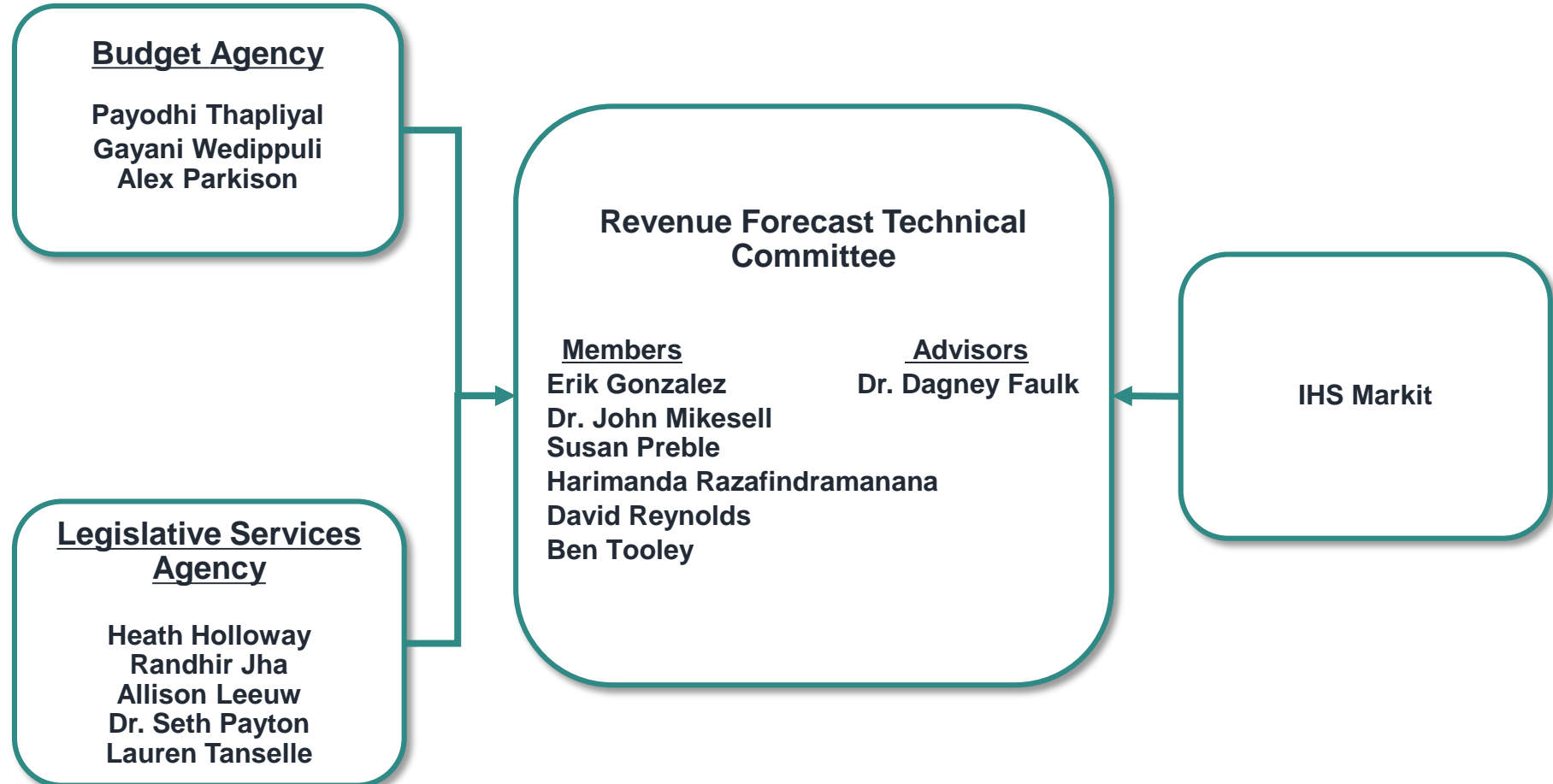


General Fund Revenue Forecast

**Fiscal Years 2019, 2020, and 2021
Revenue Forecast Technical Committee**

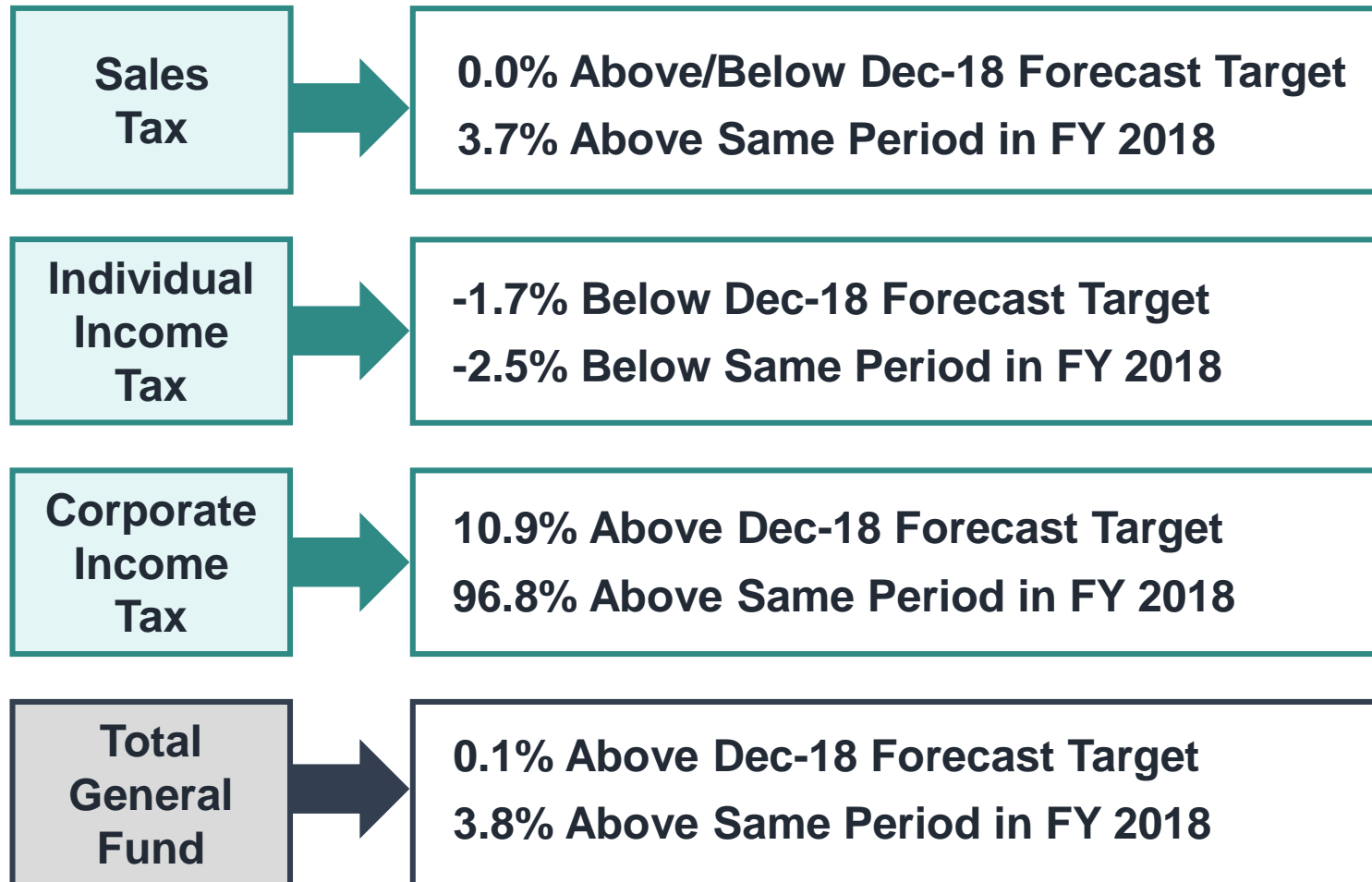
**Presented to the State Budget Committee
April 17, 2019**

Indiana Revenue Forecast



Performance of Major Revenue Sources

Year-To-Date Through March 30th FY 2019



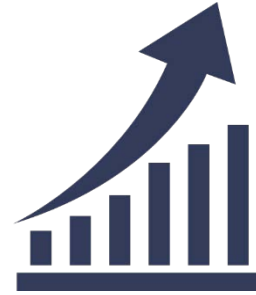
Economic Forecast Overview



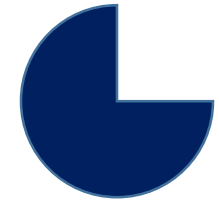
U.S. economy has exhibited sustained growth with the broader economy outperforming expectations in 2018.



Indiana unemployment rate has remained at 4% or below since March 2017. Recent job growth is driven by Health Care and Manufacturing.



Although the forecast is weighted with uncertainties, the odds are still against any 2019 recession.



Broader economy could be negatively impacted if consumer spending slows due to any future weakness in the stock market.

Legislative Changes Incorporated

Fiscal Impact from 2018 Session & 2018 Special Session

- Internal Revenue Code update (IRC)
- Sales tax exemption on prewritten computer software

Ongoing Corporate Income Tax Rate Reduction

- 5.75% in FY 2019
- 5.50% in FY 2020
- 5.25% in FY2021

Ongoing Financial Institutions Tax Rate Reduction

- 6.50% in CY 2018
- 6.25% in CY 2019
- 6.00% in CY 2020
- 5.50% in CY 2021

Gasoline Use Tax Distributions to State General Fund

- Distributed same as rest of the Sales & Use tax in FY 2016
- 85.714% in FY 2017
- 71.428% in FY 2018
- 64.285% in FY 2019
- 53.575% in FY 2020
- 42.865% in FY 2021

Revenue Estimators

Sales Tax

Gasoline Use Tax

Indiana Real GSP, Retail Trade	U.S. Demand for Petroleum as a % of All Fuel
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U.S. Summer Gas Price * Fuel Efficiency

Remaining Sales & Use Tax

Indiana Personal Income Net of Transfer Payments & Proprietors Income Per Household

U.S. Household Financial Obligation Ratio	Indiana PCE Goods/ PCE Services
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Prior FY Rate on Mortgage

Individual Income Tax

Estimated Pay & Others

U.S. Dividend & Interest Income	U.S. Household Holding of Corp. Equities
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Withholdings

Indiana Adj. Wages & Salaries

Extra Pay Period in Q4

Prior Year Births	AR1
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Refunds

A set share of Withholding + Estimated Pay & Others

Corporate Income Tax

Corporate Adjusted Gross Income

U.S. Before Tax Corporate Profits with Adjustments

Industrial Production Index

Net U.S. International Investment Position

FY Tax Rate Change

Other Adjustments to Forecast

Recognition of:

Sales Tax:

- ❖ **U.S. Supreme Court Decision on Wayfair Online Sales**
(*South Dakota v. Wayfair, Inc.*, 2018)

Gaming Tax:

- ❖ **Revenue Loss to South Bend Tribal Casino**

April 2019 Forecast Results

Total Tax Revenue Estimates

April 17, 2019, Revenue Forecast

Sales Tax (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	7,921.8	7,864.0	201.5	2.6%	-57.7	-0.7%
2020	8,115.7	8,075.8	211.7	2.7%	-39.9	-0.5%
2021	8,252.7	8,277.2	201.4	2.5%	24.4	0.3%
Individual Income Tax (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	6,037.0	5,957.9	141.9	2.4%	-79.1	-1.3%
2020	6,249.0	6,174.1	216.1	3.6%	-74.9	-1.2%
2021	6,468.1	6,379.9	205.9	3.3%	-88.2	-1.4%
Corporate Income Tax (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	773.4	871.1	210.7	31.9%	97.6	12.6%
2020	790.4	850.9	-20.1	-2.3%	60.6	7.7%
2021	792.7	834.3	-16.6	-1.9%	41.6	5.3%

Total Tax Revenue Estimates

April 17, 2019, Revenue Forecast

Gaming Taxes (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	411.5	414.2	-18.0	-4.2%	2.6	0.6%
2020	415.4	417.9	3.7	0.9%	2.5	0.6%
2021	417.6	420.9	3.0	0.7%	3.3	0.8%
Other Taxes (Includes MVET/ CVET Recapture) (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	996.7	1,032.2	32.0	3.2%	35.5	3.6%
2020	1,012.8	1,033.4	1.2	0.1%	20.6	2.0%
2021	1,038.0	1,055.9	22.6	2.2%	17.9	1.7%
Total General Fund Taxes (in millions \$)						
Fiscal Year	Dec-18 Forecast	Apr-19 Forecast	Growth Over Prior Year		Difference Dec-2018 Forecast to Apr-2019 Forecast	
2019	16,140.4	16,139.4	568.0	3.6%	-1.0	0.0%
2020	16,583.2	16,552.0	412.6	2.6%	-31.2	-0.2%
2021	16,969.2	16,968.2	416.3	2.5%	-1.0	0.0%

Total General Fund Revenue Forecast Fiscal Years 2019, 2020 & 2021

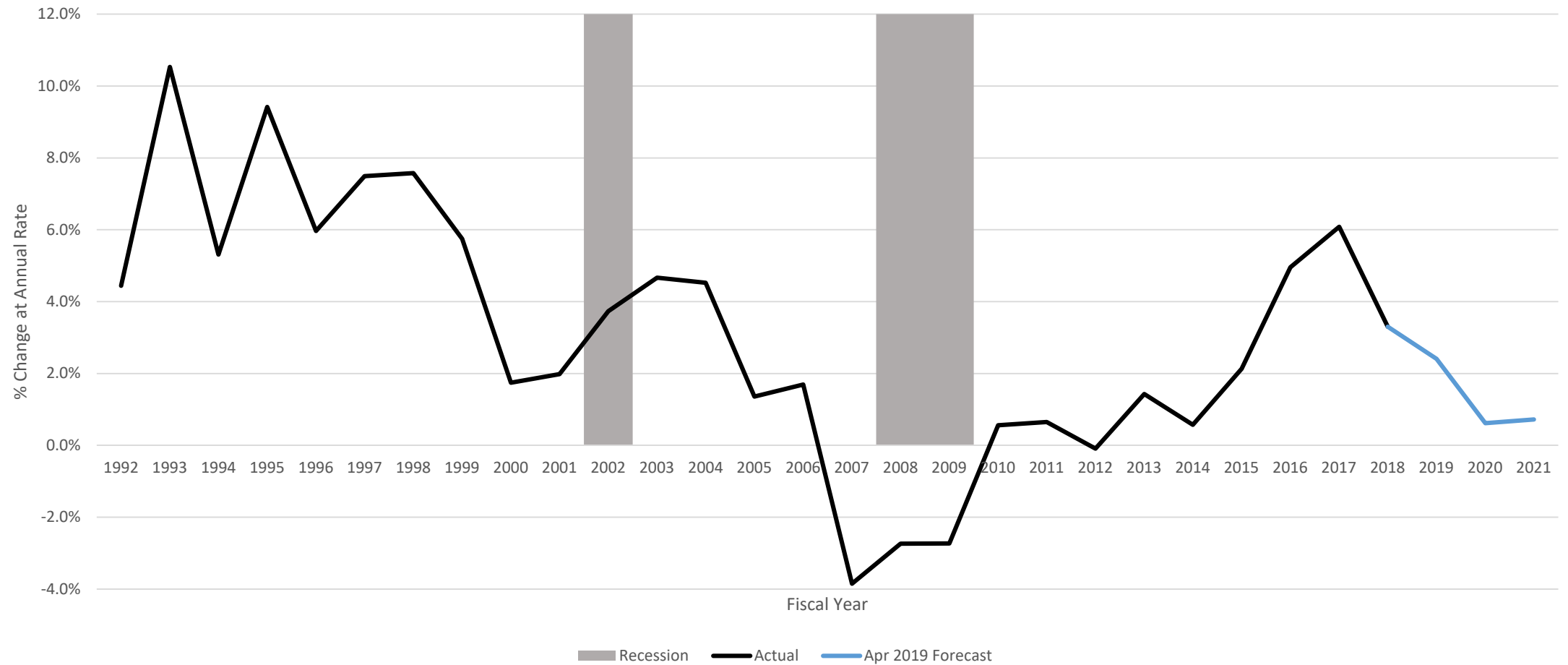
April 17, 2019 (in millions \$)

	Actual 2018	Dec. 2018 Forecast 2019	Updated Forecast 2019	Diff. From Prior Forecast	Percent Growth Over 2018	Dec. 2018 Forecast 2020	Updated Forecast 2020	Diff. From Prior Forecast	Percent Growth Over 2019	Dec. 2018 Forecast 2021	Updated Forecast 2021	Diff. From Prior Forecast	Percent Growth Over 2020
Major Taxes													
Sales & Use	7,662.6	7,921.8	7,864.0	-57.7	2.6%	8,115.7	8,075.8	-39.9	2.7%	8,252.7	8,277.2	24.4	2.5%
Individual Income	5,816.1	6,037.0	5,957.9	-79.1	2.4%	6,249.0	6,174.1	-74.9	3.6%	6,468.1	6,379.9	-88.2	3.3%
Corporate - AGI, URT, USUT, FIT	660.4	773.4	871.1	97.6	31.9%	790.4	850.9	60.6	-2.3%	792.7	834.3	41.6	-1.9%
Riverboat Wagering	317.3	299.5	300.9	1.4	-5.2%	304.1	306.0	1.9	1.7%	305.8	308.4	2.6	0.8%
Racino Wagering	<u>114.8</u>	<u>112.0</u>	<u>113.3</u>	<u>1.3</u>	<u>-1.4%</u>	<u>111.3</u>	<u>111.9</u>	<u>0.5</u>	<u>-1.2%</u>	<u>111.8</u>	<u>112.5</u>	<u>0.7</u>	<u>0.6%</u>
Subtotal Major Taxes	14,571.2	15,143.7	15,107.2	-36.5	3.7%	15,570.4	15,518.6	-51.8	2.7%	15,931.2	15,912.3	-18.9	2.5%
Other Revenue													
Cigarette	240.7	236.0	233.7	-2.3	-2.9%	230.0	228.0	-2.0	-2.4%	222.1	220.3	-1.8	-3.4%
Insurance	231.5	237.1	237.1	0.0	2.4%	242.8	242.8	0.0	2.4%	248.6	248.6	0.0	2.4%
Inheritance	0.3	0.0	0.0	0.0	N/A	0.0	0.0	0.0	N/A	0.0	0.0	0.0	N/A
Alcoholic Beverages	19.2	20.2	20.0	-0.2	3.9%	20.8	20.4	-0.4	2.0%	21.2	20.9	-0.3	2.5%
Riverboat Admissions*	10.0	9.4	9.4	0.0	-5.9%	9.3	9.3	0.0	-1.4%	9.3	9.3	0.0	0.4%
Interest	57.1	62.0	100.0	38.0	75.1%	80.0	103.0	23.0	3.0%	88.0	108.0	20.0	4.9%
Motor & Commercial Vehicle Excise	266.1	274.8	274.8	0.0	3.3%	283.8	283.8	0.0	3.3%	293.1	293.1	0.0	3.3%
Miscellaneous Revenue	<u>175.2</u>	<u>157.2</u>	<u>157.2</u>	<u>0.0</u>	<u>-10.3%</u>	<u>146.1</u>	<u>146.1</u>	<u>0.0</u>	<u>-7.1%</u>	<u>155.6</u>	<u>155.6</u>	<u>0.0</u>	<u>6.5%</u>
Subtotal Other Revenue	1,000.2	996.7	1,032.2	35.5	3.2%	1,012.8	1,033.4	20.6	0.1%	1,038.0	1,055.9	17.9	2.2%
Total General Fund	15,571.34	16,140.4	16,139.4	-1.0	3.6%	16,583.2	16,552.0	-31.2	2.6%	16,969.2	16,968.2	-1.0	2.5%

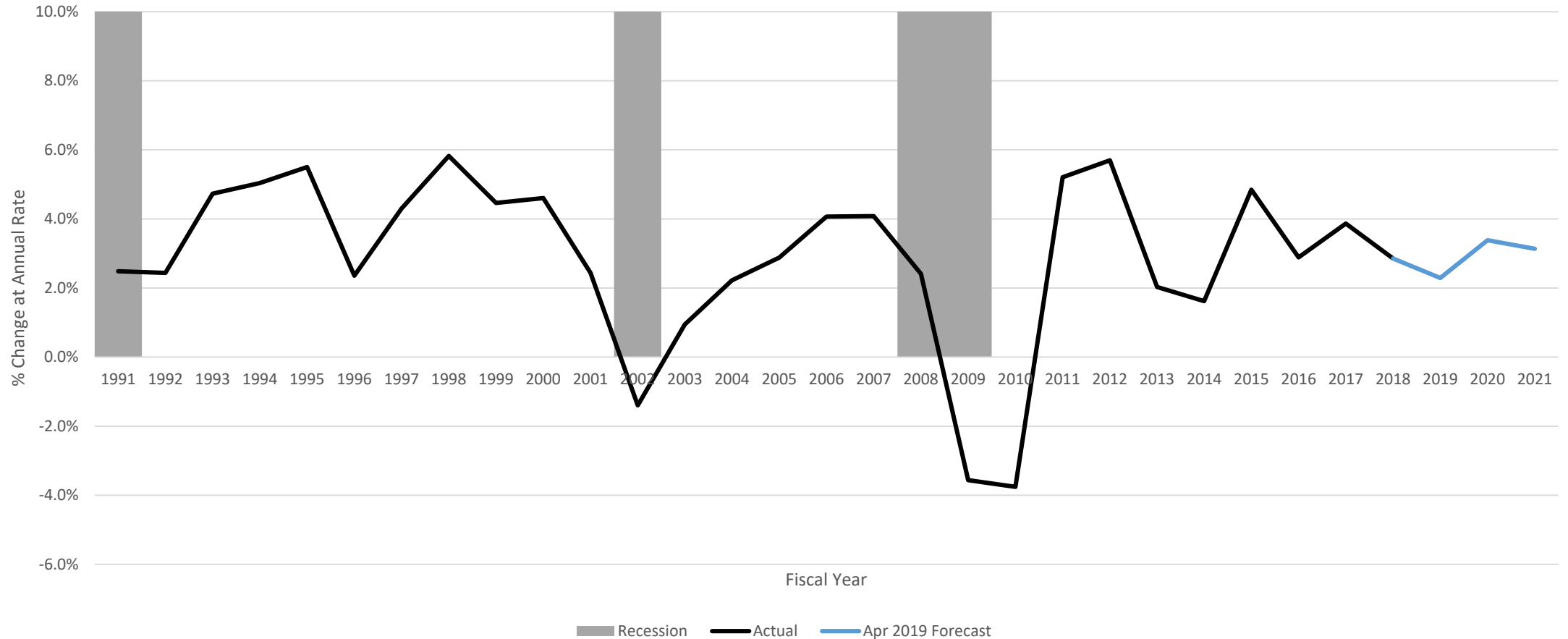
*Riverboat Supplemental Wagering tax in FY 2019 and thereafter

Appendices for April 2019 Revenue Forecast

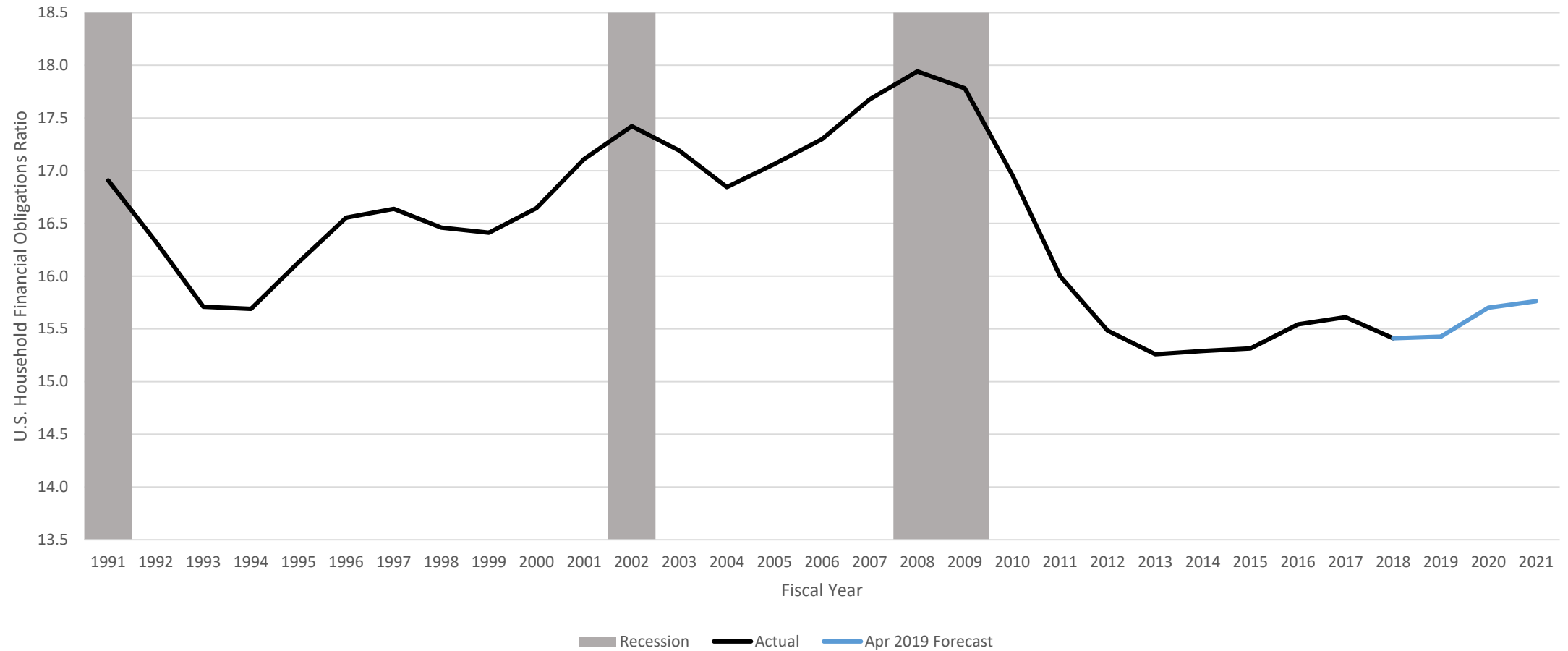
Indiana Real GSP, Retail Trade



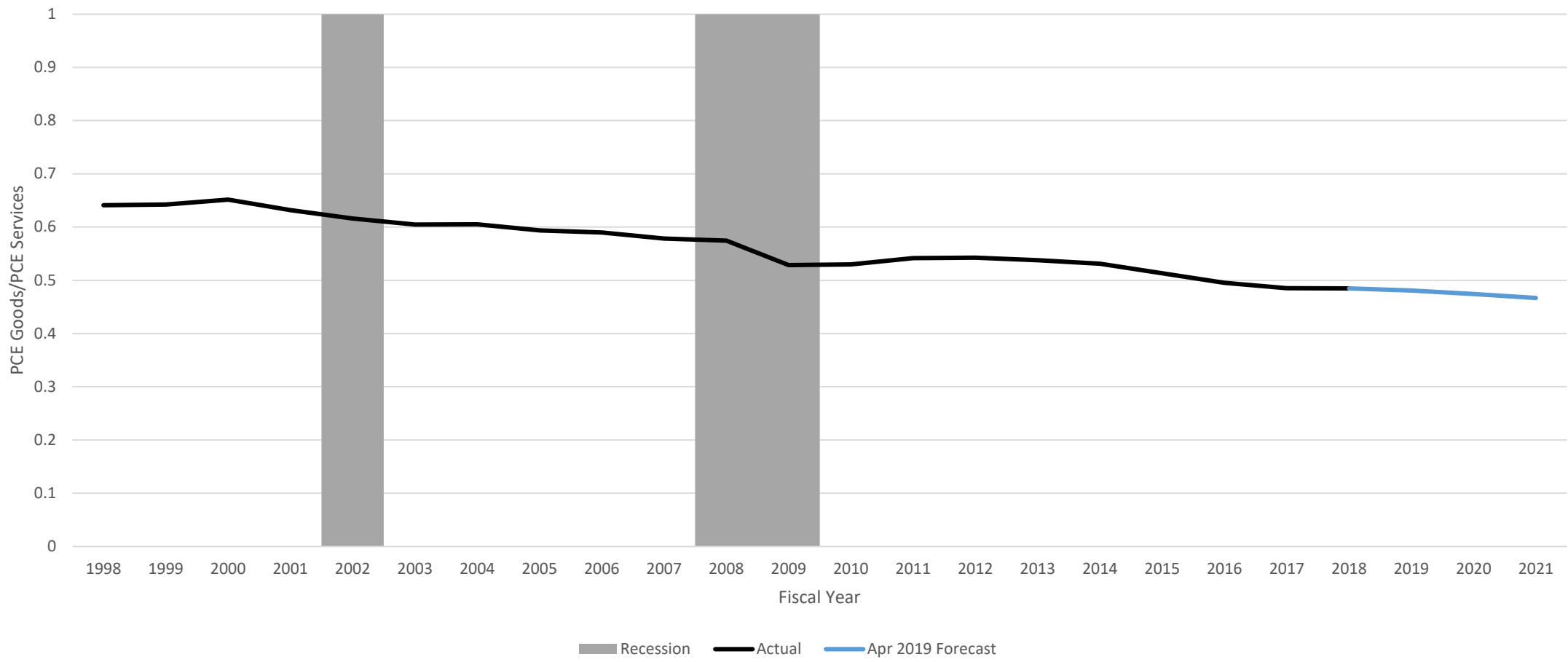
Indiana Personal Income Net of Transfer Payments and Proprietors' Income Per Household



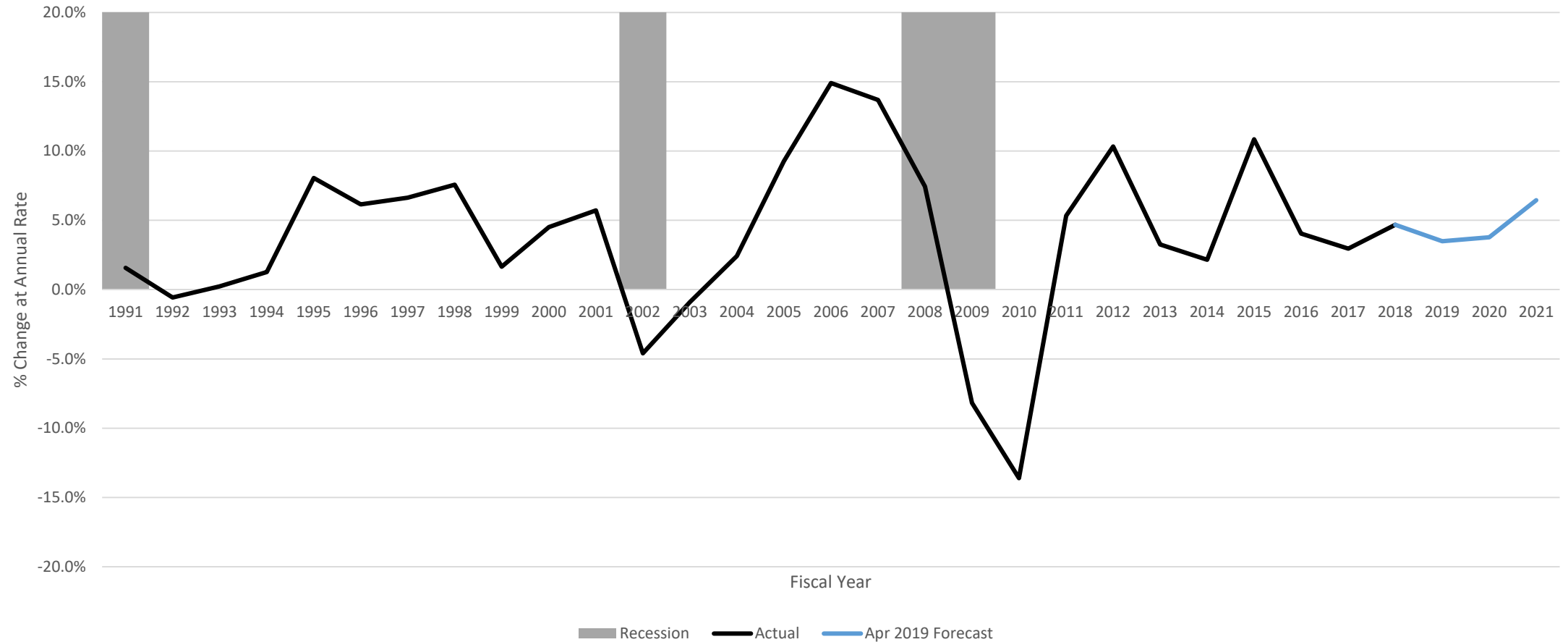
U.S. Household Financial Obligations Ratio



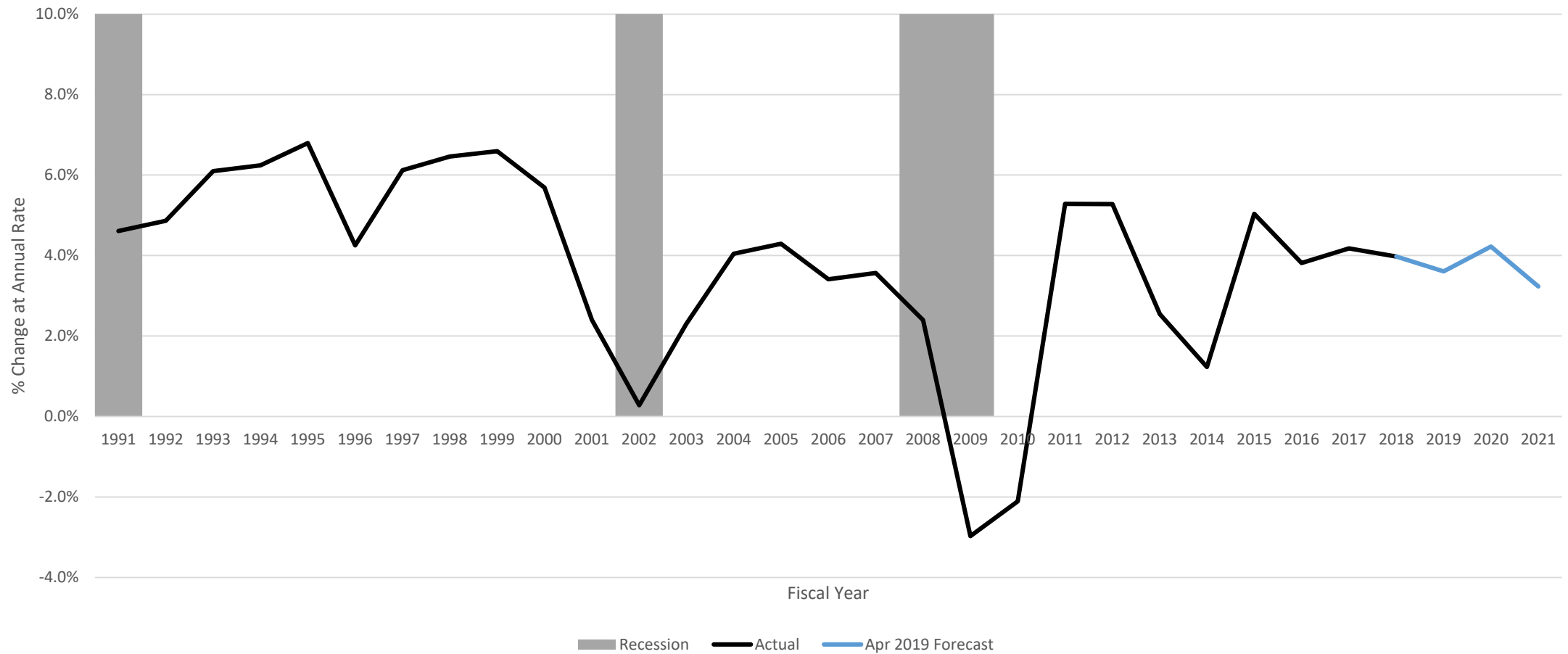
Indiana PCE Goods/ PCE Services



U.S. Dividend and Interest Income



Indiana Adjusted Wages and Salaries



U.S. Before-Tax Corporate Profits with IVA and Capital Consumption Adjustment

