



State Budget Agency  
212 State House  
Indianapolis, IN 46204  
317-232-5610

Zachary Q. Jackson, Director

The monthly revenue report for July 2023 state tax collections was released today.

Note to readers: The monthly revenue estimates are based on the April 19, 2023 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 2024 began on July 1, 2023 and ends June 30, 2024.

## Results

- General Fund revenues for July totaled \$1,600.9 million, which is \$8.0 million (0.5%) above estimate based on the April 19, 2023 revenue forecast and \$118.1 million (8.0%) above revenue in July 2022.

Notably, better-than-expected collections from individual income tax and interest outweighed lower-than-expected collections from sales tax.

Differences relative to monthly estimates and prior year actuals will be influenced by various factors including payment timing, federal policy actions, and changes to law.

- Sales tax collections totaled \$877.1 million for July, which is \$27.7 million (3.1%) below the monthly estimate and \$7.5 million (0.9%) below revenue in July 2022.

Monthly collections attributable to sales tax were \$21.6 million below the monthly estimate but \$6.5 million (0.7%) above prior year actuals. The July performance of 0.7% year-over-year growth, which mostly reflects June economic activity, compares to 1.1% year-over-year growth for the period of April 2023 through June 2023 and 6.7% year-over-year growth for the period of July 2022 through March 2023.

Year-over-year differences and fluctuations from month-to-month are expected as outlined by the evolving economic, seasonal, and policy dynamics presented in the April 2023 revenue forecast. Sales tax collections excluding gasoline use tax are projected to grow by 4.1% year-over-year for FY 2024 compared to 5.2% in FY 2023, 9.9% in FY 2022, and 13.9% in FY 2021.

Beginning in FY 2024, gasoline use tax is no longer allocated to the General Fund. As a result, gasoline use tax monthly collections came in \$6.1 million below the monthly estimate and \$14.0 million (100.0%) below prior year actuals. HEA 1001-2023 changed the allocation of gasoline use tax.

- Individual income tax collections totaled \$566.0 million for July, which is \$15.0 million (2.7%) above the monthly estimate and \$96.2 million (20.5%) above revenue in July 2022. Year-over-year comparisons are impacted by the reduction in the state individual income tax rate (effective January 1, 2023) and more.

Monthly collections related to tax withholdings came in \$33.2 million above the monthly estimate and \$163.3 million (22.3%) above the prior year actuals. The July performance of 22.3% year-over-year growth mostly reflects June economic activity.

For perspective, July withholdings tax collections are better interpreted relative to the current year monthly estimate because July 2023 was positively impacted by the five Fridays effect and July 2022 was not. Historically, the number of Fridays affects the timing of payments from month to month, and the revenue impact has typically been between 10 to 20 percent greater whenever a month has the fifth Friday compared to the more common four Fridays in a month.

Other monthly individual income tax collections, net of refunds, came in \$18.3 million below the monthly estimate and \$67.1 million (25.5%) below prior year actuals. In a lower activity month like July, the timing of payments and refunds, including late payments, is a major driver of differences relative to monthly estates and prior year actuals.

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

- Corporate tax collections totaled \$21.2 million for July, which is \$3.8 million (15.1%) below the monthly estimate and \$12.4 million (36.9%) below revenue in July 2022.

Differences relative to monthly estimates are likely as various factors may impact monthly revenue activity including payment and refund timing, late payments, and more.

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 \$42.6 million for July, which is \$0.3 million (0.6%) below the monthly estimate and \$3.1 (6.7%) million below revenue in July 2022.
- Racino wagering tax collections totaled \$10.9 million for July, which is \$0.6 million (5.4%) below the monthly estimate and \$0.05 million (0.4%) below revenue in July 2022.