Tax (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	9,940.3	10,482.9	491.9	4.9%	542.6	5.5%
2024		10,631.7	148.8	1.4%		
2025		11,083.4	451.7	4.2%		
Individual Income Tax (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	7,578.9	7,431.5	-749.7	-9.2%	-147.4	-1.9%
2024		7,750.5	319.0	4.3%		
2025		7,947.4	196.9	2.5%		
Corporate Income Tax (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	1,281.7	1,124.4	-415.1	-27.0%	-157.3	-12.3%
2024		1,181.8	57.4	5.1%		
2025		1,174.3	-7.5	-0.6%		

Total Tax Revenue Estimates

December 15, 2022, Revenue Forecast

Gaming Taxes (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	457.5	469.1	16.8	3.7%	11.6	2.5%
2024		438.1	-31.0	-6.6%		
2025		437.9	-0.2	0.0%		
Other Taxes (Includes MVET/ CVET Recapture) (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	1,021.3	1,139.3	112.7	11.0%	118.0	11.6%
2024		1,273.5	134.2	11.8%		
2025		1,248.4	-25.1	-2.0%		
Total General Fund Taxes (in millions \$)						
Fiscal Year	Dec-21 Forecast	Dec-22 Forecast	Growth over Prior Year		Difference Dec 2021 Forecast to Dec 2022 Forecast	
2023	20,279.7	20,647.3	-543.5	-2.6%	367.6	1.8%
2024		21,275.7	628.4	3.0%		
2025		21,891.5	615.8	2.9%		

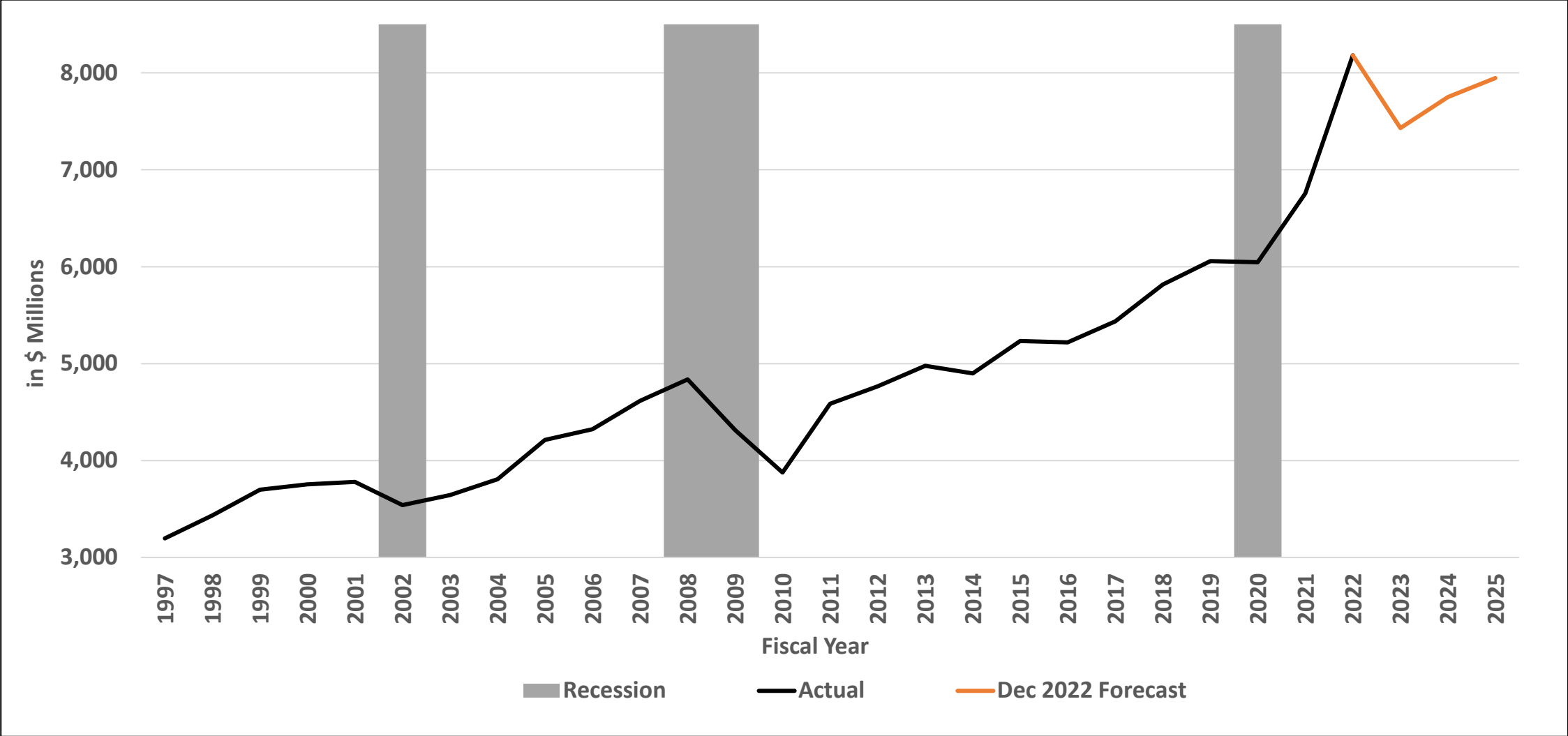
Total General Fund Revenue Forecast

Fiscal Years 2023, 2024 and 2025

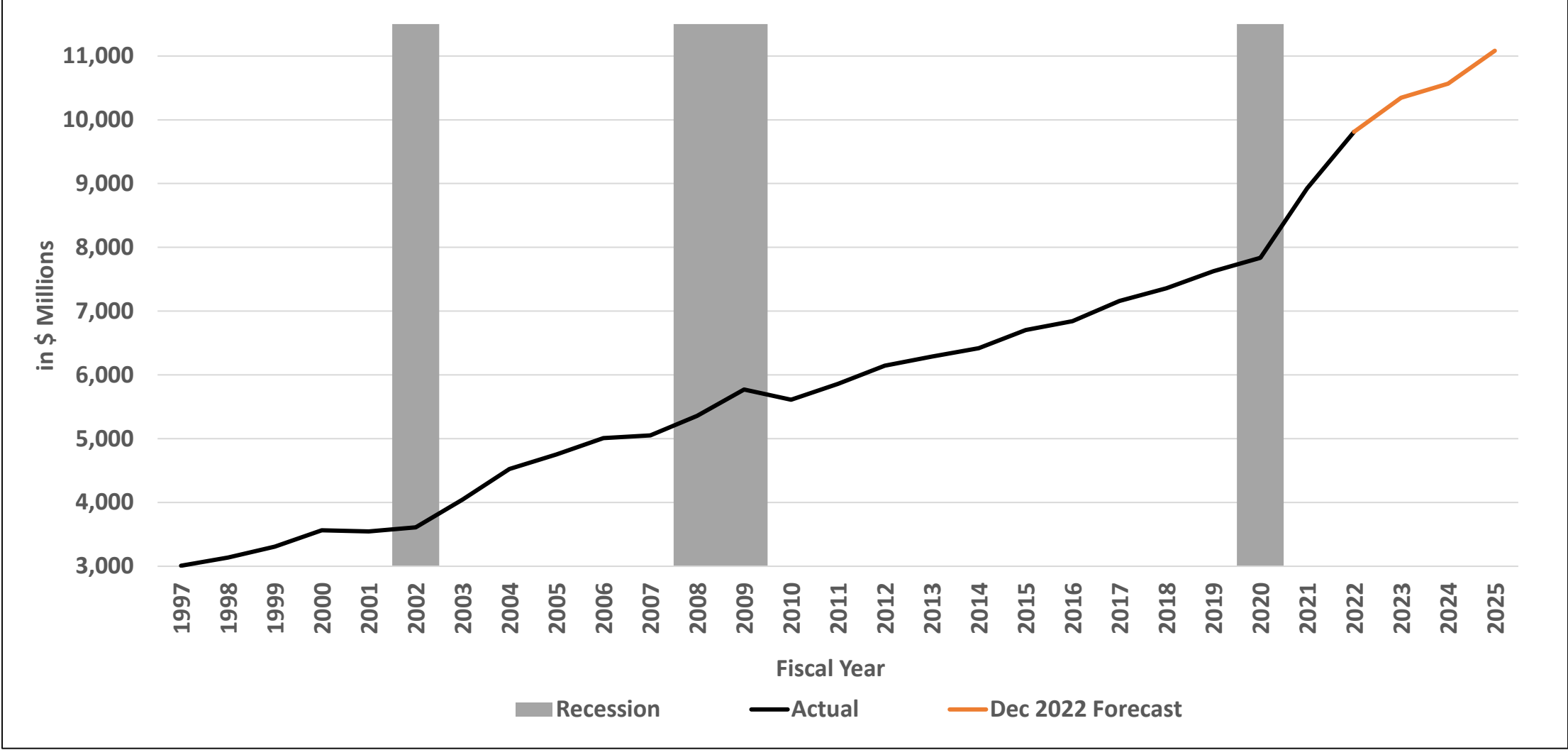
December 15, 2022 (in millions)

	FY 2021		FY 2022		FY 2023				FY 2024			FY 2025		
	Actual 2021	Excl. Deferred Payments in 2021	Actuals 2022	Year over Year Growth Excl. Deferred Payments in FY 2021	Dec. 2021 Forecast 2023	Updated Forecast 2023	Year over Year Growth	Difference vs Dec 2021 Forecast	Baseline Scenario Forecast 2024	Year over Year Growth	Year over Year \$ Change	Baseline Scenario Forecast 2025	Baseline Year over Year Growth	Baseline Year over Year \$ Change
Major Taxes														
Sales & Use	9,072.6	9,072.6	9,991.0	10.1%	9,940.3	10,482.9	4.9%	542.6	10,631.7	1.4%	148.7	11,083.4	4.2%	451.7
Individual Income	7,531.5	6,804.5	8,181.2	20.2%	7,578.9	7,431.5	-9.2%	(147.4)	7,750.5	4.3%	319.0	7,947.4	2.5%	196.9
Corporate - AGI, URT, USUT, FIT	1,385.2	1,225.9	1,539.5	25.6%	1,281.7	1,124.4	-27.0%	(157.3)	1,181.8	5.1%	57.5	1,174.3	-0.6%	(7.5)
Riverboat Wagering	282.6	282.6	311.2	10.2%	315.4	321.0	3.1%	5.6	289.2	-9.9%	(31.8)	289.6	0.1%	0.4
Racino Wagering	126.2	126.2	141.1	11.8%	142.1	148.1	5.0%	6.1	148.9	0.5%	0.8	148.3	-0.4%	(0.6)
Subtotal Major Taxes	18,398.0	17,511.7	20,164.1	15.1%	19,258.4	19,508.0	-3.3%	249.6	20,002.1	2.5%	494.2	20,643.1	3.2%	641.0
Other Revenue														
Cigarette	234.8	234.8	221.4	-5.7%	222.0	220.7	-0.3%	(1.3)	214.5	-2.8%	(6.2)	209.8	-2.2%	(4.7)
Insurance	229.5	229.5	251.9	9.8%	249.5	255.7	1.5%	6.2	259.6	1.5%	3.9	263.5	1.5%	4.0
Inheritance	0.3	0.3	0.0	-91.5%	0.0	0.0	-100.0%	0.0	0.0	N/A	0.0	0.0	N/A	0.0
Alcoholic Beverages	22.0	22.0	21.1	-3.9%	22.4	21.4	1.3%	(1.0)	21.7	1.4%	0.3	22.3	2.8%	0.6
Riverboat Supplemental Wagering Tax	9.8	9.8	7.8	-20.2%	10.2	10.1	29.1%	(0.1)	9.5	-5.3%	(0.5)	9.5	-0.5%	(0.0)
Interest	31.1	31.1	33.9	8.8%	43.2	135.0	298.3%	91.8	255.0	88.9%	120.0	225.0	-11.8%	(30.0)
Motor & Commercial Vehicle Excise	296.9	296.9	288.5	-2.8%	293.1	294.1	1.9%	1.0	301.7	2.6%	7.7	309.6	2.6%	7.9
Miscellaneous Revenue	185.0	185.0	202.0	9.2%	180.9	202.4	0.2%	21.4	211.5	4.5%	9.1	208.6	-1.3%	(2.8)
Subtotal Other Revenue	1,009.4	1,009.4	1,026.6	1.7%	1,021.3	1,139.3	11.0%	118.0	1,273.5	11.8%	134.2	1,248.4	-2.0%	(25.2)
Total General Fund	19,407.4	18,521.1	21,190.7	14.4%	20,279.7	20,647.3	-2.6%	367.6	21,275.7	3.0%	628.4	21,891.5	2.9%	615.8

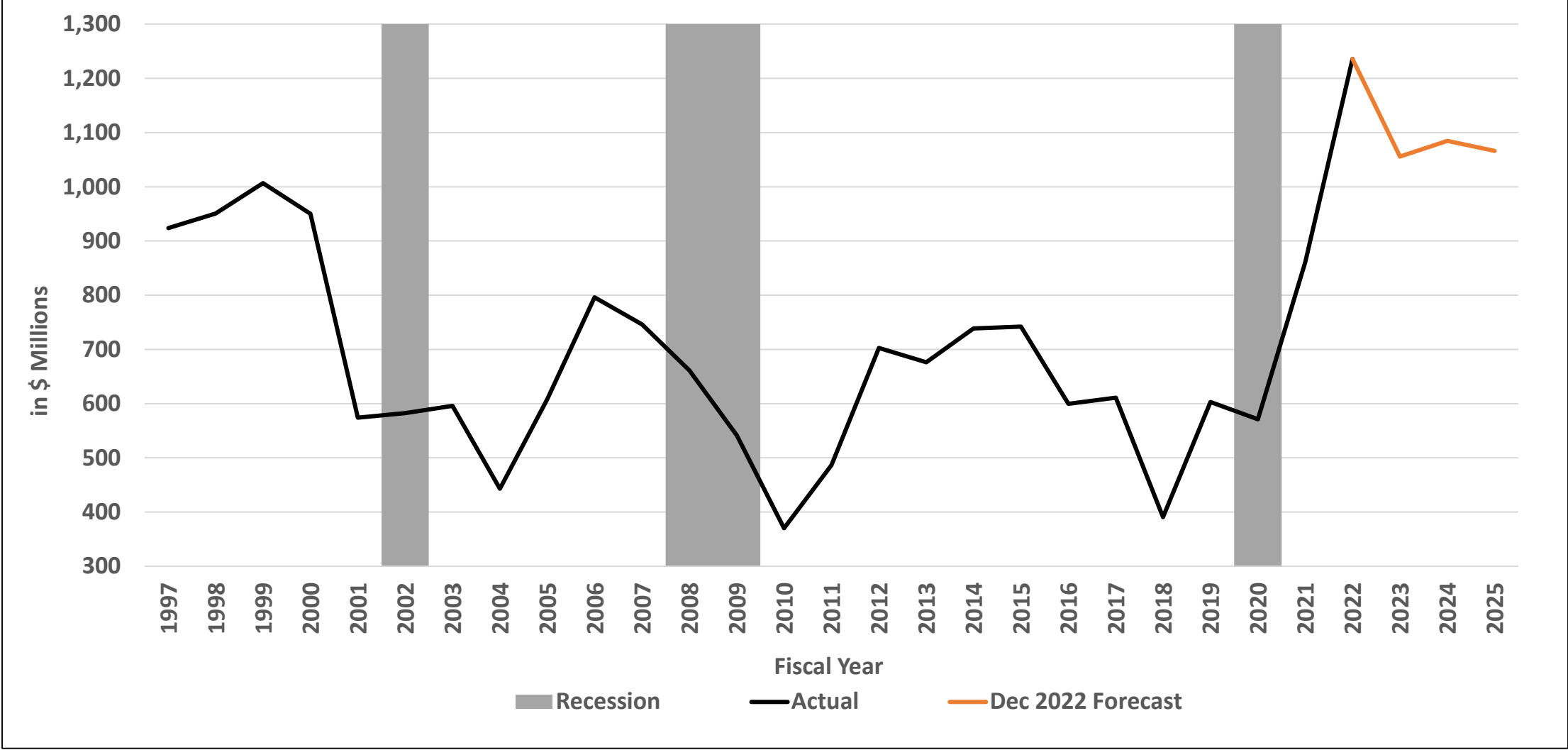
Revenue Trend and Forecast – Adjusted Individual Income Tax



Revenue Trend and Forecast – Adjusted Sales Tax

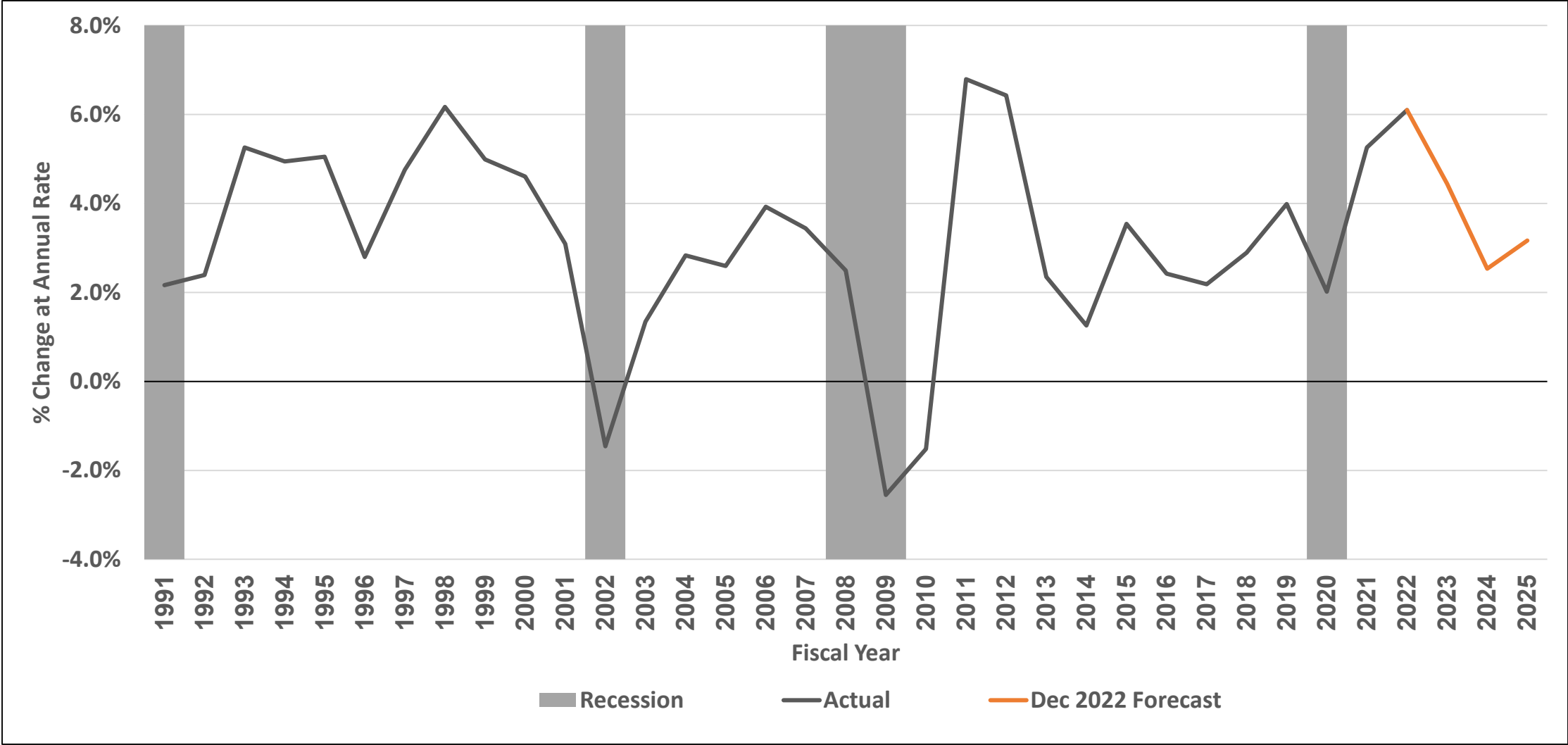


Revenue Trend and Forecast – Adjusted Corporate Income Tax

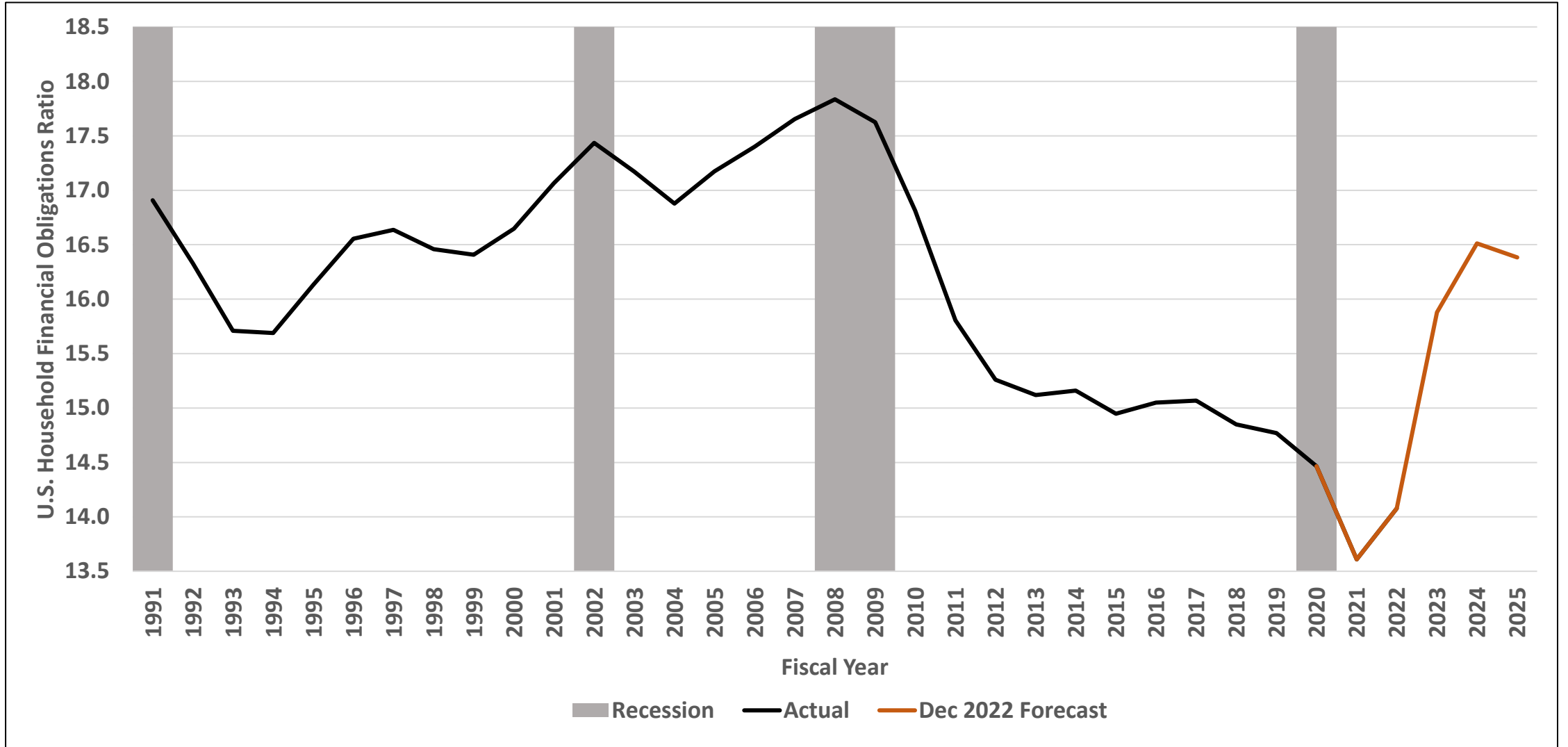


Appendices for December 2022 Revenue Forecast

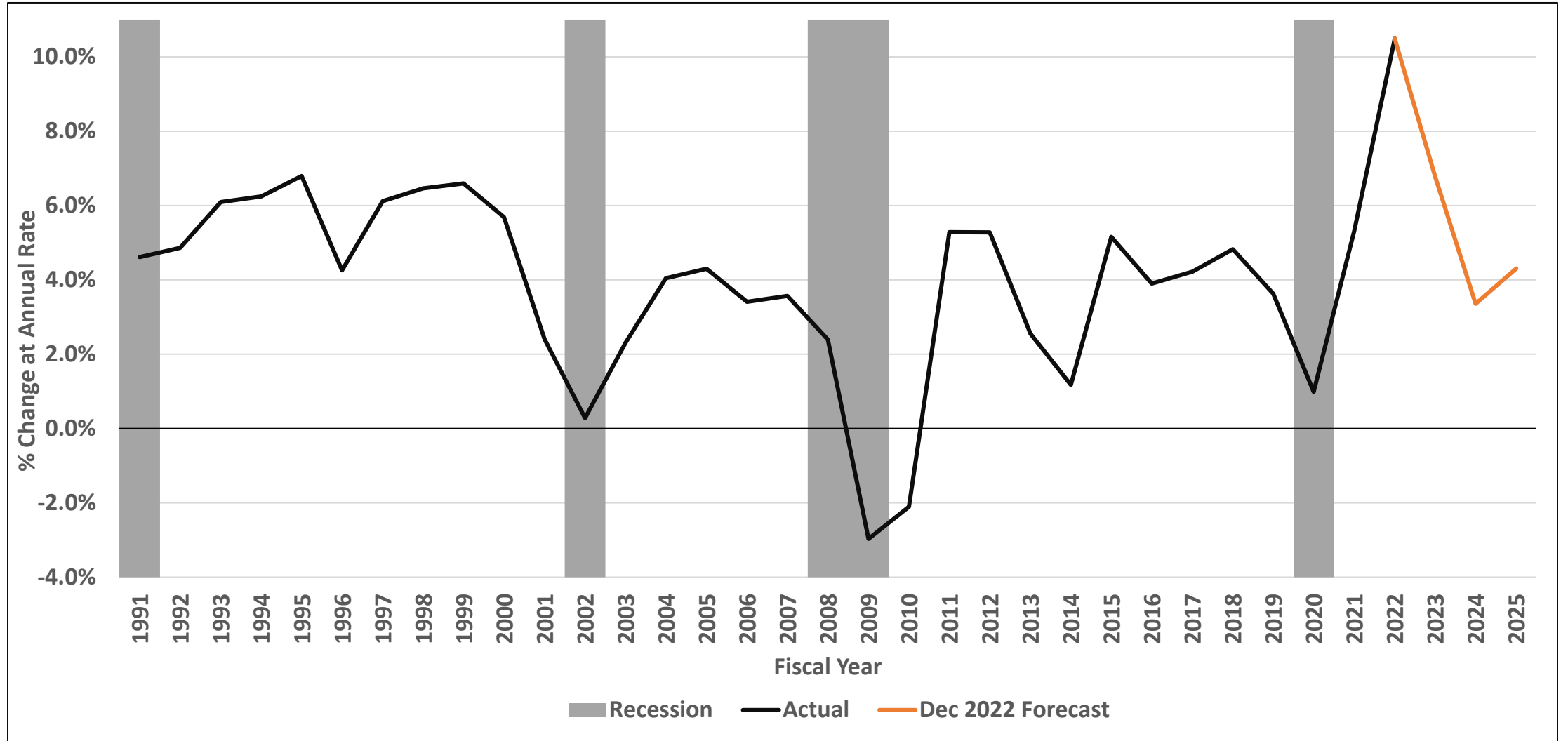
Indiana Personal Income Net of Transfer Payments Per Household - Growth over Prior Year



U.S. Household Financial Obligations Ratio



Adjusted Wages and Salaries Growth over Prior Year



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

