



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 May 2010 state tax collections was released today.

Results

- Total revenue collections were \$982 million, \$11 million (1%) above total collections for the same period last year. Collections were \$83 million below the amount used in the June 2009 as passed budget.
- Sales tax collections totaled \$494 million for the month, \$18 million above collections for the same period last year. Year to date sales tax collections are 4.4% below prior year.
- Individual income tax collections totaled \$386 million for the month, \$29 million above collections for the same period last year. Year to date income tax collections are 9% below prior year.

Commentary

Revenue collections through eleven months of the current state fiscal year are now \$1.032 billion or 9% below the budget passed by the General Assembly. Revenue collections have been below budget for ten of the eleven months of the current fiscal year. The average monthly miss has been dramatic—nearly \$100 million, with all but two months registering a miss of greater than \$60 million. May represented another sizeable miss of \$83 million or 8%.

The as passed budget estimated 2% growth in tax revenue for FY 2010 compared to FY 2009. Actual year to date tax collections are 7.5% below prior year (2009) which was 7.4% below 2008. As Figure 1 demonstrates, year to date tax collections for the current year most resemble FY 2005.

Despite actions to reduce budgeted spending, the state's reserves were once again drawn down further this month. The \$1.032 billion in lower than budgeted collections through eleven months have been partially offset by spending reductions ordered by the Governor. Without the necessary spending reductions ordered by the Governor, Indiana would be broke like so many other states with no remaining options other than raising taxes.

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