



# STATE OF INDIANA

Mitchell E. Daniels, Jr.  
Governor

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

Adam M. Horst  
Director

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

## Results

- Total revenue collections were \$1,162 million, \$64 million (+5.8%) above collections for the same period last year. Collections were \$108 million below the amount assumed in the June 2009 budget as passed and \$29 million below the most recent revenue forecast (December 2009).
- Sales tax collections totaled \$513 million for the month, \$28 million (+5.8%) above collections for the same period last year. For the last six months sales tax collections have increased by 4.0% compared to prior year, equal to the amount of growth needed to meet the most recent forecast.
- Individual income tax collections totaled \$392 million for the month, \$14 million (+3.7%) above collections for the same period last year. For the last six months income tax collections have increased 2.8% compared to prior year. The most recent revenue forecast projects 6% growth for FY 2011.

## Commentary

Sales tax collections have increased on a year over year basis for seven consecutive months. For the first quarter of FY 2011, sales tax revenues have averaged growth of 4.1%.

Individual income tax collections rose 3.7% in September compared to prior year, and have increased by 2.6% over the last six months. Payroll withholdings, the largest component of individual income taxes, continue to show growth, both in September (2.8%) and over the last six months (4.7%).

Most notably, state general fund revenues are essentially tracking with the latest forecast through the first quarter of FY 2011 (\$7.2M, or 0.2%, ahead of forecast). As stated last month, even with achievement of the most recent forecast, state revenues at the end of FY 2011 would still be \$797 million below what was assumed in the June 2009 budget as passed. Without the spending reductions ordered by Governor Daniels in FY 2010 and FY 2011, Indiana would have already spent through all of its reserves.

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