



# STATE OF INDIANA

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The monthly revenue report for September 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 September totaled \$1,879.0 million, which is \$81.9 million (4.2%) below estimate based on the December 16, 2021 revenue forecast and \$29.7 million (1.6%) below revenue in September 2021.

Notably, lower collections due to a delay in income tax payment processing and the repeal of the utility receipts tax and utility services use tax outweighed better-than-expected collections from sales tax, corporate adjusted gross income tax, insurance, and interest.

Approximately \$64 million of individual income tax collections and \$6 million of corporate tax collections will be reported in October instead of September, when those tax collections were expected. Excluding this processing delay, General Fund revenues for September would have totaled \$1,949.6 million, which would be \$11.2 million (0.6%) below estimate based on the December 16, 2021 revenue forecast but \$40.9 million (2.1%) above revenue in September 2021.

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 \$884.3 million for September, which is \$27.2 million (3.2%) above the monthly estimate and \$53.1 million (6.4%) above revenue in September 2021.

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Monthly collections attributable to sales tax excluding gasoline use tax were \$22.8 million above the monthly estimate and \$52.9 million (6.5%) above prior year actuals. The September performance, which mostly reflects August economic activity, shows continued momentum in growth relative to prior year actuals.

Gasoline use tax monthly collections came in \$4.4 million above the monthly estimate and \$0.1 million (1.0%) above prior year actuals. Notably, both taxable gallons and the gasoline use tax rate were above the monthly estimates and prior year actuals.

- Individual income tax collections totaled \$636.7 million for September, which is \$79.0 million (11.0%) below the monthly estimate and \$49.6 million (7.2%) below revenue in September 2021.

Monthly collections related to tax withholdings came in \$9.8 million below the monthly estimate but \$38.2 million (5.4%) above prior year actuals. Other monthly individual income tax collections, net of refunds, came in \$69.2 million below the monthly estimate and \$87.8 million (472.0%) below prior year actuals.

Approximately \$64 million of non-withholdings individual income tax collections that were expected in September will be reported in October. Excluding this timing difference, individual income tax collections would have totaled \$700.9 million for September, which is \$14.7 million (2.1%) below the monthly estimate but \$14.6 million (2.1%) above revenue in September 2021.

Additionally, about \$10 million of September's non-withholdings individual income 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. Based on the latest data, similar payments in August amounted to approximately \$80 million. The combination of August and September is approximately \$90 million. Overall, the timing of these various impacts may temporarily affect monthly collections but not the full fiscal year forecast.

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 \$233.5 million for September, which is \$44.8 million (16.1%) below the monthly estimate and \$39.2 million (14.4%) below revenue in September 2021.

Monthly collections attributable to corporate adjusted gross income tax were \$6.6 million above the monthly estimate and \$7.2 million (3.2%) above prior year actuals. Utility receipts tax and utility services use tax collections combined (tax

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repeal on July 1, 2022) came in \$51.4 million below monthly estimates and \$46.3 million below prior year actuals.

Approximately \$6 million of corporate tax collections that were expected in September will be reported in October. Excluding this payment delay, corporate tax collections would have totaled \$239.8 million for September, which is \$38.4 million (13.8%) below the monthly estimate and \$32.8 million (12.0%) below revenue in September 2021.

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 \$7.1 million for September, which is \$10.2 million (58.7%) below the monthly estimate and \$12.6 million (63.9%) below revenue in September 2021.

Racino wagering tax collections totaled \$10.2 million for September, which is \$0.8 million (7.7%) below the monthly estimate and \$0.1 million (1.3%) below revenue in September 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 \$4,911.3 million, which is \$118.2 million (2.5%) above the December 2021 revenue forecast and \$291.4 million (6.3%) above revenues through the same period in the prior fiscal year.

With approximately \$70 million of income tax collections delayed to October, year-to-date General Fund revenues would have totaled \$4,981.9 million, which is \$188.8 million (3.9%) above the December 2021 revenue forecast and \$362.1 million (7.8%) above revenues through the same period in the prior fiscal year. Excluding about \$100 million of potentially temporary positive revenue impacts, General Fund revenues may be interpreted as approximately \$90 million above the December 2021 revenue forecast.

Year-to-date sales tax collections totaled \$2,630.5 million, which is \$69.5 million (2.7%) above the December 2021 revenue forecast and \$163.3 million (6.6%) above collections through the same period in the prior fiscal year.

Year-to-date collections attributable to sales tax excluding gasoline use tax are \$55.6 million (2.2%) above the December 2021 revenue forecast and \$162.1 million (6.7%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$1,718.4 million, which is \$3.6 million (0.2%) above the December 2021 revenue forecast and \$109.5 million (6.8%) above collections through the same period in the prior fiscal year.

With about \$64 million of income tax collections delayed to October, year-to-date individual income tax collections would have totaled \$1,782.6 million, which is \$67.8 million (4.0%) above the December 2021 revenue forecast and \$173.8 million (10.8%) above collections through the same period in the prior fiscal year.

Approximately \$90 million of individual income tax collections (August and September combined) is 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 \$34 million (August and September combined) is attributable to other debt obligations to be paid out to various other agencies, collections in October and November will see a negative \$34 million impact. Overall, the timing of these various impacts may temporarily affect monthly collections but not the full fiscal year forecast.

Year-to-date corporate tax collections totaled \$276.9 million, which is \$30.2 million (9.8%) below the December 2021 revenue forecast and \$51.1 million (15.6%) below collections through the same period in the prior fiscal year.

With about \$6 million of corporate tax collections delayed to October, year-to-date corporate tax collections would have totaled \$283.3 million, which is \$23.8 million (7.7%) below the December 2021 revenue forecast and \$44.8 million (13.6%) 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 most revenue activity occurs between December and June.

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.