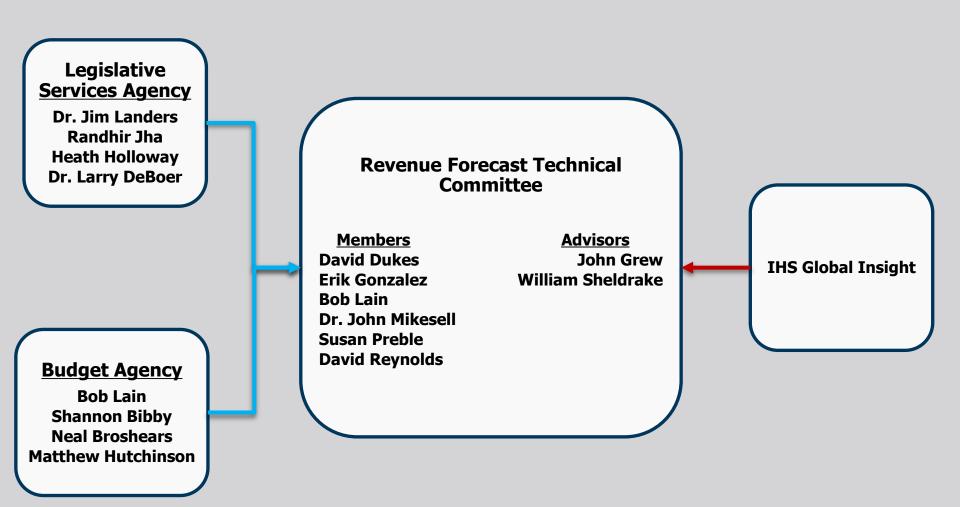
General Fund Revenue Forecast

Fiscal Years 2013-2015

Revenue Forecast Technical Committee

Presented to the State Budget Committee December 17, 2012

Indiana Revenue Forecast



Factors Affecting This Forecast

Economic Variables	Economic Forecast is Reflective of a Slow Recovery Income, Gaming, and Other Tax Models Unchanged Sales and Corporate Tax Models Modified
Legislative Changes	Corporate Tax Rate Phase-Down Inheritance Tax Phase-Out Net Operating Loss (NOL) Carryback Elimination Cigarette Tax for Retiree Health Benefits Distribution Changed
Administrative Issues	Sales Tax Collection Under Amazon Agreement Reestablishment of LOIT Reserve
Gaming Tax Issues	Continuing Casino Market Saturation Escalating Casino Competition

Sales Tax Slightly Below Target but Growing Year-Over-Year

Year-to-Date Sales Tax Collections Through November 30th are 0.9% Below Target

Year-to-Date Sales Tax Collections Through November 30th Exceeded Collections for the Same Period Last Year by 2.3%

> December 2011 Sales Tax Model Over Forecasting Slightly; Adopted Quarterly Model to Better Reflect Flow of Revenue

Adjustment for Amazon Sales Tax Collection Agreement \$22.3 M in FY 2014 and \$57.4 M in FY 2015

Individual Income Tax Above Target and Growing Year-Over-Year

Year-to-Date Individual Income Tax Collections Through November 30th Have Outpaced Targets by 1.1% Year-to-Date Individual Income Tax Collections Through November 30th Exceeded Collections for the Same Period Last Year by 6.2%

December 2011 Individual Income Tax Model Under Forecasting Collections; Current Model Forecasts Combined State and Local Income Tax Base

Reestablishing LOIT Reserve: \$189.0 M in FY 2013; \$186.5 M in FY 2014; and \$186.8 M in FY 2015

Corporate Income Taxes

April Model Under Forecasting Significantly

Corporate Profits Still Rising from Low in 2009, but Growth is Slowing Significantly

December 2011 Corporate Tax Model is Modified to Reflect Elimination of Net Operating Loss (NOL) Carryback

Corporate Income Tax Rate Phase-Down: 8% Rate in FY 2013 Declining to 6.5% Beginning in FY 2016

Riverboat and Racino Taxes

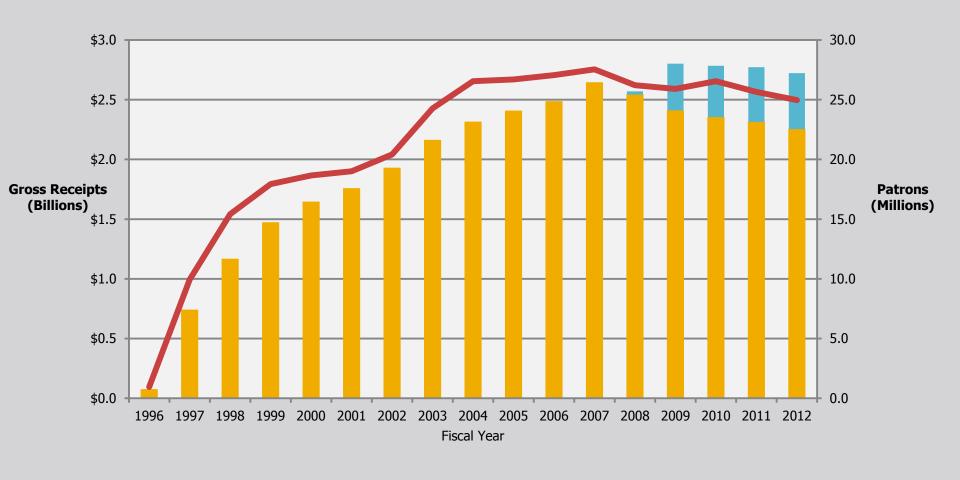
Market Saturation

• Long-Run Leveling, Even Decline in Revenue

Competition

- Escalating Competitive Impacts of Ohio Casinos and Racinos in FY 2013 and FY 2014
- Continuing Competitive Impacts of Des Plaines (IL) Casino
- Continued Competition from Tribal Casinos in Southwest Michigan
- Potential for More Competition from Illinois

Casino Market Saturation

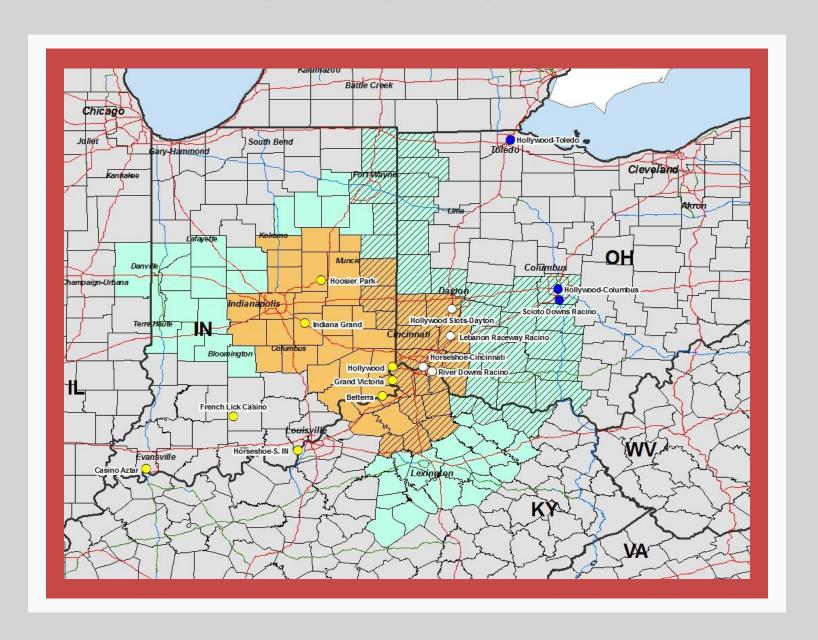


Racino Gross Receipts

Riverboat Patrons

Riverboat Casino Gross Receipts

Current and Impending Competition from Ohio



Other Taxes

Cigarette Tax Year-to-Date Revenue Collections Through November 30th Slightly Above Target and 2.1% Higher than the Same Period Last Year

Two-Year Adjustment for Transfer of Retiree Health Benefit Trust Fund Expires at the End of FY 2013

Reduction in General Fund Cigarette Tax Revenue of \$26.5 M in FY 2014 and \$26.6 M in FY 2015

Inheritance Tax

 Nine-Year Phase-Out of Inheritance Tax Beginning in FY 2013

Potential Concerns

Macroeconomic Impacts of Federal Tax and Spending Policy ("Fiscal Cliff")

Potential Impact of European Recession

Potential Impact of Slowing Growth in China

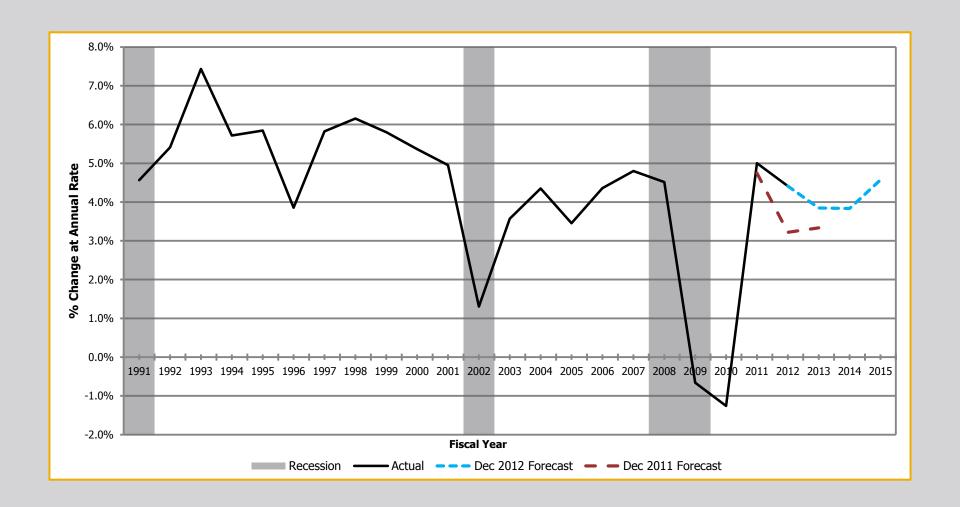
December 2012 Forecast Results

Total General Fund Revenue Forecast Fiscal Years 2013, 2014, and 2015 December 17, 2012 (In Millions)

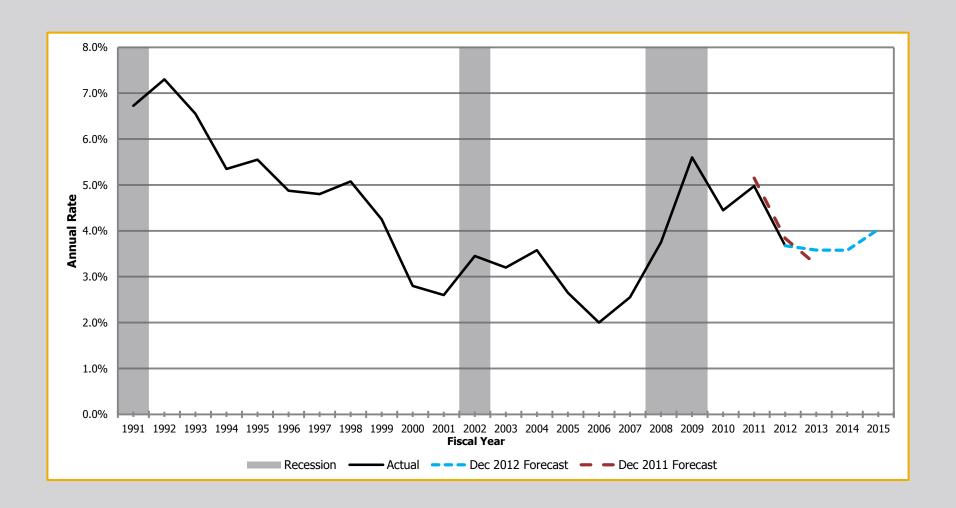
	Drior	Undated	Diff From	Percent Diff From	Dercent		Dercent		Percent
	The second secon	and the second control of				Forecast		Forecast	Growth
Actual 2012	a control of the state of the present.							The second secon	Over 2014
7 101441 2012	2010	2010	1 0100001	Torodast	0101 2012	2011	0 701 20 10	2010	0 701 2011
6.621.8	6.864.6	6.863.8	-0.8	0.0%	3.7%	7.144.7	4.1%	7.434.2	4.1%
4,765.5	5,084.0	4,846.6	-237.4	-4.7%	1.7%	5,011.6	3.4%	5,213,1	4.0%
958.8	784.9	933.8	148.9	19.0%	-2.6%	901.9	-3.4%	869.2	-3.6%
496.5	471.0	464.3	-6.7	-1.4%	-6.5%	432.3	-6.9%	422.9	-2.2%
<u>117.6</u>	<u>96.1</u>	<u>103.2</u>	<u>7.1</u>	<u>7.4%</u>	<u>-12.2%</u>	<u>100.7</u>	<u>-2.4%</u>	<u>97.4</u>	<u>-3.3%</u>
12,960.2	13,300.6	13,211.7	-88.9	-0.7%	1.9%	13,591.3	2.9%	14,036.7	3.3%
269.1	275.7	279.6	3.9	1.4%	3.9%	251.5	-10.1%	252.3	0.3%
11.0	11.3	11.4	0.1	1.1%	3.5%	11.4	-0.6%	11.4	0.4%
203.1	177.2	177.2	0.0	0.0%	-12.8%	177.2	0.0%	177.2	0.0%
176.0	165.0	150.2	-14.8	-9.0%	-14.6%	128.5	-14.4%	115.0	-10.5%
16.4	16.3	16.8	0.5	3.1%	2.3%	17.4	3.6%	18.1	4.0%
18.3	14.0	15.2	1.2	8.6%	-17.1%	14.7	-3.3%	14.7	0.0%
14.3	16.0	17.5	1.5	9.4%	22.4%	17.5	0.0%	17.5	0.0%
233.9	250.0	244.0	-6.0	-2.4%	4.3%	233.3	-4.4%	233.3	0.0%
<u>222.7</u>	<u>205.9</u>	<u>213.9</u>	8.0	<u>3.9%</u>	<u>-4.0%</u>	<u>212.7</u>	<u>-0.6%</u>	<u>211.3</u>	<u>-0.7%</u>
1,164.9	1,131.4	1,125.8	-5.6	-0.5%	-3.4%	1,064.2	-5.5%	1,050.8	-1.3%
14,125.1	14,432.0	14,337.5	-94.5	-0.7%	1.5%	14,655.4	2.2%	15,087.5	2.9%
	958.8 496.5 117.6 12,960.2 269.1 11.0 203.1 176.0 16.4 18.3 14.3 233.9 222.7	6,621.8 4,765.5 958.8 496.5 117.6 12,960.2 269.1 12,960.2 269.1 13,300.6 269.1 177.2 176.0 16.4 18.3 14.3 14.3 233.9 222.7 1,164.9 1,131.4	Actual 2012 Forecast 2013 Forecast 2013 6,621.8 4,765.5 958.8 496.5 117.6 96.1 6,864.6 784.9 933.8 496.5 471.0 464.3 96.1 103.2 12,960.2 13,300.6 13,211.7 269.1 1.0 11.3 11.4 203.1 177.2 177.2 176.0 165.0 150.2 164.4 16.3 16.8 18.3 14.0 15.2 14.3 233.9 250.0 244.0 222.7 205.9 213.9 1,131.4 1,125.8 1,164.9 1,131.4 1,125.8	Actual 2012 Forecast 2013 Forecast 2013 Prior Forecast Forecast 6,621.8 4,765.5 958.8 496.5 117.6 6,864.6 5,084.0 4,846.6 -237.4 4,846.5 -237.4 4,846.5 471.0 464.3 -6.7 117.6 117.6 96.1 103.2 7.1 12,960.2 13,300.6 13,211.7 -88.9 269.1 1.0 11.3 11.4 0.1 203.1 177.2 177.2 0.0 165.0 150.2 -14.8 16.4 16.3 16.8 0.5 18.3 14.0 15.2 1.2 14.3 16.0 17.5 1.5 233.9 250.0 244.0 -6.0 222.7 205.9 213.9 8.0 1,164.9 1,131.4 1,125.8 -5.6	Actual 2012 Prior Forecast 2013 Updated Forecast 2013 Diff. From Prior Forecast Diff. From Prior Forecast 6,621.8 4,765.5 958.8 4,765.5 958.8 496.5 117.6 6,864.6 93.8 148.9 19.0% 1	Actual 2012 Prior Forecast 2013 Updated Forecast 2013 Diff. From Prior Forecast 2013 Diff. From Prior Forecast 2013 Prior Forecast 2013 Prior Forecast 2012 6,621.8 4,765.5 5 5,084.0 4,846.6 5,084.0 958.8 784.9 933.8 148.9 19.0% -2.6% 496.5 117.6 96.1 103.2 7.1 7.4% -6.5% 117.6 96.1 103.2 7.1 7.4% -6.5% 117.6 10.3 13,300.6 13,211.7 -88.9 -0.7% 1.9% 12,960.2 13,300.6 13,211.7 10.0 11.3 11.4 0.1 1.1% 3.5% 11.0 11.3 11.4 0.1 1.1% 3.5% 11.0 165.0 150.2 -14.8 -9.0% -14.6% 16.4 16.3 16.8 0.5 3.1% 2.3% 14.0 15.2 1.2 8.6% -17.1% 14.3 16.0 17.5 1.5 9.4% 22.4% 14.3 16.0 17.5 1.5 9.4% 22.4% 22.33.9 250.0 244.0 -6.0 -2.4% 4.3% 222.7 205.9 213.9 8.0 3.9% -4.0% 1,164.9 1,131.4 1,125.8 -5.6 -0.5% -3.4%	Actual 2012 Prior Forecast 2013 Updated Forecast 2013 Diff. From Prior Forecast Diff. From Prior Forecast Percent Growth Over 2012 Forecast 2014 6,621.8 4,765.5 5,084.0 4,846.6 958.8 784.9 933.8 148.9 19.0% -2.6% 496.5 471.0 464.3 -6.7 -1.4% -6.5% 432.3 117.6 96.1 103.2 7.1 7.4% -12.2% 100.7 12,960.2 13,300.6 13,211.7 88.9 -0.7% 1.9% 13,591.3 13,591.3 269.1 2,960.2 13,300.6 13,211.7 17.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 177.2 16.0 165.0 150.2 -14.8 -9.0% -14.6% 128.5 16.4 16.3 16.8 0.5 3.1% 2.3% 17.4 14.3 14.0 15.2 1.2 8.6% -17.1% 14.7 14.3 16.0 17.5 1.5 9.4% 22.4% 17.5 233.9 250.0 244.0 -6.0 -2.4% 4.3% 233.3 222.7 205.9 213.9 8.0 3.9% -4.0% 212.7 1,1064.2 1,164.9 1,131.4 1,125.8 -5.6 -0.5% -3.4% 1,064.2	Actual 2012 Prior Forecast 2013 Updated Forecast 2013 Diff. From Prior Forecast 2013 Diff. From Prior Forecast 2013 Percent Growth Over 2012 Percent Growth Over 2013 6,621.8 4,765.5 958.8 784.9 958.8 784.9 96.5 117.6 96.1 117.6 6,61.1 103.2 7.1 7.4% 1.7% 1.7% 1.7% 1.7% 1.7.6 901.9 -3.4% 1.4% 1.25% 1.2% 1.2% 1.2% 1.00.7 901.9 -3.4% 1.2% 1.2% 1.2% 1.2% 1.2% 1.2 8.6% 1.1.4 901.9 -3.4% 1.2% 1.2% 1.2% 1.2% 1.2% 1.2% 1.2% 1.2	Actual 2012 Prior Forecast 2013 Updated Forecast 2013 Diff. From Prior Forecast 2012 Percent Growth Growth Growth South Prior Forecast 2014 Forecast 2014 Percent Growth Over 2013 Forecast 2015 6,621.8 4,765.5 5 4,765.5 958.8 4,765.5 958.8 958.8 958.8 196.5 471.0 464.3 -6.7 -1.4% -6.5% 432.3 -6.9% 901.9 -3.4% 869.2 117.6 96.1 103.2 7.1 7.4% -6.5% 432.3 -6.9% 422.9 117.6 96.1 103.2 7.1 7.4% -12.2% 100.7 -2.4% 97.4 486.9 2 422.9 97.4 482.9 93.8 148.9 19.0% -2.6% 432.3 -6.9% 422.9 97.4 486.9 2 422.9 97.4 11.960.2 13,300.6 13,211.7 -88.9 -0.7% 1.9% 13,591.3 2.9% 14,036.7 14,036.7 1.9% 13,591.3 2.9% 14,036.7 14,036.7 269.1 1.0 1.3 11.4 0.1 1.1% 3 11.4 0.1 1.1% 3.5% 11.4 -0.6% 11.4 0.6% 165.0 150.2 -14.8 -9.0% -14.6% 128.5 -14.4% 115.0 166.0 165.0 150.2 -14.8 -9.0% -14.6% 128.5 -14.4% 115.0 16.4 16.3 16.8 0.5 3.1% 2.3% 17.4 3.6% 18.1 18.3 14.0 15.2 1.2 8.6% -17.1% 14.7 -3.3% 14.7 14.3 16.0 17.5 1.5 9.4% 22.4% 17.5 0.0% 17.5 233.9 250.0 244.0 -6.0 -2.4% 4.3% 233.3 -4.4% 233.3 222.7 205.9 213.9 8.0 3.9% -4.0% 212.7 -0.6% 211.3 1,164.9 1,131.4 1,125.8 -5.6 -0.5% -3.4% 1,064.2 -5.5% 1,050.8

Appendices for December 2012 Revenue Forecast

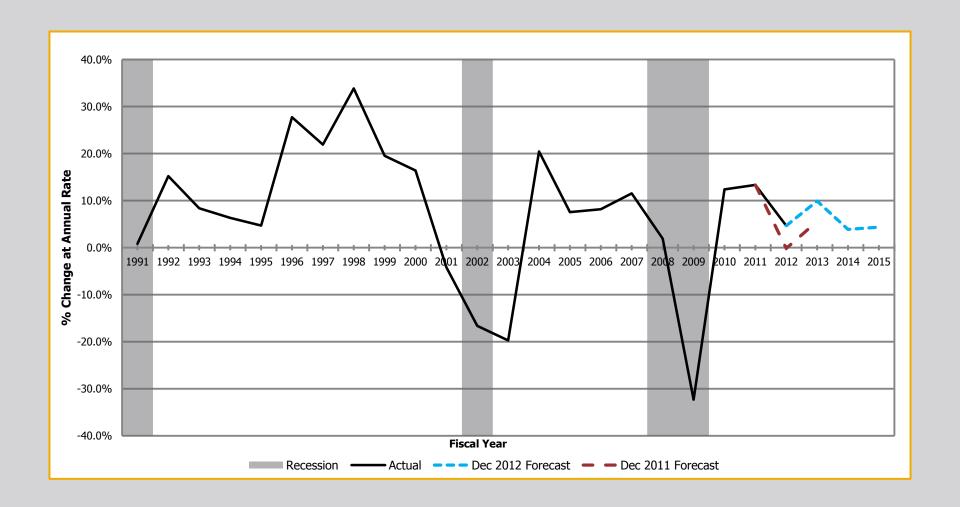
Nominal Indiana Personal Income



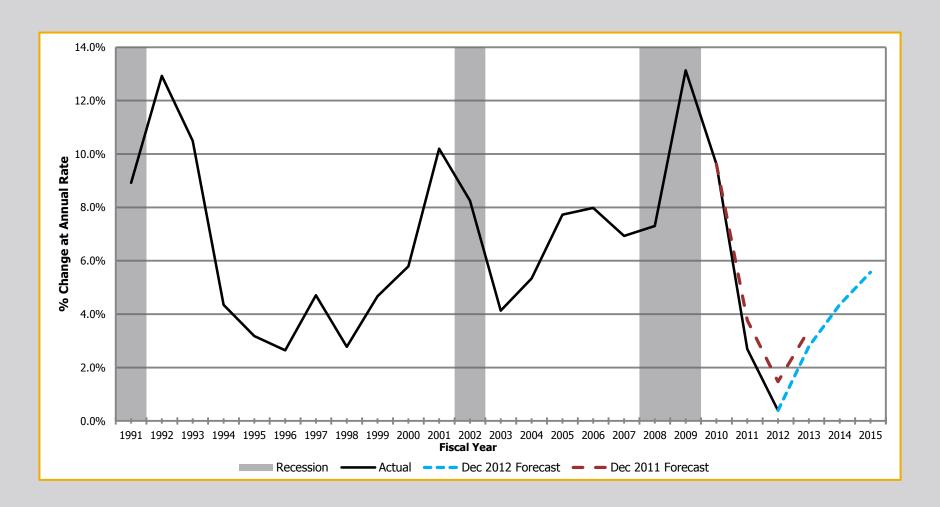
U.S. Personal Savings Rate



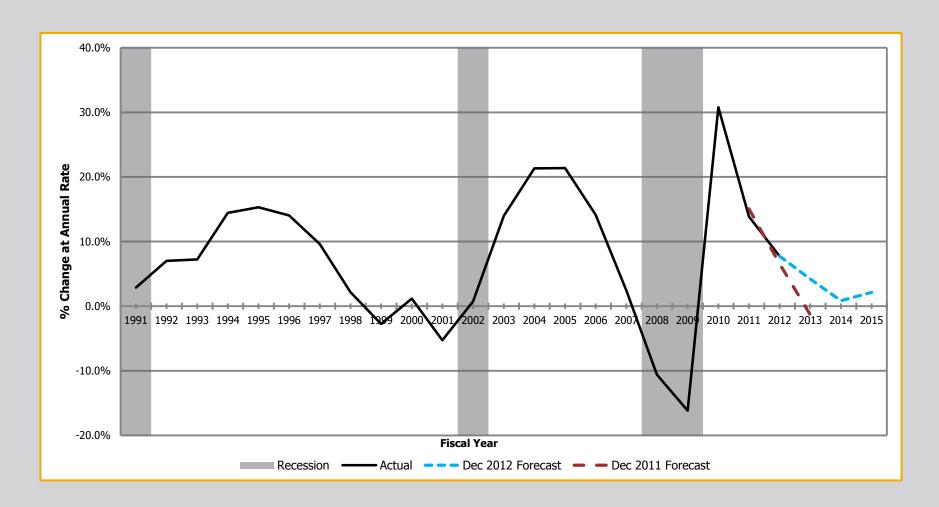
Standard and Poor's 500 Index of Common Stocks



Nominal Indiana Transfer Payments



U.S. Corporate Profits



Economic Variables FY 2013, FY 2014, FY 2015

Nominal Indiana Personal Income (IPI) Difference (%) **Fiscal Dec 2011 to Dec 2012 Dec 2011** Year **Dec 2012 Forecast Forecast** 2013 \$242,278 \$246,252 1.64% 2014 \$255,692 2015 \$267,383

U.S. Personal Savings Rate						
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012			
2013	3.26%	3.58%	0.32%			
2014	_	3.58%				
2015	-	4.03%				

Nominal Indiana Transfer Payments (in millions)					
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012		
2013	\$48,712	\$47,703	-2.07%		
2014		\$49,781			
2015		\$52,555			

Standard and Poor's 500 Index of Common Stocks						
Fiscal Dec 2011 Dec 2012 Dec 2011 to Year Forecast Forecast Dec 2012						
2013	1,297	1,416	9.14%			
2014		1,471				
2015		1,535				

U.S. Corporate Profits (in billions)						
Fiscal Dec 2011 Dec 2012 Dec 2011 to Year Forecast Forecast Dec 2012						
2013	\$1,972	\$1,982	0.47%			
2014		\$1,998				
2015		\$2,041				

Data Source: IHS Global Insight

Total Tax Revenue Estimates

December 17, 2012, Revenue Forecast

Sales Tax (in millions)						
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012		
2013	\$6,864.6	\$6,863.8	-\$0.8	0.0%		
2014	-	\$7,144.7	-	-		
2015	-	\$7,434.2	-	-		

	Individual Income Tax (in millions)					
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012		
2013	\$5,084.0	\$4,846.6	-\$237.4	-4.7%		
2014	-	\$5,011.6	-	-		
2015	-	\$5,213.1	-	-		

Corporate Taxes (in millions)					
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012	
2013	\$784.9	\$933.8	\$148.9	19.0%	
2014	-	\$901.9	-	-	
2015	-	\$869.2	-	-	

Total Tax Revenue Estimates

December 17, 2012, Revenue Forecast

Gaming Taxes (in millions)						
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012		
2013	\$567.1	\$567.5	\$0.4	0.0%		
2014	-	\$533.0	-	-		
2015	-	\$520.3	-	-		

	Other Taxes (Includes FIT, Excise, CVET Transfer) (in millions)					
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012		
2013	\$1,131.4	\$1,125.8	-\$5.6	-0.5%		
2014	-	\$1,064.2	-	-		
2015	-	\$1,050.8	-	-		

Total General Fund Taxes (in millions)					
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012	
2013	\$14,432.0	\$14,337.5	-\$94.5	-0.7%	
2014		\$14,655.4			
2015		\$15,087.5			