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The monthly revenue report of May 2011 state tax collections was released today.

Results

- Total revenue collections were \$1,198 million, \$151 million more than projected by the revenue forecast updated on April 15, 2011. Total collections were \$217 million above collections for the same period last year (+22.1%). For the first time in FY 2011 and only the second time this biennium, total collections were more than the amount assumed in the June 2009 budget as passed.
- Sales tax collections totaled \$522 million for the month, \$28 million (+5.6%) above collections for the same period last year.
- Individual income tax collections totaled \$563 million for the month, \$177 million (+46.0%) above collections for the same period last year and \$163 million more than target. Payroll withholdings increased 6.2% compared to the same period last year.

Commentary

Through the first eleven months of FY 2011, state general fund revenues now lead the recently updated forecast by \$128 million (1.1%). However, revenues for FY 2011 still trail the May 2009 forecast, the basis for the budget that passed, by \$350 million.

For the first eleven months of FY 2011, individual income tax collections have increased 17.3% compared to prior year, with payroll withholdings averaging growth of 6.3%. When April revenue collections were released and indicated a miss from targeted revenue of \$87 million, we cautioned against drawing any firm conclusions based upon the results of one month. The same is true for May. Several timing issues resulted in individual income tax revenues being deposited later in the processing cycle—in early May rather than late April. The April processing cycle had one less business day compared with 2010, tax day for 2011 was later (April 18th) than 2010 (April 15th), and the Easter holiday occurred after rather than before April 15th.

However, notwithstanding these timing issues, it is clear that individual income tax collections have improved dramatically in 2011 compared to 2010 due to strong employment and income growth. Payroll withholdings, the largest component of individual income tax collections, have consistently grown in excess of 6% throughout FY 2011. For April and May, individual income tax collections grew 20.9% compared to the same time period for FY 2010; a stronger rate of growth than the year-to-date figure.

Sales tax collections increased 5.6% compared to the same period last year, with year-to-date growth of 4.9%. For April and May, sales tax collections grew 4.4% compared to the same time period for FY 2010.

Riverboat wagering tax collections again fell short of the monthly target, and now lag FY 2010 revenues by 3.4%. On the other hand, racino wagering tax collections continue to exceed monthly targets, and are running 7.4% ahead of FY 2010 revenues. Through May, total gaming revenues trail the revenue forecast by \$13 million (-2.2%), and are running \$8M (-1.4%) behind collections for the same time period last year.

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