



STATE OF INDIANA

Eric J. Holcomb
Governor

STATE BUDGET AGENCY

212 State House
Indianapolis, Indiana 46204-2796
317-232-5610

Zachary Q. Jackson
Director

The monthly revenue report for August 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 2023 began on July 1, 2022 and ends June 30, 2023.

Results

- General Fund revenues for August totaled \$1,549.5 million, which is \$128.1 million (9.0%) above estimate based on the December 16, 2021 revenue forecast and \$173.3 million (12.6%) above revenue in August 2021.

Notably, better-than-expected collections from individual income tax, sales tax, and corporate taxes, as well as interest and miscellaneous revenues are driving this month's better-than-expected performance.

Differences relative to monthly estimates and prior year actuals will be influenced by various factors including payment timing, federal policy actions, and legislative acts passed since the December 2021 forecast.

- Sales tax collections totaled \$861.5 million for August, which is \$28.3 million (3.4%) above the monthly estimate and \$56.0 million (6.9%) above revenue in August 2021.

Monthly collections attributable to sales tax excluding gasoline use tax were \$22.9 million above the monthly estimate and \$54.5 million (6.9%) above prior year actuals. The August performance, which mostly reflects July economic activity, shows continued momentum in growth relative to prior year actuals.

Gasoline use tax monthly collections came in \$5.4 million above the monthly estimate and \$1.4 million (9.6%) above prior year actuals. Notably, the gasoline use tax rate was above the monthly estimate.

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- Individual income tax collections totaled \$611.9 million for August, which is \$71.0 million (13.1%) above the monthly estimate and \$108.6 million (21.6%) above revenue in August 2021.

Monthly collections related to tax withholdings came in \$11.2 million below the monthly estimate but \$50.8 million (6.7%) above prior year actuals. Other monthly individual income tax collections, net of refunds, came in \$82.2 million above the monthly estimate and \$57.8 million (23.1%) above prior year actuals.

Better-than-expected non-withholding tax payments drove most of the difference between actuals and monthly estimates. Approximately \$72 million of non-withholdings tax collections was related to the timing of automatic taxpayer refund payments being applied to outstanding tax obligations or other debt obligations attributable to various other agencies. As \$31 million is attributable to other debt obligations to be paid out to various other agencies, collections in September and October will see a negative \$31 million impact. Overall, the timing of these various impacts may temporarily affect monthly collections but not the full fiscal year forecast.

Excluding \$72 million of potentially temporary revenue impacts, monthly individual income tax collections may be interpreted as \$1.0 million below the monthly estimate.

With important quarterly payment due dates, September, January, April, and June are the most important revenue months for individual income taxes.

- Corporate tax collections totaled \$9.9 million for August, which is \$15.1 million (289.8%) above the monthly estimate but \$2.0 million (17.1%) below revenue in August 2021. Notably, corporate tax refunds came in below the monthly estimate, and utility receipts tax collections (tax due from for any period prior to July 1, 2022) came in above the monthly estimate.

With important quarterly payment due dates, September, December, April, and June are the most important revenue months for corporate taxes.

- Riverboat wagering tax collections totaled \$2.2 million for August, which is \$4.0 million (64.4%) below the monthly estimate and \$5.2 million (70.5%) below revenue in August 2021.

Racino wagering tax collections totaled \$10.4 million for August, which is \$0.05 million (0.5%) above the monthly estimate but \$0.3 million (3.0%) below revenue in August 2021.

As previously mentioned, timing changes in the reporting of collections from gaming taxes (SEA 382-2022) will affect the first few months of the fiscal year. The timing impact is not expected to affect the full fiscal year forecast.

Commentary

Year-to-date General Fund revenues totaled \$3,032.3 million, which is \$200.1 million (7.1%) above the December 2021 revenue forecast and \$321.1 million (11.8%) above revenues through the same period in the prior fiscal year. Excluding about \$100 million of potentially temporary revenue impacts, General Fund revenues may be interpreted as approximately \$100 million above the December 2021 revenue forecast.

Year-to-date sales tax collections totaled \$1,746.2 million, which is \$42.2 million (2.5%) above the December 2021 revenue forecast and \$110.2 million (6.7%) above collections through the same period in the prior fiscal year.

Year-to-date collections attributable to sales tax excluding gasoline use tax are \$32.8 million (1.9%) above the December 2021 revenue forecast and \$109.2 million (6.8%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$1,081.7 million, which is \$82.5 million (8.3%) above the December 2021 revenue forecast and \$159.2 million (17.3%) above collections through the same period in the prior fiscal year. Excluding \$72 million of potentially temporary revenue impacts, year-to-date individual income tax collections may be interpreted as \$10.5 million above the December 2021 revenue forecast.

Year-to-date corporate tax collections totaled \$43.5 million, which is \$14.6 million (50.7%) above the December 2021 revenue forecast but \$12.0 million (21.6%) below collections through the same period in the prior fiscal year.

Comparisons to estimates and prior year actuals will be better interpreted over the coming months as several important tax payment due dates are ahead.

As previously noted, monthly collections will be influenced by various factors including payment timing, federal policy actions, and legislative acts passed since the December 2021 forecast.