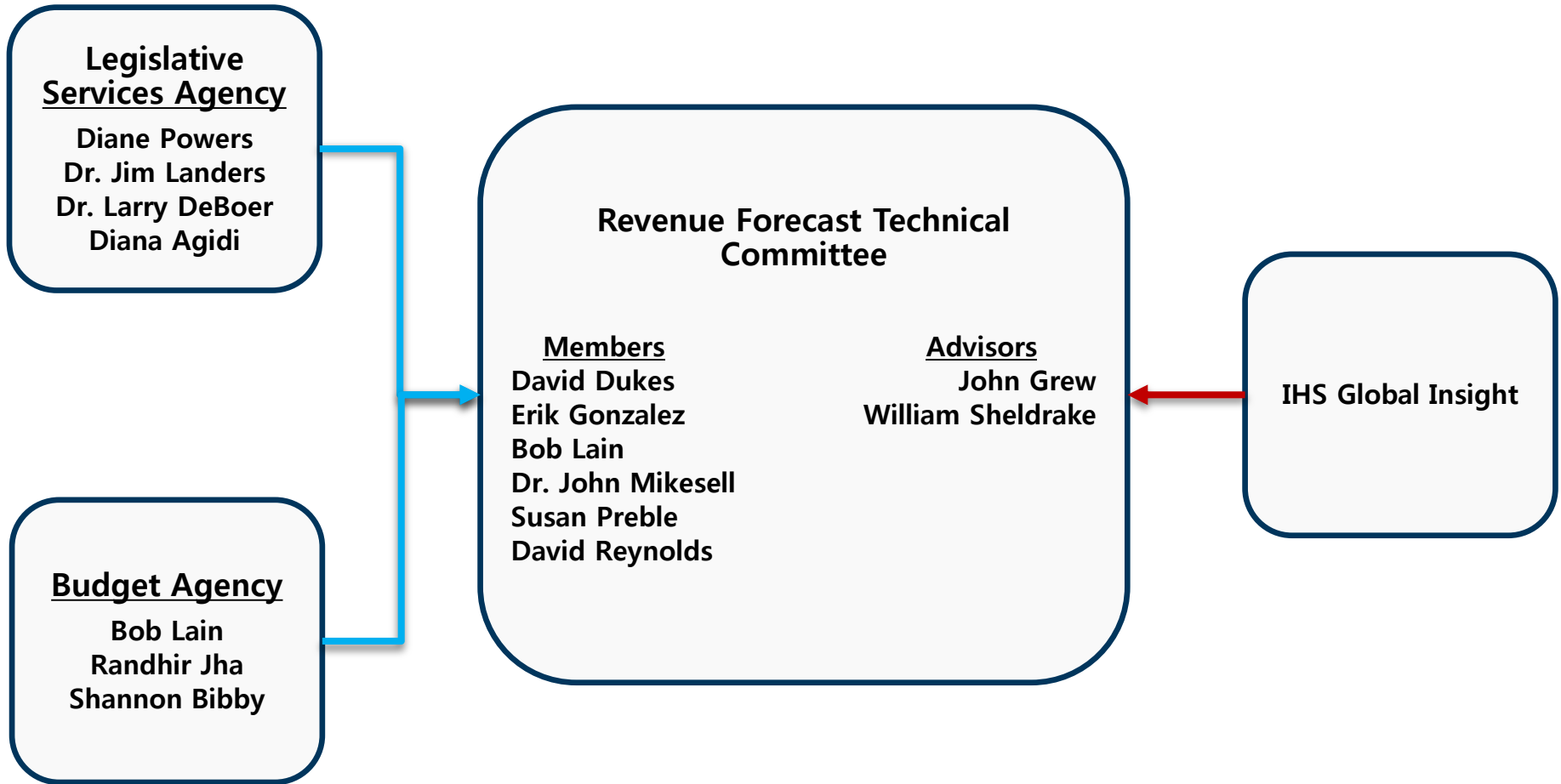


General Fund Revenue Forecast Update

Fiscal Years 2012-2013
Revenue Forecast Technical Committee

Presented to the State Budget Committee
December 14, 2011

Indiana Revenue Forecast



Factors Affecting This Forecast

Economic Variables

Generally Lowering the Revenue Base for All Taxes
Sales and Income Tax Models Modified

Legislative Changes

Additional Revenue to Base of Sales Tax and Cigarette Tax
Reduced Corporate Tax and Racino Tax Base and Interest

Administrative Issues

Additional Revenue in Base of Corporate Taxes
One-Time Revenue Added to Insurance Premium Taxes

Environmental Issues

I-64 Bridge Closure
Ohio Casino Openings in 2012 and 2013

Legal Challenges

Racino Tax

Sales Taxes Still Stable and Growing

Sales Tax Collections Have
Outpaced Targets Every Month
for the First Five Months

Actual Year-to-Date Sales Tax
Collections Through November
30th Exceeded Collections for the
Same Period Last Year by 8.2%

April Sales Tax Model
Underforecasting Actual
Collections & Relationship
Between Personal Consumption
and Savings Rate Changes

Changes in the Sales Tax Model

April 2011



Indiana Personal Income
Net of Transfer Payments

&

Indiana Unemployment Rate

December 2011



Indiana Personal Income

&

U.S. Personal Savings Rate

&

Transfer Payments as a
Percentage of Indiana
Personal Income

Individual Income Taxes Have Stabilized

Actual Income Tax Collections Have Outpaced Year-to-Date Targets by 1.8%

Actual Year-to-Date Individual Income Tax Collections Through November 30th Exceeded Collections for the Same Period Last Year by 9.6%

Actual Year-to-Date Withholdings Through November 30th Exceeded Withholdings for the Same Period Last Year by 4.3%

April Individual Income Tax Model Underforecasting Collections; December Model Forecasts Combined State and Local Income Tax Base

Changes in the Individual Income Tax Model

April 2011



Estimated Tax Payments

- S&P 500 Index
- GDP

&

Withholdings and Other
Income Tax

- Indiana Personal Income

December 2011



Total State & Local
Income Tax

- Indiana Personal Income
- S&P 500 Index

Corporate Income Taxes

April Model Performing Well

Corporate Profits are Rising
from Low in 2010, but at a
Slower Growth Rate

Incorporated E-Check Revenue
into the Base

Corporate Income Tax Rates are
Phasing Down Over Four Years
Beginning in FY 2012 Base

Riverboat Wagering Tax

Economic Issues

- Market Saturation
- Long-Run Leveling, Even Decline in Revenue

Legislative

- Reduction in Racino Tax Base to 99% of AGR

Environmental Issues

- In the Short Run: I-64 Bridge Closure Impact in FY 2012 Affecting Revenue from Horseshoe Casino Southern Indiana
- In the Long Run: Ohio Casinos' Impact Beginning in FY 2013

Legal Issues

- U.S. Bankruptcy Court Ruling Reducing Racino Tax Base by 15%

Other Taxes

Cigarette Taxes

Actual Year-to-Date Revenue Collections Through November 30th Were Lower than the Same Period Last Year by 6.7%

Two-Year Adjustment for Transfer of Retiree Health Benefit Trust Fund Allotment to General Fund per HEA 1001-2011

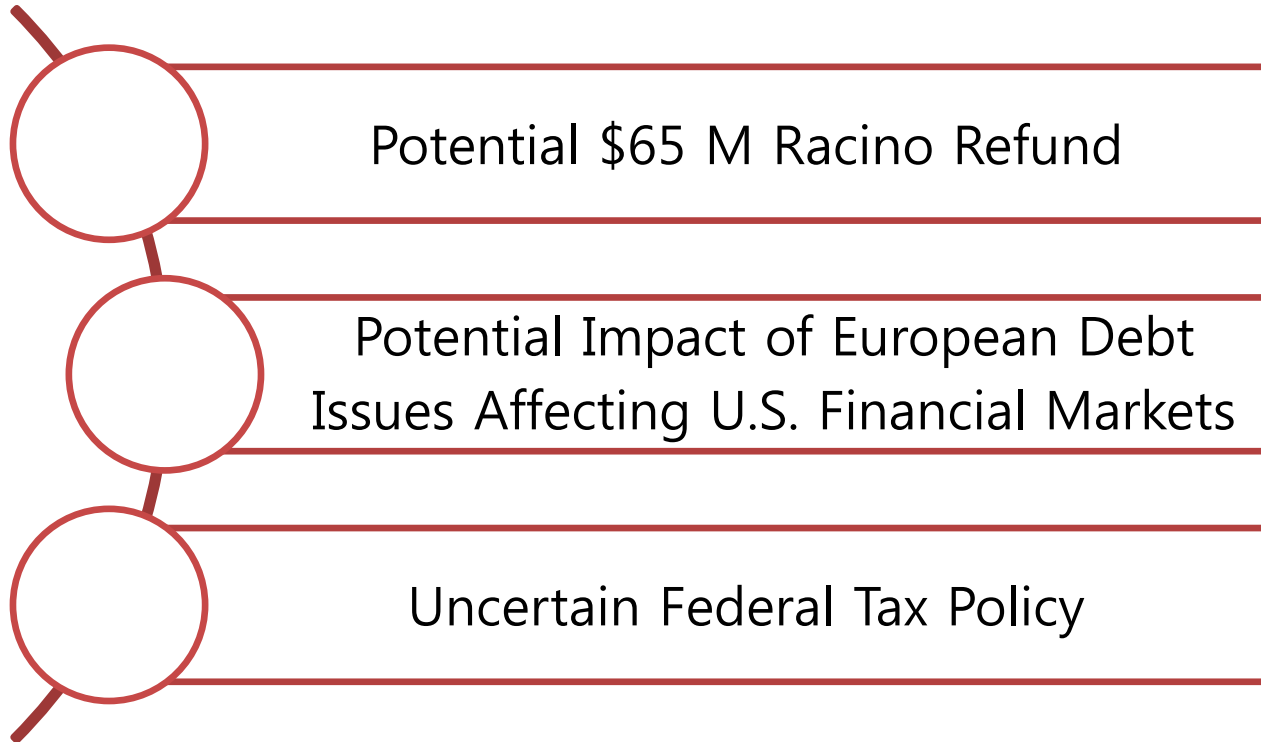
Insurance Premium Taxes

One-Time Revenue Added to FY 2012

Inheritance Taxes

Valuation Base of Estates Growing Again

Potential Concerns



Adjustments to Forecast

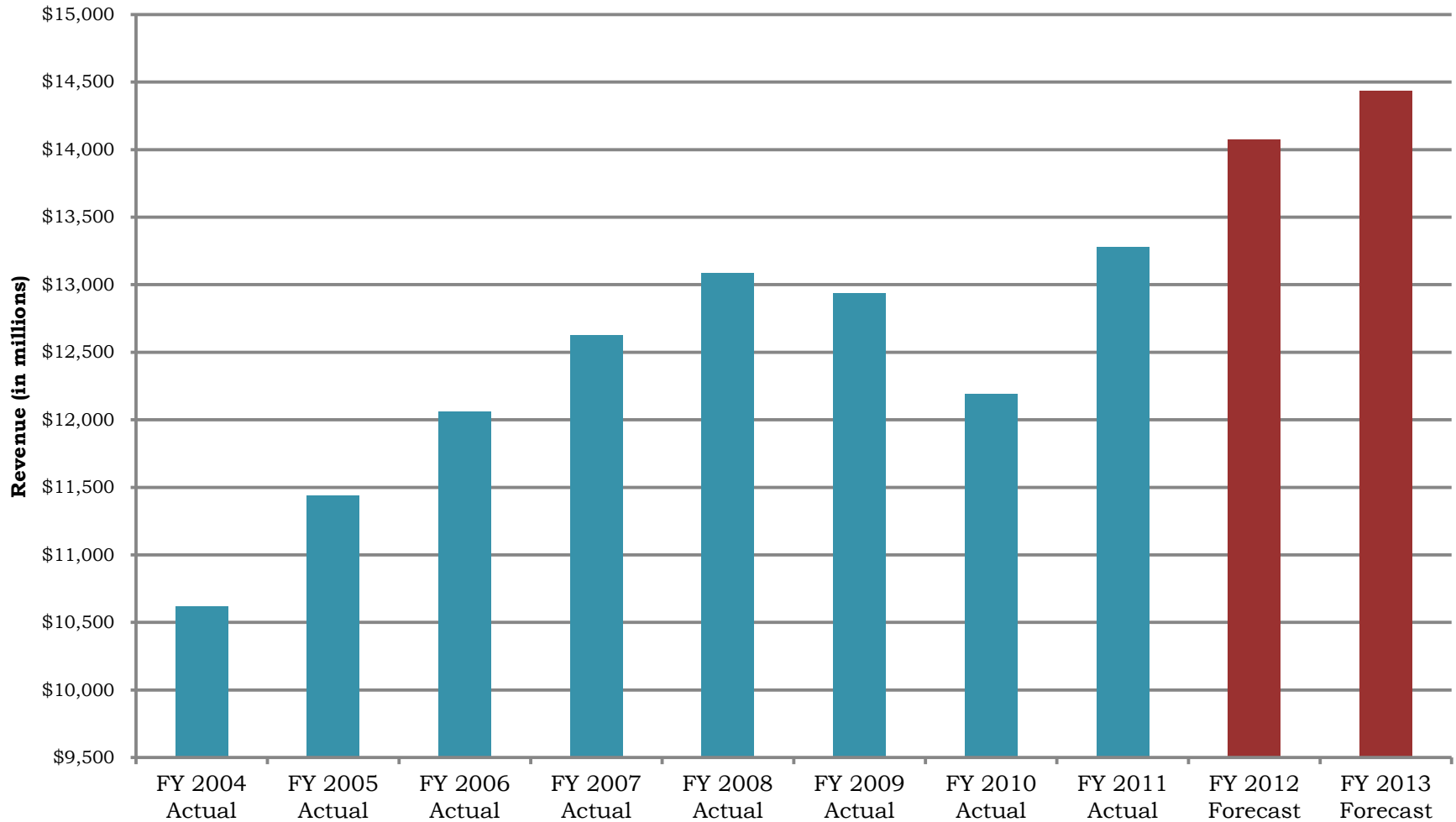
	<u>FY 2012</u>	<u>FY 2013</u>
<i>Sales Tax</i> Public Mass Transportation Fund	\$44.4 M	\$46.0 M
<i>Corporate Tax</i> E-Check Revenue Adjustment	101.7	97.1
<i>Cigarette Tax</i> Retiree Health Benefit Trust Fund Transfer	26.6	26.3
<i>Insurance Premium Tax</i> One-Time Revenue	19.0	-
Total	\$191.7 M	\$169.4 M

December 2011 Forecast Results

Total General Fund Revenue Forecast
Fiscal Years 2012 and 2013
December 14, 2011
(In Millions)

	Actual 2011	Prior	Updated	Diff. From	Percent	Percent	Prior	Updated	Diff. From	Percent	Percent
		Forecast	Forecast	Prior	Diff. From		Forecast	Forecast	Prior	Diff. From	
		2012	2012	Forecast	Forecast	Over 2011	2013	2013	Forecast	Forecast	Over 2012
Major Taxes											
Sales & Use	6,217.5	6,517.7	6,617.6	99.9	1.5%	6.4%	6,796.2	6,864.6	68.4	1.0%	3.7%
Individual AGI	4,585.6	4,773.5	4,890.1	116.6	2.4%	6.6%	5,051.2	5,084.0	32.8	0.6%	4.0%
Corporate - AGI, URT, USUT, FIT	704.8	686.5	795.5	109.0	15.9%	12.9%	692.1	784.9	92.8	13.4%	-1.3%
Riverboat Wagering	529.0	556.5	508.1	-48.4	-8.7%	-4.0%	530.4	471.0	-59.4	-11.2%	-7.3%
Racino Wagering	131.3	127.7	109.4	-18.3	-14.3%	-16.7%	121.4	96.1	-25.3	-20.8%	-12.2%
Subtotal Major Taxes	12,168.2	12,661.9	12,920.7	258.8	2.0%	6.2%	13,191.3	13,300.6	109.3	0.8%	2.9%
Other Revenue											
Cigarette	255.9	257.1	278.9	21.8	8.5%	9.0%	254.3	275.7	21.4	8.4%	-1.1%
Cigarette - Medicaid	11.6	11.6	11.4	-0.2	-1.7%	-1.6%	11.5	11.3	-0.2	-1.7%	-0.9%
Insurance	185.4	177.2	196.2	19.0	10.7%	5.8%	177.2	177.2	0.0	0.0%	-9.7%
Inheritance	148.7	145.0	165.0	20.0	13.8%	11.0%	145.0	165.0	20.0	13.8%	0.0%
Alcoholic Beverages	16.1	16.5	16.3	-0.2	-1.2%	0.9%	16.9	16.3	-0.6	-3.6%	0.0%
Riverboat Admissions	16.4	15.9	15.4	-0.5	-3.1%	-6.0%	15.5	14.0	-1.5	-9.7%	-9.1%
Interest	22.9	25.0	17.0	-8.0	-32.0%	-25.7%	25.0	16.0	-9.0	-36.0%	-5.9%
MV, CVET & FIT Recapture	246.7	219.7	247.0	27.3	12.4%	0.1%	200.8	250.0	49.2	24.5%	1.2%
Miscellaneous Revenue	202.3	211.5	207.0	-4.5	-2.1%	2.3%	211.9	205.9	-6.0	-2.8%	-0.5%
Subtotal Other Revenue	1,106.0	1,079.5	1,154.2	74.7	6.9%	4.4%	1,058.1	1,131.4	73.3	6.9%	-2.0%
Total General Fund	\$13,274.2	\$13,741.4	\$14,074.9	\$333.5	2.4%	6.0%	\$14,249.4	\$14,432.0	\$182.6	1.3%	2.5%

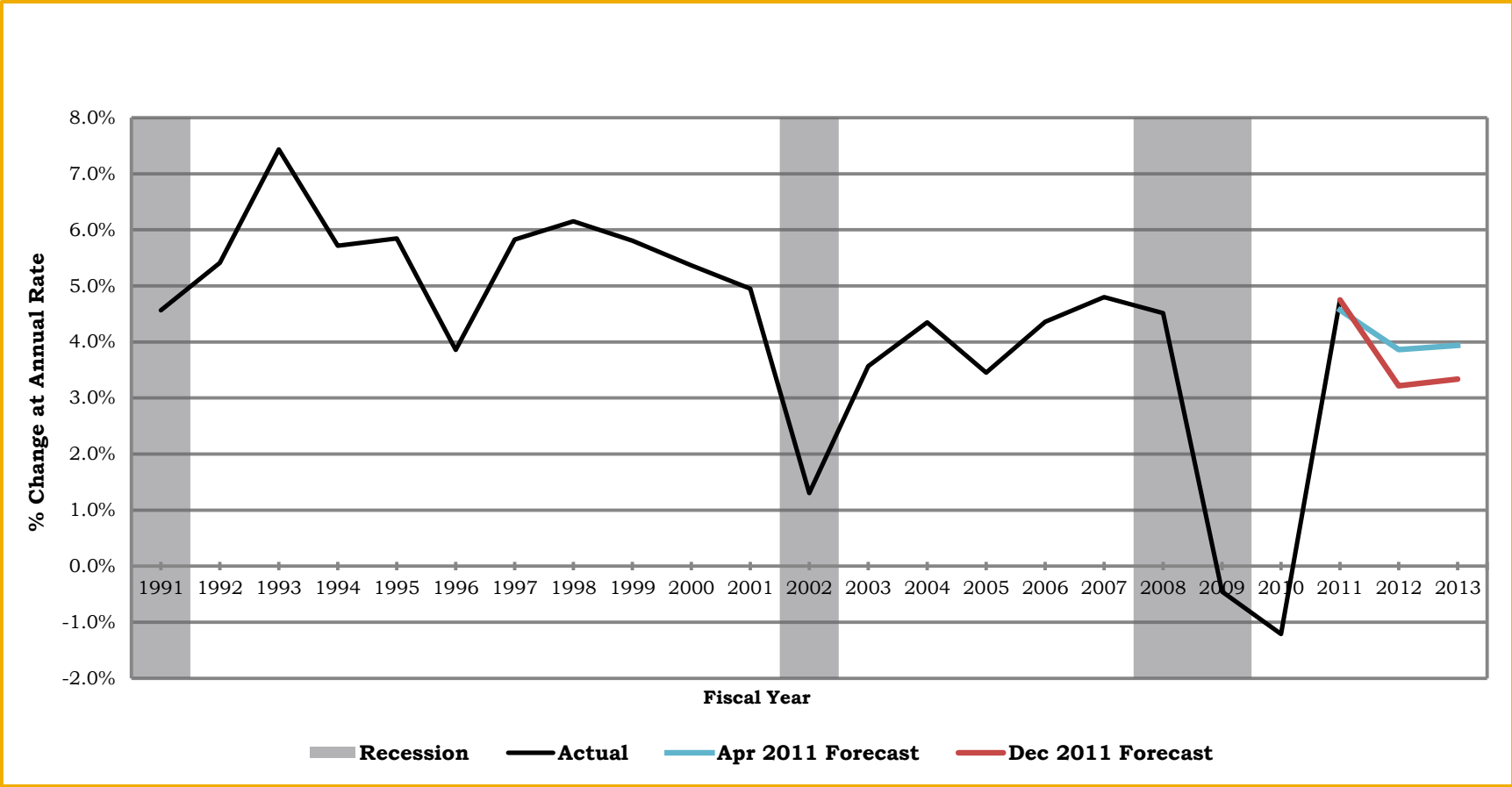
Actual and Forecast General Fund Revenue



Note: Sales Tax increased to 7% in April 2008.

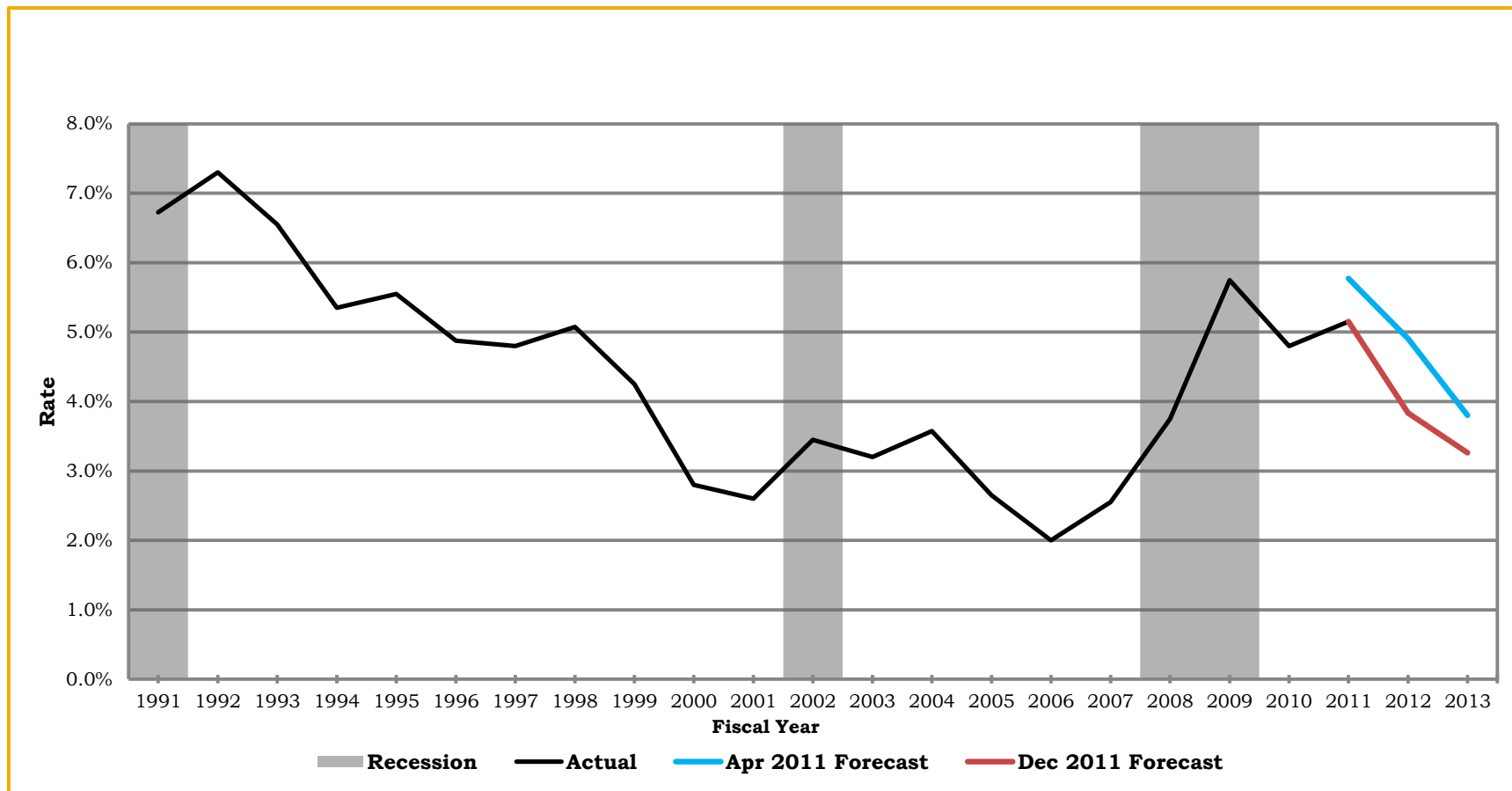
Appendices for
December 2011 Revenue Forecast

Indiana Nominal Personal Income

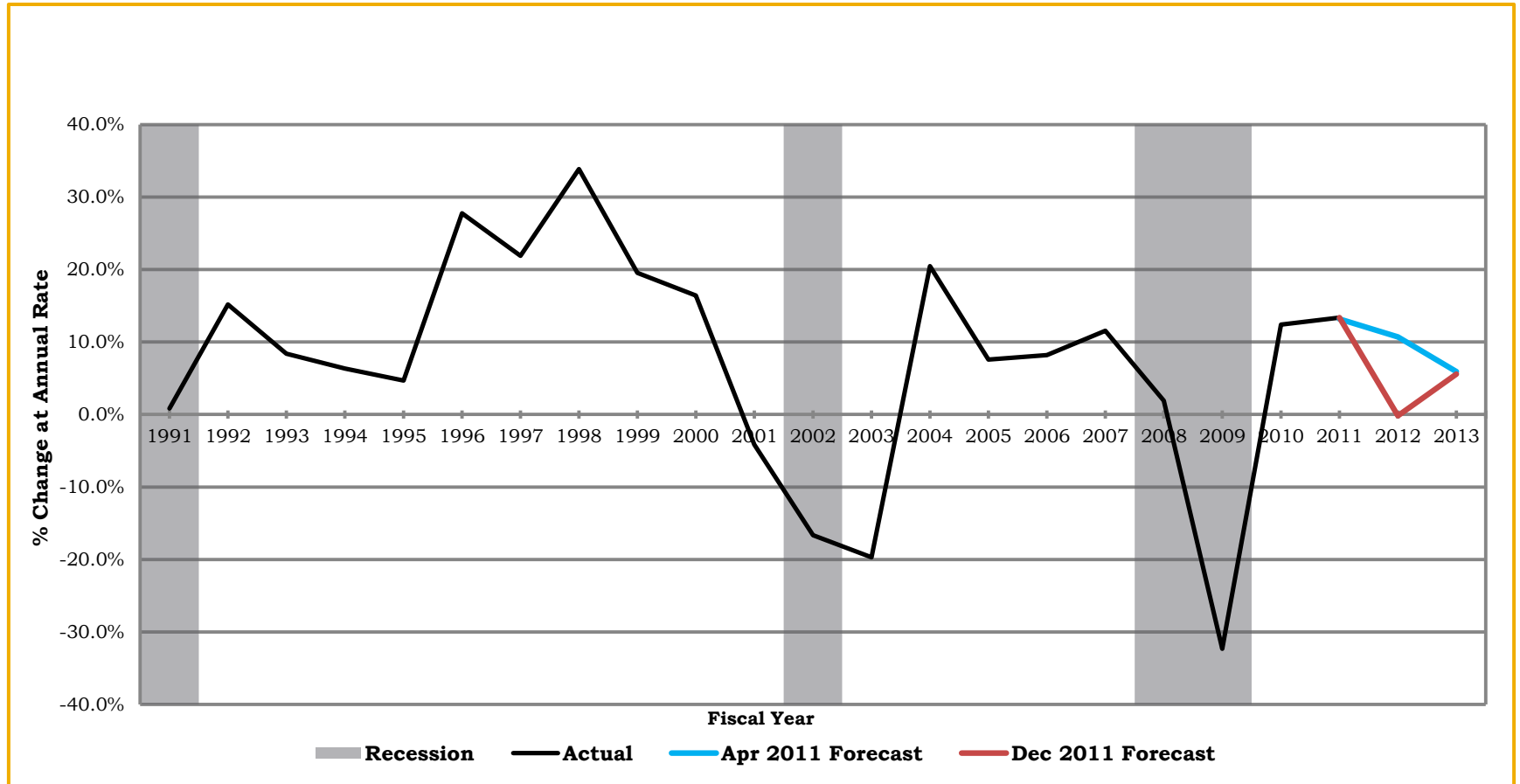


Data Source: IHS Global Insight

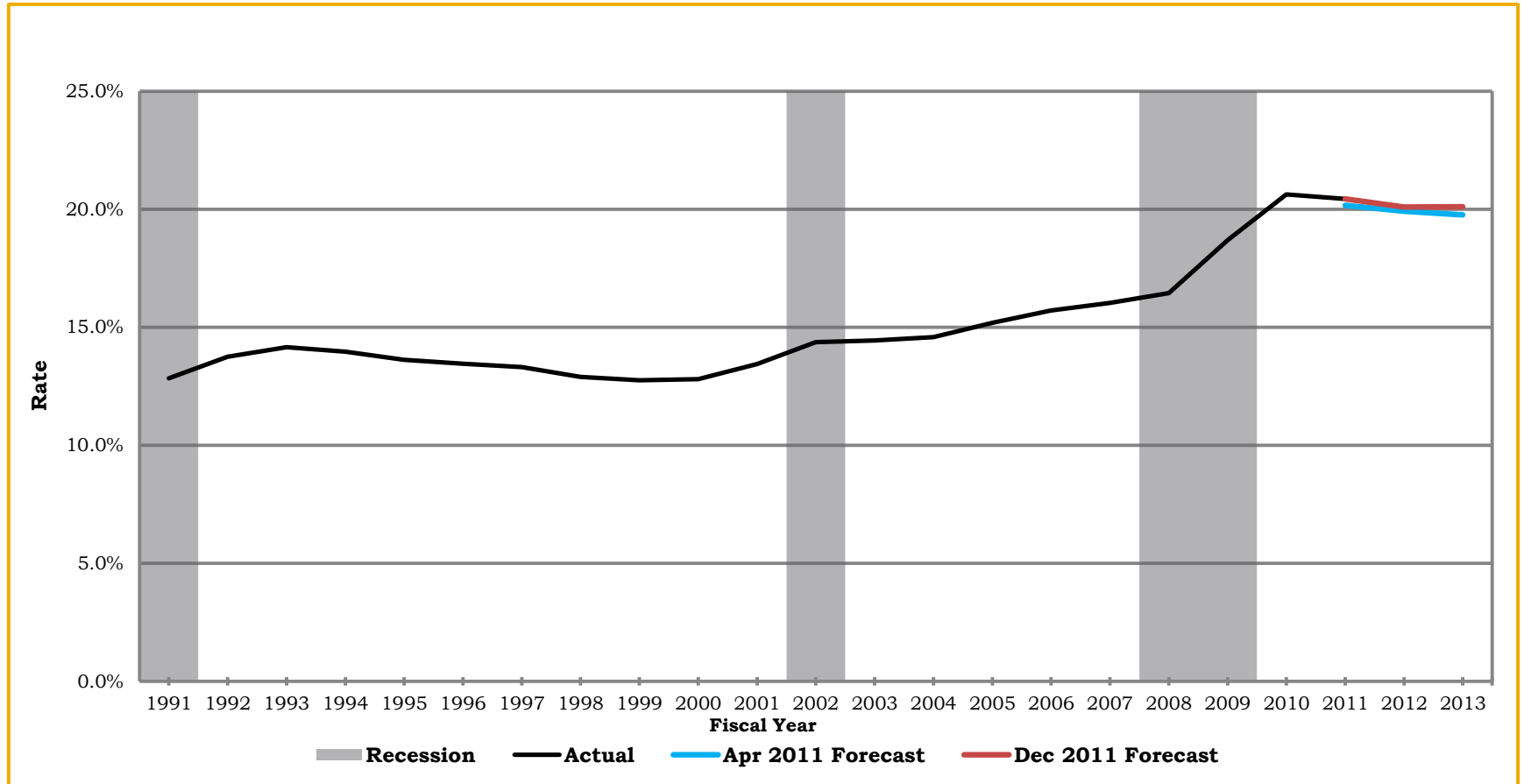
U.S. Personal Savings Rate



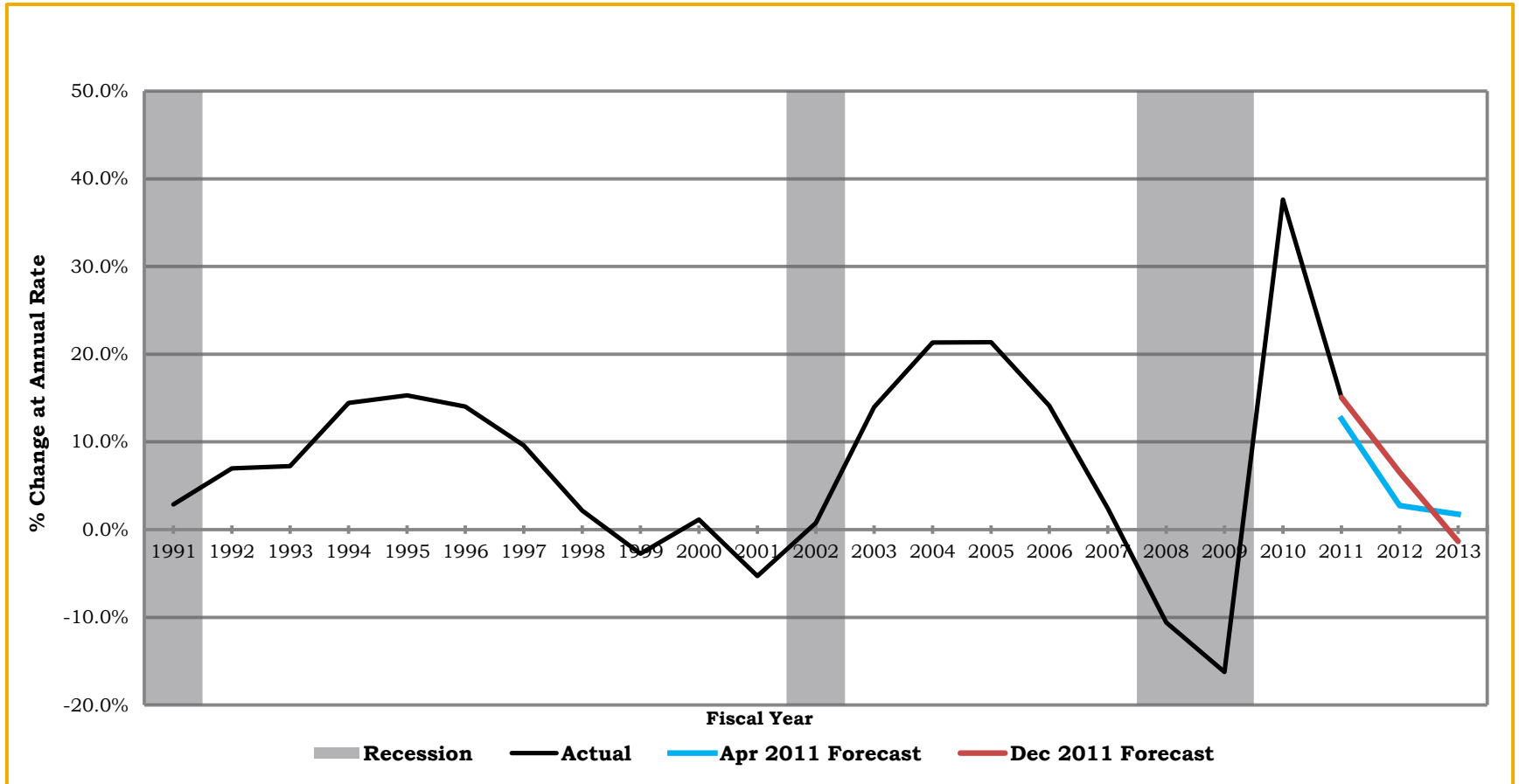
Standard and Poor's 500 Index of Common Stocks



Transfer Payments as a Percentage of Indiana Nominal Personal Income



U.S. Corporate Profits



Changes in Economic Variables April 2011 to December 2011

Nominal Indiana Personal Income (IPI)

(in millions)

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference (%) April 2011 to Dec 2011
2011	\$231,932	-	\$227,149	-2.06%
2012	\$240,893	\$234,459	-	-2.67%
2013	\$250,377	\$242,278	-	-3.23%

U.S. Personal Savings Rate

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference April 2011 to Dec 2011
2011	5.77%	-	5.15%	-0.62%
2012	4.90%	3.84%	-	-1.07%
2013	3.80%	3.26%	-	-0.54%

Transfer Payments as a % of Nominal IPI

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference (%) April 2011 to Dec 2011
2011	20.17%	-	20.44%	1.36%
2012	19.91%	20.09%	-	0.89%
2013	19.76%	20.11%	-	1.77%

Changes in Economic Variables April 2011 to December 2011

U.S. Nominal GDP (in billions)

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference (%) April 2011 to Dec 2011
2011	\$14,953	-	\$14,810	-0.95%
2012	\$15,678	\$15,348	-	-2.10%
2013	\$16,358	\$15,803	-	-3.40%

Standard and Poor's 500 Index of Common Stocks

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference (%) April 2011 to Dec 2011
2011	1,229	-	1,231	0.16%
2012	1,360	1,228	-	-9.67%
2013	1,441	1,297	-	-9.96%

U.S. Corporate Profits (in billions)

Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Actual	Difference (%) April 2011 to Dec 2011
2011	\$1,660	-	\$1,876	13.00%
2012	\$1,706	\$1,999	-	17.19%
2013	\$1,736	\$1,972	-	13.63%

Total Tax Revenue Estimates

December 14, 2011, Revenue Forecast

Sales Tax (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$6,517.7	\$6,617.6	\$99.9	1.5%
2013	\$6,796.2	\$6,864.6	\$68.4	1.0%

Individual Income Tax (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$4,773.5	\$4,890.1	\$116.6	2.4%
2013	\$5,051.2	\$5,084.0	\$32.8	0.6%

Corporate Taxes (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$686.5	\$795.5	\$109.0	15.9%
2013	\$692.1	\$784.9	\$92.8	13.4%

Total Tax Revenue Estimates

December 14, 2011, Revenue Forecast

Gaming Taxes (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$684.2	\$617.5	\$-66.7	-10.0%
2013	\$651.8	\$567.1	\$-84.7	-13.0%

Other Taxes (Includes FIT, Excise, CVET Transfer) (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$1,079.5	\$1,154.2	\$74.7	6.9%
2013	\$1,058.1	\$1,131.4	\$73.3	6.9%

Total General Fund Taxes (in millions)				
Fiscal Year	April 2011 Forecast	Dec 2011 Forecast	Difference (\$) April 2011 to Dec 2011	Difference (%) April 2011 to Dec 2011
2012	\$13,741.4	\$14,074.9	\$333.5	2.4%
2013	\$14,249.4	\$14,432.0	\$182.6	1.3%