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REVENUE FORECASTING METHODOLOGY

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Discussion of the Forecast

The December 2012 revenue forecast was prepared in an environment of highly unusual uncertainty as the White House and Congress continued to negotiate in search of an agreement that will avoid significant tax increases and federal spending cuts. The economic forecast upon which it is based was released by IHS Global Insight on December 13, 2012. That economic forecast assumes that the White House and Congress will reach an agreement in late December or early January which limits the tax increases to high-income households and pushes some of those increases into 2014. It also assumes that the scheduled federal spending reductions will be replaced with more modest reductions to discretionary and entitlement spending.

In its December 2012 forecasts, IHS Global Insight projected that real U.S. Gross Domestic Product will increase by 1.9% in FY 2013, 2.3% in FY 2014, and 3.1% in FY 2015. The U.S. personal savings rate is forecasted to be 3.6% in FY 2013 and FY 2014 before increasing to 4.0% in FY 2015. U.S. corporate profits are forecasted to increase 6.7% in calendar year 2012, 1.7% in CY 2013 and 2.1% in CY 2014. The S&P 500 stock index is forecasted to increase 9.9% in FY 2013, 3.9% in FY 2014, and 4.4% in FY 2015.

Indiana personal income is projected to increase by 3.8% in FY 2013 and FY 2014 before increasing by 4.6% in FY 2015. Federal transfer payments to Indiana residents are forecasted to remain at historically high levels averaging 19.5% of personal income over the FY 2013 – FY 2015 period.¹

Discussion of the Equations Used in the Forecast

Sales Tax

Labor and investment income drive sales tax revenues differently than government transfer payment income. Specifically, transfer payments are largely spent on items which are not subject to sales taxes such as food and shelter. Furthermore, government transfer payments contain a large counter-cyclical component in the form of income support payments such as unemployment benefits. Beginning in the first quarter of 2009, government transfer payments have accounted for, on average, 20% of Indiana personal income. This is more than 1.6 times the historical average that prevailed between the first quarter of 1969 and the fourth quarter of 2008, and that elevated level is expected to continue throughout the forecast period. The committee incorporated transfer payments as a share of personal income into the sales tax equation to capture this information.

Consumer spending does not change in a linear fashion with income, but depends on both the nature of that income and consumers' spending versus savings decisions. The U.S. personal savings rate increased during the recent recession, but has recently receded slightly and is forecasted to average 3.7% over the forecast period. To capture the relationship between spending and saving, the U.S. personal savings rate has been included in the sales tax equation.

Sales tax revenues in FY 2012 exceeded the December 2011 forecast by \$4.2M or 0.1%. Based on an evaluation of that error and performance through November 2012, the Committee chose to retain the sales tax equation it employed in December 2011 with the addition of dummy variables to account for seasonality in sales tax collections. The model used by the Committee is replicated as Equation (1) below.

$$\text{Equation (1): Quarterly Sales Tax Base} = 1.00084 * (\text{EXP} (-1.883 + (0.926 * \text{LN} (\text{Q_IPI})) - (0.0347 * \text{LN} (\text{Q_US Savings Rate})) - (0.222 * \text{LN} (\text{Q_Indiana Transfer Payments as a \% of total IPI})) + (0.0245 * (\text{DummyQ}_1)) + (.0328 * (\text{Dummy Q}_3)))))) + \text{Adjustments}$$

Individual Income Tax

Individual income tax revenues were \$124.6M below the FY 2012 forecast. However, reporting errors at the Department of Revenue resulted in distributions of local option income taxes being set too low for CY 2011 and CY 2012. Those errors were corrected in April 2012 and the distribution amounts were increased and additional disbursements were made to local units. This resulted in distributions to local units being \$169.3M more in FY 2012 than the December 2011 forecast

¹ To view the Fiscal Year Forecasted data please see the *General Fund Revenue Forecast* presentation from December 17, 2012.

assumed. Distributions in FY 2013 will be \$219.7M more than the December 2011 forecast assumed.

The committee retained its individual income tax equation from December 2011 that uses fiscal year Indiana personal income and calendar year S&P 500 common stock index values. The S&P 500 variable is lagged by six months in recognition that realized capital gains impact final and estimated tax payments. The equation forecasts total state and local income taxes. The amounts of income taxes distributed back to counties and estimated local income tax distributions in excess of current year collections are then removed from the forecasted amounts.

$$\text{Equation (2): State \& Local Individual Income Tax} = -266.2 + (0.026 * (\text{FY_IPI})) + (0.569 * (\text{CY_S\&P500})) + \text{Adjustments} - \text{Local Option Income Tax Transfers}$$

Corporate Income Tax

Corporate income tax revenues exceeded the December 2011 forecast for FY 2011 by \$163.3M. Through November, corporate income tax revenues were \$26.0M above the December 2011 forecast for FY 2013.

The forecast equation employed by the Committee in April 2011 and retained for this forecast is driven by Calendar Year National Income and Product Accounts (NIPA) corporate profits and a binary variable to account for the impact from the 2008 recession. The binary variable was introduced to capture the impact from net operating loss carry backs caused by the sharp 17.4% decline in profits in 2008. The binary variable has been set to 0 in throughout this forecast period to reflect the diminished pool of net operating losses and the elimination of the carry-back option for the purposes of Indiana taxation. The equation employed by the Committee is replicated as Equation (3). Revenues from the Utility Receipts Tax, the Utility Services Use Tax, and the Financial Institutions Tax were forecast separately and the results of the Equation (3) were adjusted accordingly.

$$\text{Equation (3): Corporate Income Tax Base} = 1.007002 * (\text{EXP}(5.943 + (0.425 * \text{LN}(\text{CY Corporate Profits})) - (0.282 * \text{Dummy 2010, Dummy 2011}))) + \text{Adjustments}$$

Cigarette & Tobacco Products Tax

The Committee adopted two equations to estimate the Cigarette Tax and Tobacco Products Tax. Cigarette Sales, measured in packs of 20, depend upon fiscal year real Indiana Personal Income (RFY_IPI), an estimate of the sum of the four surrounding states' real prices (RALLPRICE), the real Indiana price (RINPRICE), the real Indiana cigarette excise tax rate (RCIG_RATE), and a trend variable equal to the fiscal year forecast minus 1965 (TREND65). Tobacco Product sales are estimated based on fiscal year real Indiana Personal Income (RFY_IPI), a real price index for tobacco products (RPPITOB), real excise tax on tobacco products (RTOBRATE), a product of real

price index and federal tobacco products excise tax (RPPITOBFED), and a trend variable (TREND65). The sales, income, cigarette tax rate and price variables are expressed in natural logarithms. The tobacco tax rate and the trend variable are not in logarithmic form.

$$\begin{aligned} \text{Equation (4):} \quad & \text{Cigarette Sales} = \text{EXP} (-10.36 + 1.542 * \text{LN} (\text{RFY_IPI}) \\ & - 0.715 * \text{LN} (\text{RINPRICE}) + 0.166 * \text{LN} (\text{RALLPRICE}) \\ & - 0.099 * \text{LN} (\text{R CIG_RATE}) - 0.046 * (\text{TREND65})) \end{aligned}$$

$$\text{Equation 4(a):} \quad \text{Gross Cigarette Tax} = 0.995 * (\text{Cigarette Sales})$$

$$\begin{aligned} \text{Equation (5):} \quad & \text{Tobacco Product Sales} = \text{EXP} (-11.8 + 1.308 \text{LN} * (\text{RFY_IPI}) \\ & - 0.234 * \text{LN} (\text{RPPITOB}) - 0.026 * (\text{TOBRATE}) + 0.0093 * (\text{RPPITOBFED}) \\ & + 0.027 * (\text{TREND65})) \end{aligned}$$

$$\text{Equation (5a):} \quad \text{Tobacco Products Tax} = 0.24 * (\text{Tobacco Products Sales})$$

Alcoholic Beverage Taxes

The alcoholic beverage tax model includes three equations: one for beer, one for liquor, and one for wine. All three equations include fiscal year real Indiana Personal Income (RFY_IPI), the real beverage price (BEER_PRICE, LIQ_PRICE, and WINE_PRICE). The beer equation includes dummy variables for 1979 and after (D79), 1993 and after (D93) and 2012 and after (D12). Two other dummy variables are included where D79 and D12 are multiplied by the log of real Indiana Personal Income. The liquor equation includes a dummy variable for 1999 and after (D99). It also includes a variable where D99 is multiplied by the log of real Indiana Personal Income. The wine equation includes dummy variables for 1987 and after, and 2012 and after. For all equations, the income and price variables were adjusted by the Gross Domestic Product price deflator. The sales and income variables are expressed in terms of natural logarithms. The price and dummy variables are not in natural logarithms.

Equation (6): Beer Sales = EXP (3.715 + .702197 * LN (RFY_IPI) - 0.724 * LN (RFYIPI79) + 0.273 * LN (RFYIPI93) - 0.054* (RBEER_PRICE) + 8.521* (D79) -3.29 * (D93) - 0.055 * (D12))

Where RFY_IPI79 = Real FY_IPI when FY > 1978

Where RFY_IPI93 = Real FY_IPI when FY > 1992

Where D79 = 1 when FY > 1978

Where D93 = 1 when FY > 1992

Where D12 = 1 when FY > 2011

Equation (6a): Beer Tax = 0.115 * (Beer Sales)

Equation (7): Liquor Sales = EXP (15.81 - 0.539 * LN (RFY_IPI) - 0.059 (RLIQ_PRICE) + 2.36 * LN (RFYIPI99) -28.49 (D99))

Where RFY_IPI99 = Real FY_IPI when FY > 1998

Where D99 = 1 when FY > 1998

Equation (7a): Liquor Tax = 2.68 * (Liquor Sales)

Equation (8): Wine Sales = EXP (1.33 + 0.849 * LN (RFY_IPI) - 0.576 (RWINE_PRICE) - .280 * (D87) -0.063 * (D12))

Where D87 = 1 when FY > 1986

Where D12 = 1 when FY > 2011

Equation (8a): Wine Tax = 0.47 * (Wine Sales)

Gaming Taxes

The Committee adopted an equation to estimate the total adjusted gross wagering receipts of the state's 11 riverboat casinos and 2 racinos. Adjusted gross wagering receipts serves as the tax base for the riverboat wagering tax and the racino slot machine wagering tax. These estimates are then used to compute estimated fiscal year riverboat wagering tax collections and racino slot machine wagering tax collections.

The equation estimates quarterly total adjusted gross wagering receipts (Q_AGR) generated at the state's 11 riverboat casinos and 2 racinos based on its relationship to quarterly nominal Indiana personal income in millions of dollars (Q_NIPI), a set of dummy variables, and an interaction variable that account for other economic and market circumstances. The equation contains a dummy variable (D_FRLICK) to account for the addition of the French Lick Casino and its impact on total adjusted gross wagering receipts levels since 2006. The equation includes a dummy variable (D_FRWINDS) to account for the competitive impact of the Four Winds Casino on total adjusted gross wagering receipts levels since 2007. The Four Winds Casino is a tribal casino located in New Buffalo, Michigan, about 20 miles from the Blue Chip Casino in Michigan City, Indiana. The equation also includes a dummy variable (D_RACINO) to account for the addition of the racinos at Hoosier Park and Indiana Downs and their impact on total adjusted gross wagering receipts levels since 2008. The equation includes a variable comprising the interaction of Q_NIPI and D_FRLICK to account for the secular leveling and decline in total adjusted gross wagering receipts levels due to market and capacity factors. The equation also includes quarterly dummy variables (D_Q2 and D_Q4) to account for seasonal variation in adjusted gross wagering receipts levels. The baseline AGR forecast is then adjusted to account for: (1) potential competitive impacts from new casino operations in neighboring states, (2) changes in Indiana laws, and (3) court decisions impacting taxation of gaming revenues. The equation chosen is replicated as Equation (9) below.

$$\begin{aligned} \text{Equation (9): } \quad Q_AGR = & -35,106,480 + 3,330.9(Q_NIPI) \\ & + 895,221,080.2 (D_FRLICK) - 32,519,467.9 (D_FRWINDS) \\ & + 63,026,141.1 (D_RACINO) - 4,154.1 (Q_NIPI * D_FRLICK) \\ & - 10,530,736.1(D_Q2) - 40,688,847.0 (D_Q4) \end{aligned}$$

Where D_FRLICK = 0.67 in 4th Quarter 2006 and 1 in calendar quarters thereafter.

Where D_FRWINDS = 0.67 in 3rd Quarter 2007 and 1 in calendar quarters thereafter.

Where D_RACINO = 0.33 in 2nd Quarter 2008 and 1 in calendar quarters thereafter.

Where Q_NIPI * D_FRLICK = Q_NIPI * 0.67 in 4th Quarter 2006 and Q_NIPI * 1 in calendar quarters thereafter.

Where D_Q2 = 1 during the 2nd calendar quarter of a year.

Where D_Q4 = 1 during the 4th calendar quarter of a year.

SPECIFIC METHODOLOGY
(December 17, 2012)

Sales Tax

For Each Fiscal Year to be Forecast:

1. Convert fiscal year data to quarterly data by multiplying the fiscal year variable by the following:

	Indiana Personal Income (IPI)	Transfer Payments as a % of IPI	United States Savings Rate
2012 Q3	0.9872	1.0022	1.0056
2012 Q4	0.9972	0.9977	1.0733
2013 Q1	1.0030	1.0014	0.9569
2013 Q2	1.0126	0.9988	0.9642
2013 Q3	0.9839	0.9921	0.9534
2013 Q4	0.9928	0.9909	0.9851
2014 Q1	1.0061	1.0097	1.0107
2014 Q2	1.0172	1.0070	1.0508
2014 Q3	0.9838	0.9944	0.9654
2014 Q4	0.9944	0.9918	0.9829
2015 Q1	1.0052	1.0089	0.9908
2015 Q2	1.0166	1.0045	1.0609

2. Multiply 0.926 by the natural logarithm of the quarterly Indiana Personal Income.
3. Multiply -0.0347 by the natural logarithm of the quarterly United States Savings Rate.
4. Multiply -0.222 by the natural logarithm of the quarterly Indiana Transfer Payments as a Percentage of Indiana Personal Income.
5. Multiply 0.0245 by a dummy for Quarter 1.
6. Multiply 0.0328 by a dummy for Quarter 3.
7. Add the results of Step 2, 3, 4, 5, and 6.
8. Add -1.88299 to the result of Step 7.
9. Compute the exponential of the result of Step 8. Multiply the result by 1.00084 to obtain the total quarterly sales tax base.
10. Repeat Steps 1 through 9 to account for each quarter in the Fiscal Year.
11. For FY 2013 add 24,453.8 to account for the sales tax base from the actual collections in the first quarter of FY 2013 to the result of the final three forecasted quarters of FY 2013

from Step 10. For FY 2014 and FY 2015 add all the four quarterly sales tax base forecasts from Step 10.

12. Multiply the results of Step 11 by the sales tax rate (7%).
13. Add 23.2 in FY 2013, 54.3 in FY 2014, and 90.4 in FY 2015 from the result of Step 12 to account for the impact of tax measures enacted by the General Assembly.
14. Multiply the results of Step 13 by 0.99848 to account for the percentage of sales taxes deposited in the General Fund under HEA 1001- 2011.

Individual Income Tax

For Each Fiscal Year to be Forecast:

1. Multiply 0.026 times the Fiscal Year Indiana Personal Income.
2. Multiply 0.569 times the Calendar Year S&P 500 Common Stock Index.
3. Add the results of Step 1 and Step 2.
4. Subtract 266.2 from the result of Step 3.
5. Subtract 319.6 for FY 2013, 334.7 for FY 2014, and for 351.4 for FY 2015 from the result of Step 4 to account for tax measures enacted by the General Assembly.
6. Subtract 1,562.8 for FY 2013, 1,666.1 for FY 2014, and 1,787.1 for FY 2015 from the result of Step 5 to account for the local option income tax transfers.
7. Subtract 189 for FY 2013, 186.5 for FY 2014, and 186.8 for FY 2015 from the result of Step 6 to account for transfers to the local option income tax reserve fund.

Corporate Income Tax

For Each Fiscal Year to be Forecast:

1. Multiply 0.425 by the natural logarithm of the prior Calendar Year Corporate Profit.
2. Multiply -0.282 by the dummy for FY 2010 and for FY 2011.
3. Add the results of Step 1 to Step 2.
4. Add 5.943 to the results of Step 3.
5. Compute the exponential of the result of Step 4. Multiply the result by 1.007002 to obtain the total Fiscal Year corporate tax base.
6. Subtract 781.8 for FY 2013, 787.3 for FY 2014, and 794.3 for FY 2015 from the result of Step 5 to account for tax measures enacted by the General Assembly.

7. Multiply the result of Step 6 by the tax rate (7.94% in FY 2013, 7.44% for FY 2014, and 6.95% for FY 2015).
8. Subtract 1.5 for FY 2013 from the result of Step 7 to account for Financial Institutions Tax receipts/transfers.
9. Add 5.7 for FY 2013, 11.9 for FY 2014, and 17.5 for FY 2015 to the result of Step 8 to account for the adjustment for the tax on state/local bonds.
10. Add 201 for FY 2013, FY 2014, and FY 2015 to the result of Step 9 to account for the revenues from the Utility Receipts Tax.
11. Add 6.8 for FY 2013, FY 2014, and FY 2015 to the result of Step 10 to account for the revenues from the Utility Service Use Tax.
12. Add 21.7 in FY 2013, FY 2014, and FY 2015 to the result of Step 11 to account for the revenues from the Financial Institutions Tax.

Cigarette Tax

For Each Fiscal Year to be Forecast:

1. Multiply 1.542 by the logarithm of fiscal year real Indiana Personal Income.
2. Subtract 10.4 from the result of Step 1.
3. Multiply 0.166 by the logarithm of the sum of the real cigarette prices in the four surrounding states.
4. Add the result of Step 3 to the result of Step 2.
5. Multiply -0.715 by the logarithm of the real cigarette price in Indiana.
6. Add the result of Step 5 to the result of Step 4.
7. Multiply -0.099 by the logarithm of the real cigarette excise tax rate.
8. Add the result of Step 7 to the result of Step 6.
9. Subtract 1,965 from the fiscal year of the forecast.
10. Multiply the result of Step 9 by -0.046.
11. Add the result of Step 10 to the result of Step 8.
12. Take the exponential of Step 11 to calculate sales.
13. Multiply the result of Step 12 by 0.995 to calculate total revenue.

14. Multiply the result of Step 13 by 0.6024 to calculate General Fund revenue.

Tobacco Products Tax

For Each Fiscal Year to be Forecast:

1. Multiply 1.308 by the logarithm of fiscal year real Indiana Personal Income.
2. Subtract 11.82 from the result of Step 1.
3. Multiply -0.234 by the logarithm of the of the real tobacco product price.
4. Add the result of Step 3 to the result of Step 2.
5. Multiply 100 by the tobacco products excise tax rate.
6. Multiply -0.026 by the result of Step 5.
7. Add the result of Step 6 to the result of Step 4.
8. Subtract 1965 from the fiscal year of the forecast.
9. Multiply the result of Step 8 by 0.027.
10. Add the result of Step 9 to the result of Step 7
11. Multiply 0.009 by the product of real tobacco product price and federal tobacco product tax rate.
12. Add the result of Step 11 to the result of Step 10.
13. Take the exponential of Step 12 to calculate sales.
14. Multiply the result of Step 13 by 0.24 to calculate total revenue.
15. Multiply the result of Step 14 by 0.75 to calculate General Fund revenue.

Alcoholic Beverage Tax - Beer

For Each Fiscal Year to be Forecast:

1. Multiply 0.702 by the logarithm of fiscal year real Indiana Personal Income.
2. Add 3.712 to the result of Step 1.
3. Multiply -0.0543 by the real beer price
4. Add the result of Step 3 to the result of Step 2.

5. For 1979 and thereafter, multiply -0.724 to the logarithm of fiscal year real Indiana Personal Income.
6. For 1993 and thereafter, multiply 0.274 to the logarithm of fiscal year real Indiana Personal Income.
7. Add Step 4, Step 5 and Step 6.
8. For 1979 and thereafter, add 8.52.
9. For 1993 and thereafter, subtract 3.29.
10. For 2012 and thereafter, subtract 0.056.
11. Take the exponential of the result of Step 10 to calculate sales.
12. Multiply the result of Step 11 by 0.115 to calculate total revenue; multiply the result of Step 9 by 0.04 to calculate General Fund revenue.

Alcoholic Beverage Tax - Liquor

For Each Fiscal Year to be Forecast:

1. Multiply -0.539 by the logarithm of fiscal year real Indiana Personal Income
2. Add 15.818 to the result of Step 1.
3. Multiply -0.059 by the real liquor price.
4. Add the result of Step 3 to the result of Step 2.
5. For 1999 and thereafter, multiply 2.37 to the logarithm of fiscal year real Indiana Personal Income.
6. For 1999 and thereafter, subtract 28.49.
7. Take the exponential of the result of Step 6 to calculate sales.
8. Multiply the result of Step 7 by 2.68 to calculate total revenue; multiply the result of Step 7 by 1.00 to calculate General Fund revenue.

Alcoholic Beverage Tax – Wine

For Each Fiscal Year to be Forecast:

1. Multiply 0.8495 by the logarithm of fiscal year real Indiana Personal Income.
2. Subtract 1.33 from the result of Step 1

3. Multiply -0.576 by the real wine price.
4. Add the result of Step 2 to the result of Step 3
5. For 1987 and thereafter, subtract 0.28.
6. For 2012 and thereafter, subtract 0.0634.
7. Take the exponential of the result of Step 6 to get sales.
8. Multiply the result of Step 7 by 0.47 to get total revenue; multiply the result of Step 6 by 0.20 to get General Fund revenue.

Gaming Taxes

For Each Fiscal Year to be Forecast:

1. Multiply 3,330.9 by quarterly nominal Indiana Personal Income in millions of dollars.
2. Subtract 35,106,480 from the result of Step 1.
3. Add 599,798,123.7 to the result of Step 2 for the 4th Quarter of 2006, and add 895,221,080.2 to the result of Step 2 for each calendar quarter thereafter.
4. Subtract 21,788,043.46 from the result of Step 3 for the 3rd Quarter of 2007, and subtract 32,519,467.9 from the result of Step 3 for each calendar quarter thereafter.
5. Add 20,798,626.55 to the result of Step 4 for the 2nd Quarter of 2008, and add 63,026,141.1 to the result of Step 4 for each calendar quarter thereafter.
6. Multiply 2,783.2 by quarterly nominal Indiana Personal Income in millions of dollars and subtract the result from the result of Step 5 for the 4th Quarter of 2006, or multiply 4,154.1 by quarterly nominal Indiana Personal Income in millions of dollars and subtract the result from the result of Step 5 for each calendar quarter thereafter.
7. Subtract 10,530,736.0 from the result of Step 6 if the calendar quarter is the 2nd Quarter or subtract 40,688,847.0 from the result of Step 6 if the calendar quarter is the 4th Quarter.
8. Sum the quarterly totals from Step 7 for the fiscal year to obtain the total fiscal year adjusted gross wagering receipts of the 11 riverboat casinos and 2 racinos.
9. Divide the total fiscal year adjusted gross receipts from Step 8 between the 11 riverboat casinos and 2 racinos based on the actual FY 2012 percentage distribution of adjusted gross wagering receipts by riverboat casino and racino.
10. Reduce the estimated adjusted gross wagering receipts for Belterra Casino, Grand Victoria Casino, and Hollywood Casino by 13.3% in FY 2013, and 26.6% in FY 2014 and FY 2015 to account for potential competitive impacts from new casino operations in Cincinnati, Ohio, and Columbus, Ohio, beginning in Fall 2012 and Spring 2013.

11. Reduce the estimated adjusted gross wagering receipts for the Hoosier Park racino by 21.7% in FY 2013, 22.9% in FY 2014, and 24.1% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 99% starting July 1, 2012, and (3) the U. S. Bankruptcy Court's ruling reducing the slot machine wagering tax base.
12. Reduce the estimated adjusted gross wagering receipts for the Indiana Downs racino by 18.2% in FY 2013, 15.9% in FY 2014, and 17.0% in FY 2015 to account for: (1) potential competitive impacts from new gaming facilities in neighboring states, (2) statutory reduction in taxable AGR from 100% to 99% starting July 1, 2012, and (3) the U. S. Bankruptcy Court's ruling reducing the slot machine wagering tax base.
13. Use the fiscal year adjusted gross wagering receipts totals for the 11 riverboat casinos resulting from Step 11 to compute the fiscal year riverboat wagering tax for each riverboat casino.
14. Sum the fiscal year wagering tax totals for each riverboat casino from Step 13 to obtain the fiscal year total riverboat wagering tax collections.
15. Subtract from the Step 14 result: (1) \$1,105,160 each year to account for reimbursement to the Indiana Gaming Commission for administrative expenses, (2) \$33,000,000 each year to account for local revenue sharing, and (3) \$98,378,580 in FY 2013, \$97,369,864 in FY 2014, and \$96,923,801 in FY 2015 to account for riverboat wagering tax distributions to riverboat communities and other purposes.
16. Use the fiscal year adjusted gross wagering receipts totals for the 2 racinos resulting from Step 11 and 12 to compute the fiscal year racino slot machine wagering tax for each racino.
17. Sum the fiscal year wagering tax totals for each racino from Step 16 to obtain fiscal year total racino slot machine wagering tax collections.