



STATE OF INDIANA

Mitchell E. Daniels, Jr.
Governor

STATE BUDGET AGENCY
212 State House
Indianapolis, Indiana 46204-2796
317/232-5610

Christopher A. Ruhl
Director

The monthly revenue report of March 2010 state tax collections was released today.

Results

- Total revenue collections were \$908 million, \$7 million above total collections for the same period last year. Collections were \$2 million above the budget forecast and \$48 million above the December 2009 revenue forecast.
- Sales tax collections totaled \$460 million for the month, \$7 million above collections for the same period last year.
- Individual income tax collections totaled \$285 million for the month, \$7 million above collections for the same period last year.

Commentary

For the first time in seventeen months, monthly revenue collections exceeded prior year. However, year to date collections remain \$867 million below the May 2009 revenue forecast, which was the basis for the FY 2010 budget, and \$64 million below the December 2009 forecast. Through three quarters of the state fiscal year, revenue collections are 9% (\$867 million) below prior year collections. The state entered the fiscal year with \$1.3 billion in reserves.

Sales tax receipts exceeded prior year collections for the month of March, ending a streak of sixteen consecutive months where current month receipts were less than the same period from the prior year. Sales tax collections for the third quarter (January-March) were 1% below prior year, the strongest performance in the last five quarters. Year to date sales tax collections are 6% below prior year.

Through nine months, individual income tax collections are 13% below prior year and corporate income tax collections are 44% below prior year.

March collections include approximately \$10 million in interest revenue from common school fund loans. This revenue was erroneously recorded in a non-general fund revenue account in January and last July. March's report corrects this error and includes these revenues in the general fund.

As outlined in a recent letter from FSSA Secretary Anne Murphy, the federal health care legislation will harm the state budget immediately by some \$25 million as the federal government confiscates pharmacy rebates previously captured by the state. When this impact is counted, March represents another net negative month compared to budget plan. But at least the trend of revenues consistently missing budget plan and prior year amounts has been interrupted for one month.

April 5, 2010