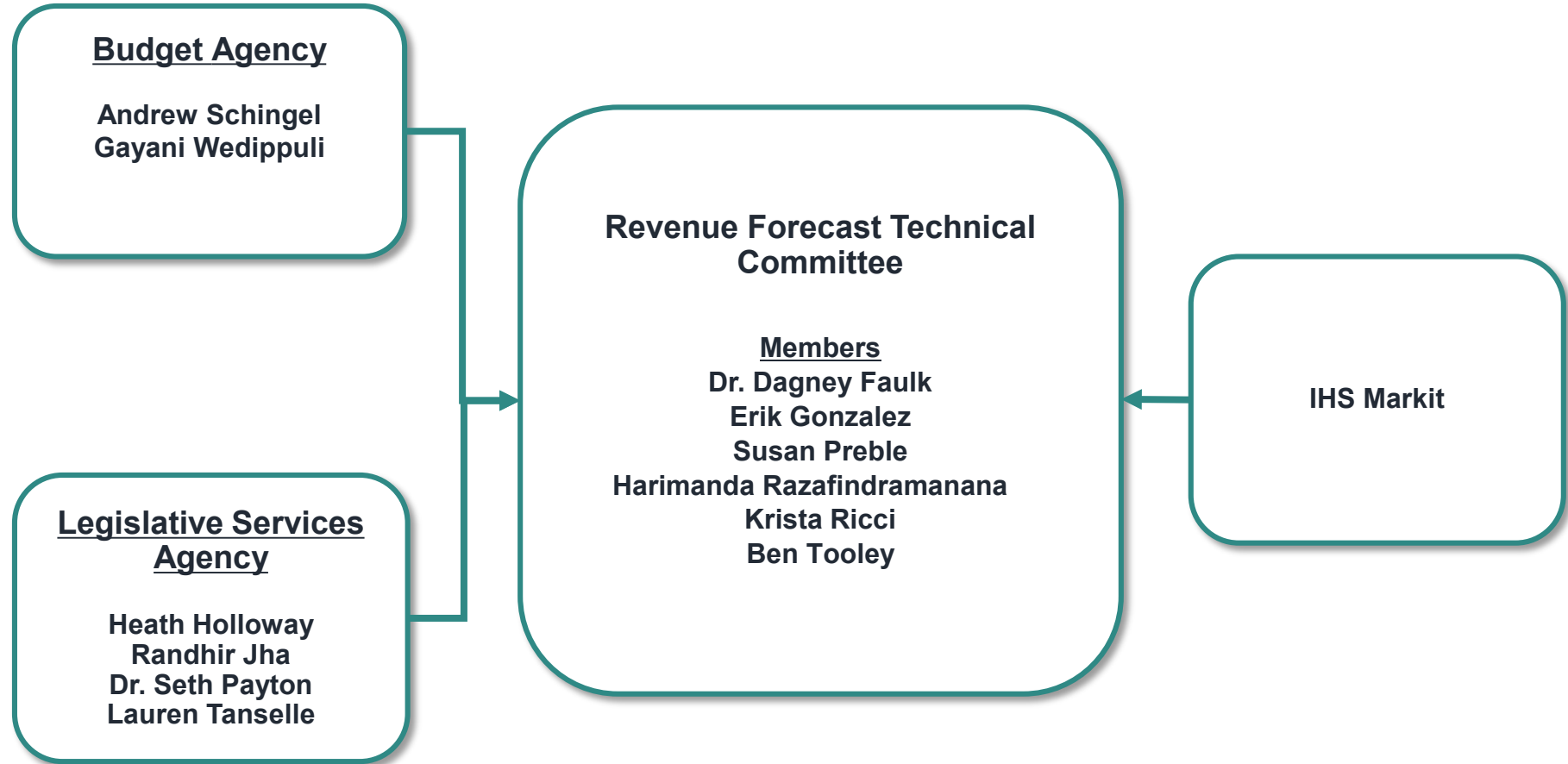


General Fund Revenue Forecast

**Fiscal Years 2022 and 2023
Revenue Forecast Technical Committee**

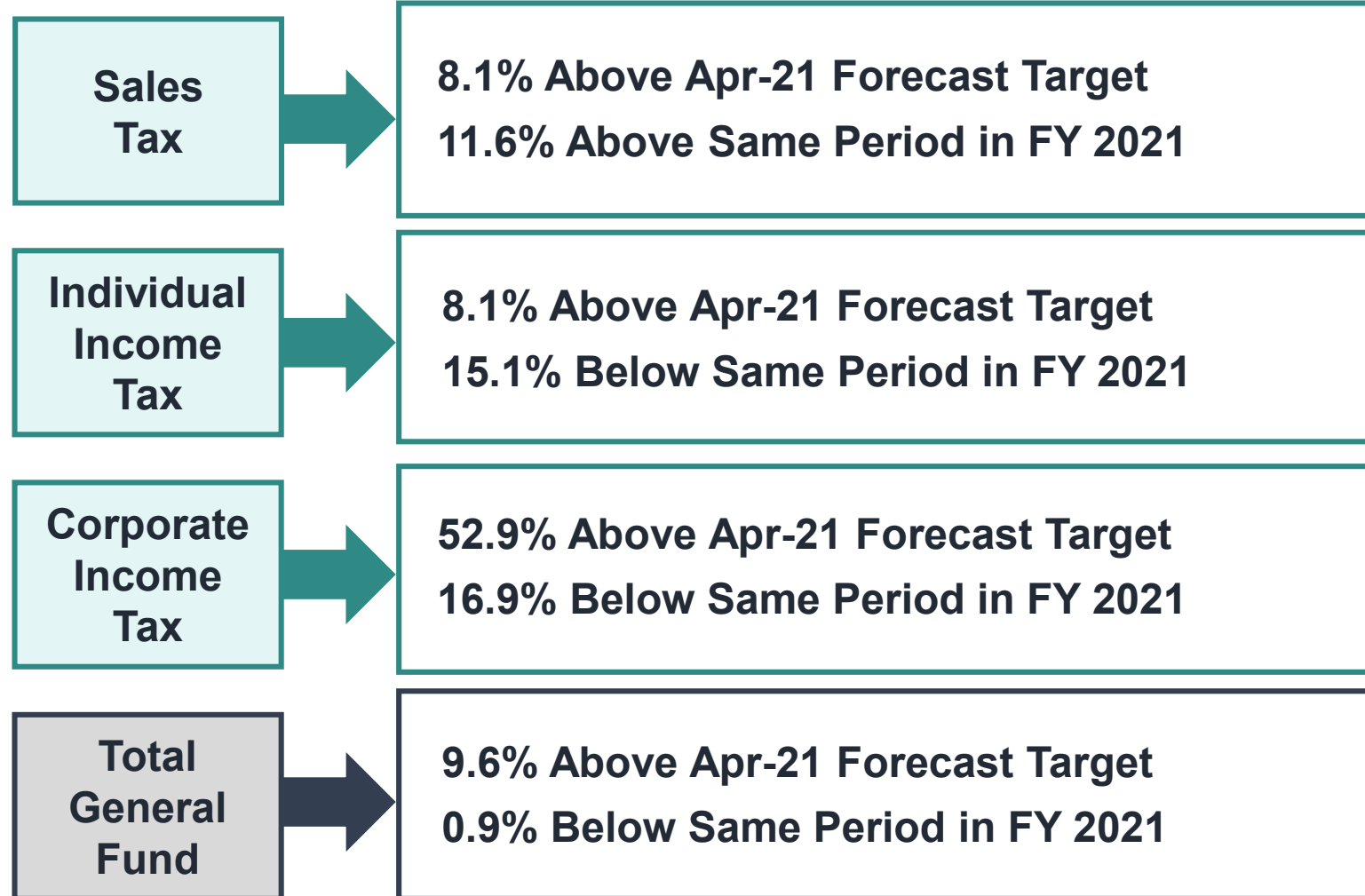
**Presented to the State Budget Committee
December 16, 2021**

Indiana Revenue Forecast



Performance of Major Revenue Sources

Year-To-Date Through Nov 30th FY 2022



Economic Forecast Overview



Driven by Personal Consumption, U.S. economy is estimated to exhibit strong growth during this biennium.



With strong labor market and elevated wage growth, the consumer has remained cautious but overall consumer spending continues to grow.



Inflation projections are substantially up from April. Inflation will continue to be at higher than historical levels well into 2022. The pandemic, and continuing robust demand for goods has also caused supply-chain bottlenecks.



During this biennium, Indiana unemployment rate is estimated to remain below 3.5%. Labor force participation rate and total employment is estimated to grow in 2022 and 2023.

Legislative Changes Incorporated

Fiscal Impact from 2019 Session

- Sales tax collections from remote sellers.
- Various gaming tax changes.
- Federal Tax Cuts and Jobs Act conformity.

Ongoing Corporate Income Tax Rate Reduction

- 5.25% in FY 2021
- 4.90% in FY 2022 and thereafter.

Ongoing Financial Institutions Tax Rate Reduction

- 6.00% in CY 2020
- 5.50% in CY 2021
- 5.00% in CY 2022
- 4.90% in CY 2023 and thereafter.

Gasoline Use Tax Distributions to State General Fund

- 42.865% in FY 2021
- 32.155% in FY 2022
- 21.445% in FY 2023

Revenue Estimators

Sales Tax

Gasoline Use Tax	
Indiana Real GSP, Retail Trade	U.S. Demand for Petroleum as a % of All Fuel
U.S. Summer Gas Price * Fuel Efficiency	
Remaining Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
Prior Year Savings	Prior Year Indiana Home Sales
U.S. Household Financial Obligations Ratio	

Individual Income Tax

Estimated Payments & Others	
U.S. Personal Interest Income	Wilshire 5000 Common Stock Index
Withholdings	
Indiana Adjusted Wages & Salaries	
Prior Year Births	AR1

Corporate Income Tax

Corporate Adjusted Gross Income
Indiana Gross State Product
S&P 500 Index
Indiana GSP / U.S. GDP

Other Adjustments to Forecast

Recognition of:

Sales Tax:

- ❖ **Enforcement of Economic Nexus Threshold Following U.S. Supreme Court Decision (*South Dakota v. Wayfair, Inc.*, 2018)**
- ❖ **Marketplace Facilitators Required to Collect Sales Tax**

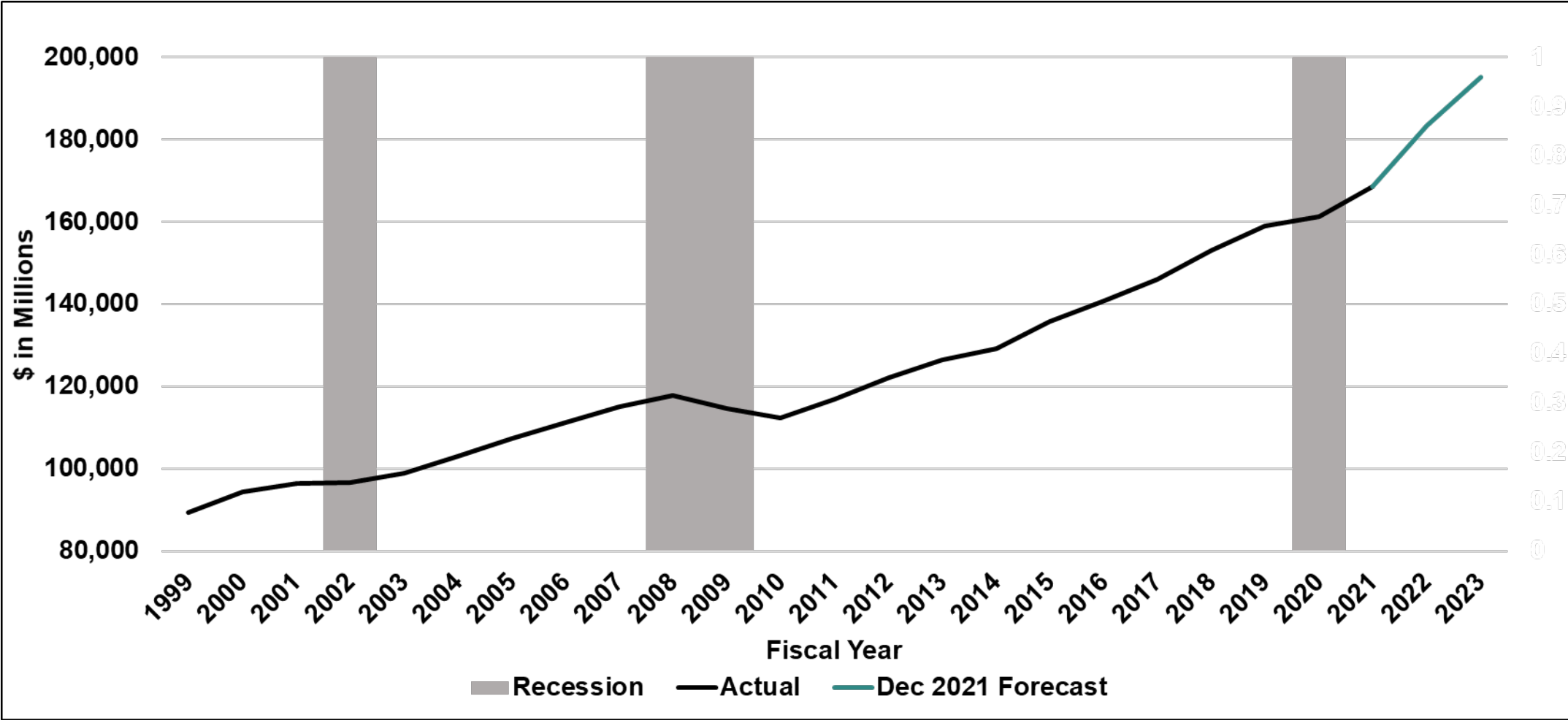
Gaming Tax:

- ❖ **Table Games at the Racinos**
- ❖ **Gary Casino Move to Inland Location**

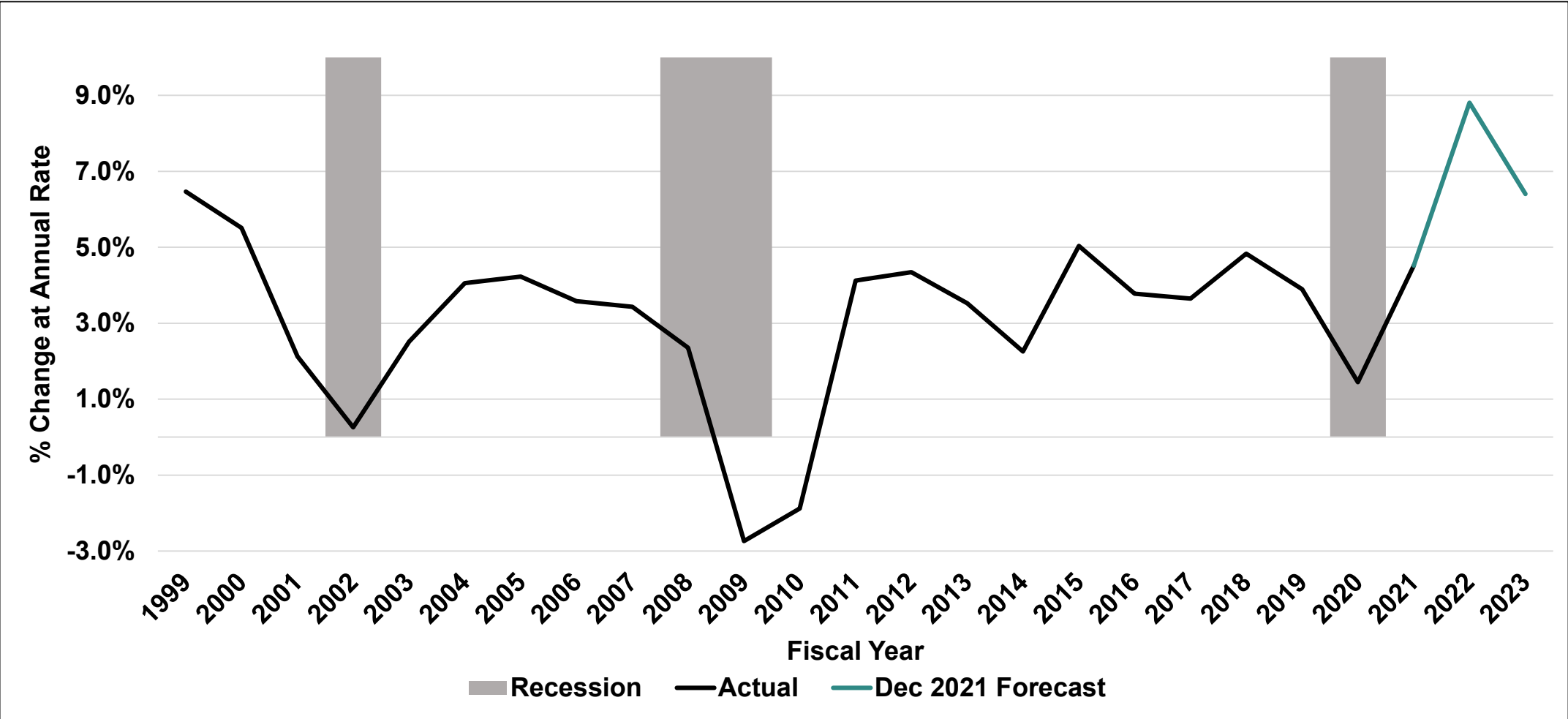
Miscellaneous:

- ❖ **Sports Wagering Tax**

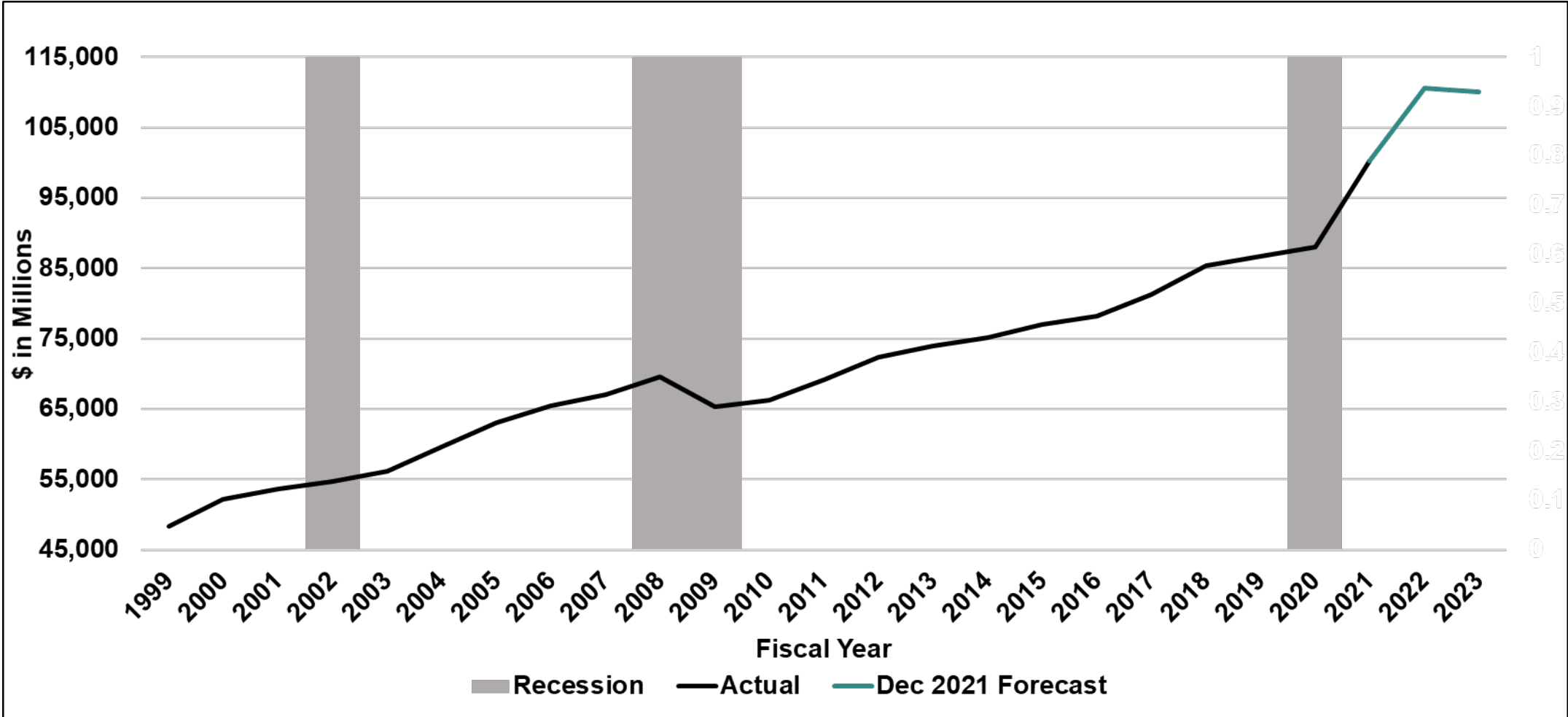
Indiana Wages & Salary



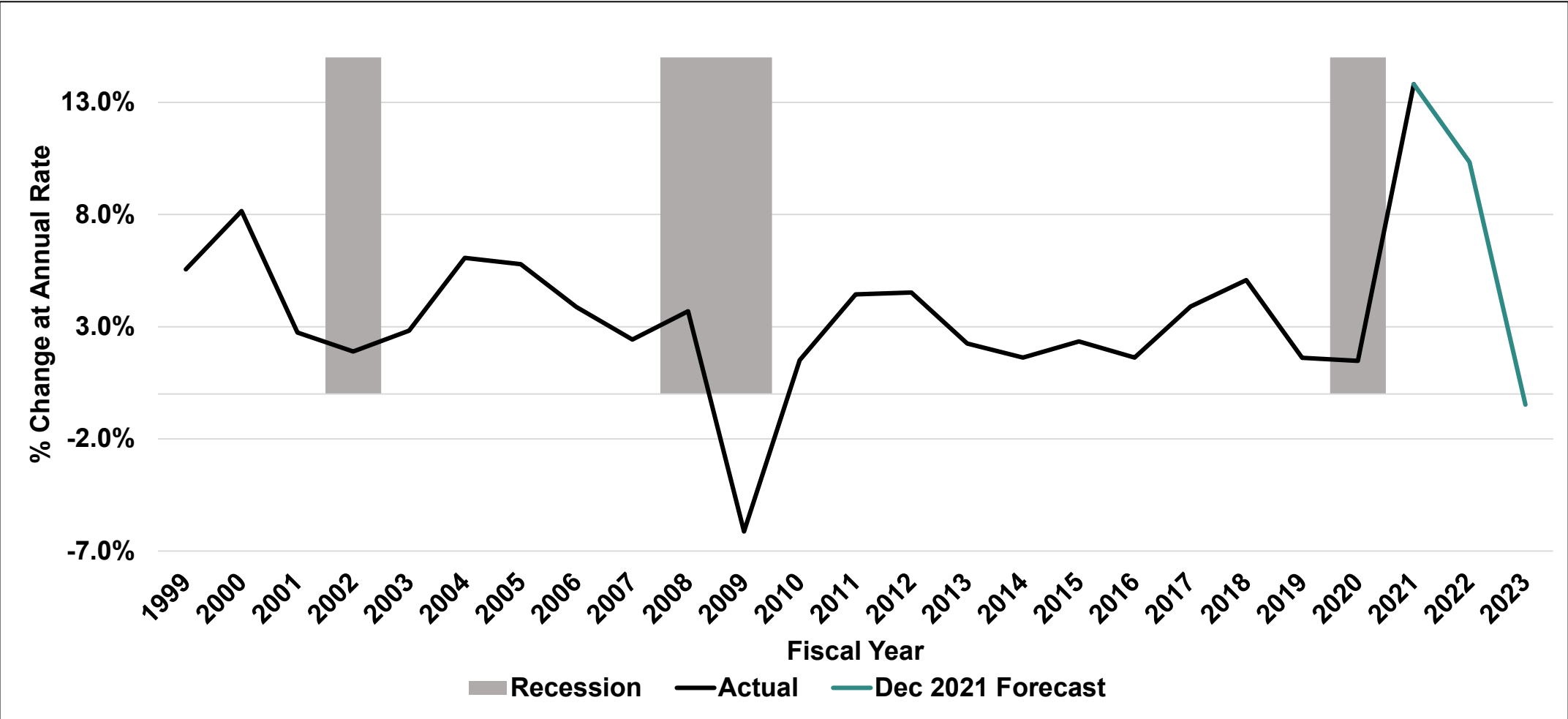
Indiana Wages & Salary Growth over Prior Year



Indiana Personal Consumption Expenditures (Goods)



Indiana Personal Consumption Expenditures (Goods) Growth over Prior Year



December 2021 Forecast Results

Total Tax Revenue Estimates

December 16, 2021, Revenue Forecast

Sales Tax (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	9,074.4	10,013.9	941.3	10.4%	939.6	10.4%
2023	9,366.2	9,940.3	-73.6	-0.7%	574.1	6.1%
Individual Income Tax (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	6,710.6	7,138.1	-393.4	-5.2%	427.5	6.4%
2023	6,966.4	7,578.9	440.8	6.2%	612.5	8.8%
Corporate Income Tax (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	883.8	1,343.7	-41.5	-3.0%	459.8	52.0%
2023	1,058.8	1,281.7	-62.0	-4.6%	222.9	21.1%

*Totals may not add due to rounding.

Total Tax Revenue Estimates

December 16, 2021, Revenue Forecast

Gaming Taxes (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	412.9	463.6	54.9	13.4%	50.7	12.3%
2023	441.0	457.5	-6.1	-1.3%	16.5	3.7%
Other Taxes (Includes MVET/ CVET Recapture) (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	995.2	991.0	-18.4	-1.8%	-4.2	-0.4%
2023	1,008.4	1,021.3	30.3	3.1%	12.9	1.3%
Total General Fund Taxes (in millions)						
Fiscal Year	Apr-21 Forecast	Dec-21 Forecast	Growth over Prior Year		Difference Apr 2021 Forecast to Dec 2021 Forecast	
2022	18,076.9	19,950.3	542.9	2.8%	1,873.5	10.4%
2023	18,840.9	20,279.7	329.4	1.7%	1,438.7	7.6%

*Totals may not add due to rounding.

Total General Fund Revenue Forecast

Fiscal Years 2022 & 2023

December 16, 2021 (in millions)

	Actual 2021	Excl. Deferred Payments in 2021
Major Taxes		
Sales & Use	9,072.6	9,072.6
Individual Income	7,531.5	6,804.5
Corporate - AGI, URT, USUT, FIT	1,385.2	1,225.9
Riverboat Wagering	282.6	282.6
Racino Wagering	<u>126.2</u>	<u>126.2</u>
Subtotal Major Taxes	18,398.0	17,511.7
Other Revenue		
Cigarette	234.8	234.8
Insurance	229.5	229.5
Inheritance	0.3	0.3
Alcoholic Beverages	22.0	22.0
Riverboat Supplemental Wagering Tax	9.8	9.8
Interest	31.1	31.1
Motor & Commercial Vehicle Excise	296.9	296.9
Miscellaneous Revenue	185.0	185.0
Subtotal Other Revenue	1,009.4	1,009.4
Total General Fund	19,407.4	18,521.1

FISCAL YEAR 2022				
Apr-21 Forecast 2022	Updated Forecast 2022	Year over Year Growth	Difference vs April 2021 Forecast	Year over Year Growth Excl. Deferred Payments in FY 2021
9,074.4	10,013.9	10.4%	939.6	10.4%
6,710.6	7,138.1	-5.2%	427.5	4.9%
883.8	1343.7	-3.0%	459.8	9.6%
274.0	322.1	14.0%	48.1	14.0%
<u>138.9</u>	<u>141.5</u>	<u>12.1%</u>	<u>2.6</u>	<u>12.1%</u>
17,081.7	18,959.4	3.1%	1,877.6	8.3%
237.6	224.8	-4.3%	-12.8	-4.3%
243.5	241.7	5.3%	-1.8	5.3%
0.0	0.0		0.0	-100.0%
21.3	21.9	-0.4%	0.6	-0.4%
9.2	10.4	6.1%	1.2	6.1%
19.0	23.2	-25.5%	4.2	-25.5%
291.3	285.8	-3.8%	-5.5	-3.8%
<u>173.3</u>	<u>183.2</u>	<u>-0.9%</u>	<u>9.9</u>	<u>-0.9%</u>
995.2	991.0	-1.8%	-4.2	-1.8%
18,076.9	19,950.3	2.8%	1,873.5	7.7%

FISCAL YEAR 2023				
Apr-21 Forecast 2023	Updated Forecast 2023	Year over Year Growth	Difference vs April 2021 Forecast	
9,366.2	9,940.3	-0.7%	574.1	
6,966.4	7,578.9	6.2%	612.5	
1,058.8	1281.7	-4.6%	222.9	
295.8	315.4	-2.1%	19.5	
<u>145.2</u>	<u>142.1</u>	<u>0.4%</u>	<u>-3.2</u>	
17,832.5	19,258.4	1.6%	1,425.9	
228.6	222.0	-1.2%	-6.6	
250.1	249.5	3.2%	-0.6	
0.0	0.0		0.0	
21.7	22.4	2.3%	0.7	
9.5	10.2	-1.9%	0.7	
28.5	43.2	86.2%	14.7	
299.3	293.1	2.5%	-6.2	
<u>170.6</u>	<u>180.9</u>	<u>-1.3%</u>	<u>10.3</u>	
1,008.4	1,021.3	3.1%	12.9	
18,840.9	20,279.7	1.7%	1,438.7	

12/16/2021

*Totals may not add due to rounding.

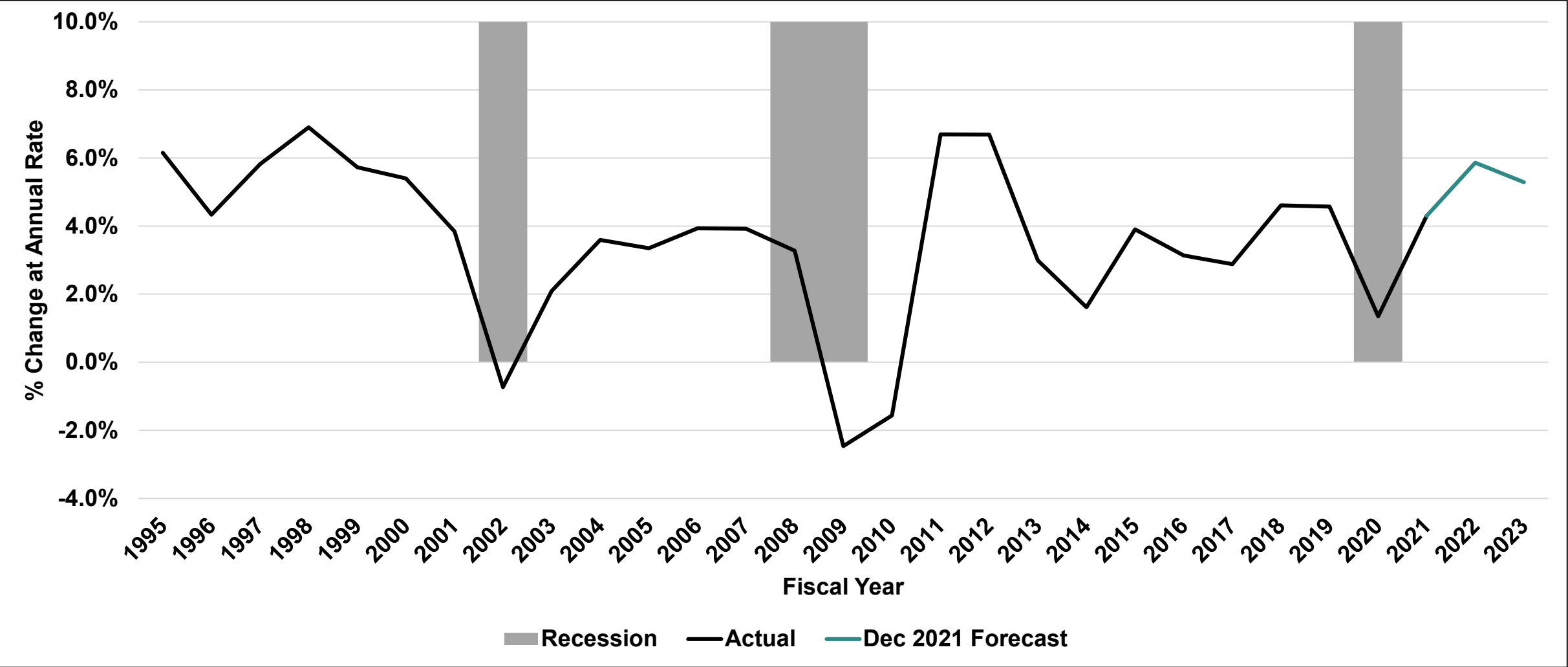
Revenue Forecast Annual Growth Rate

(After Deferred Tax Deadline Adjustments)

Fiscal Year	As Received		As Adjusted for Deferred Tax Deadline	
	Total GF Revenue (in \$ M)		Total GF Revenue (in \$ M)	
	Actual/Forecast	Growth	Actual/Forecast	Growth
2020	15,374.5	-6.3%	16,260.8	-0.9%
2021	19,407.4	26.2%	18,521.1	13.9%
2022	19,950.3	2.8%	19,950.3	7.7%
2023	20,279.7	1.7%	20,279.7	1.7%

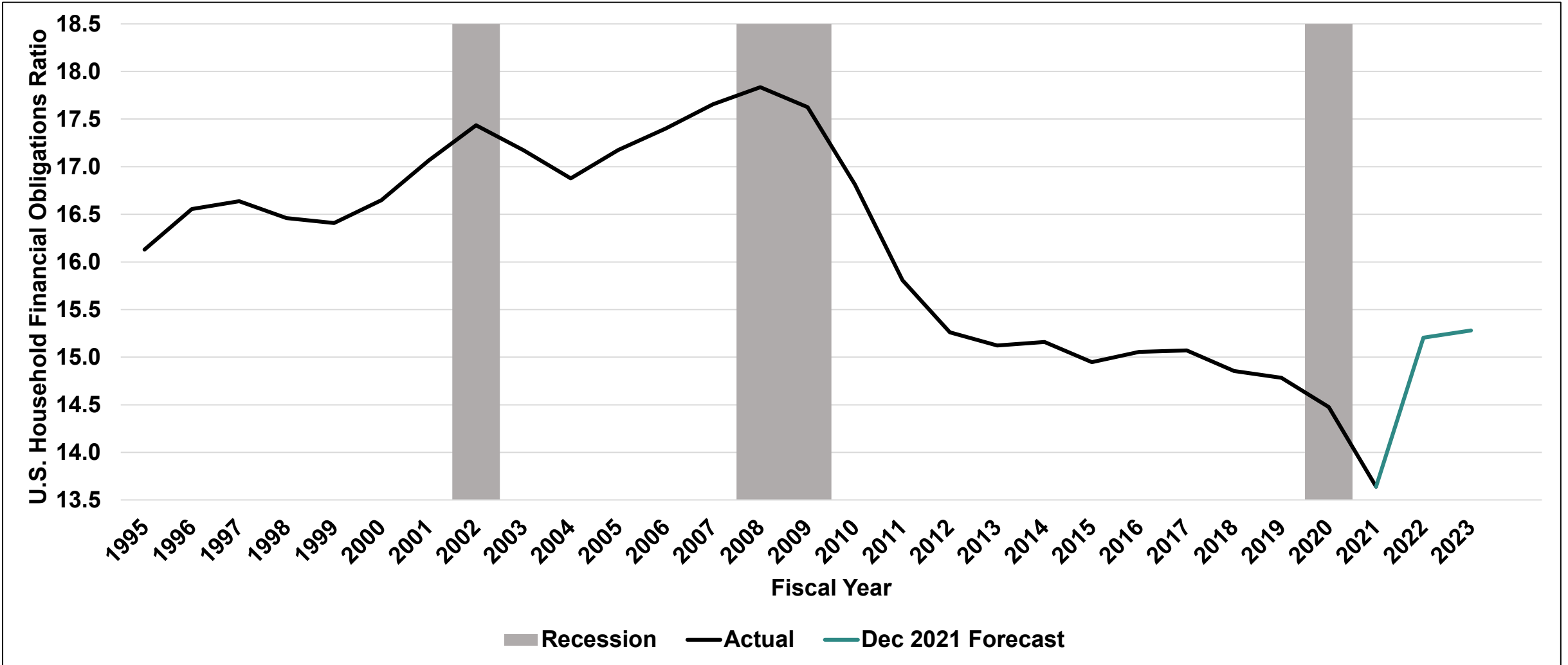
Appendices for December 2021 Revenue Forecast

Indiana Personal Income Net of Transfer Payments Per Household - Growth over Prior Year

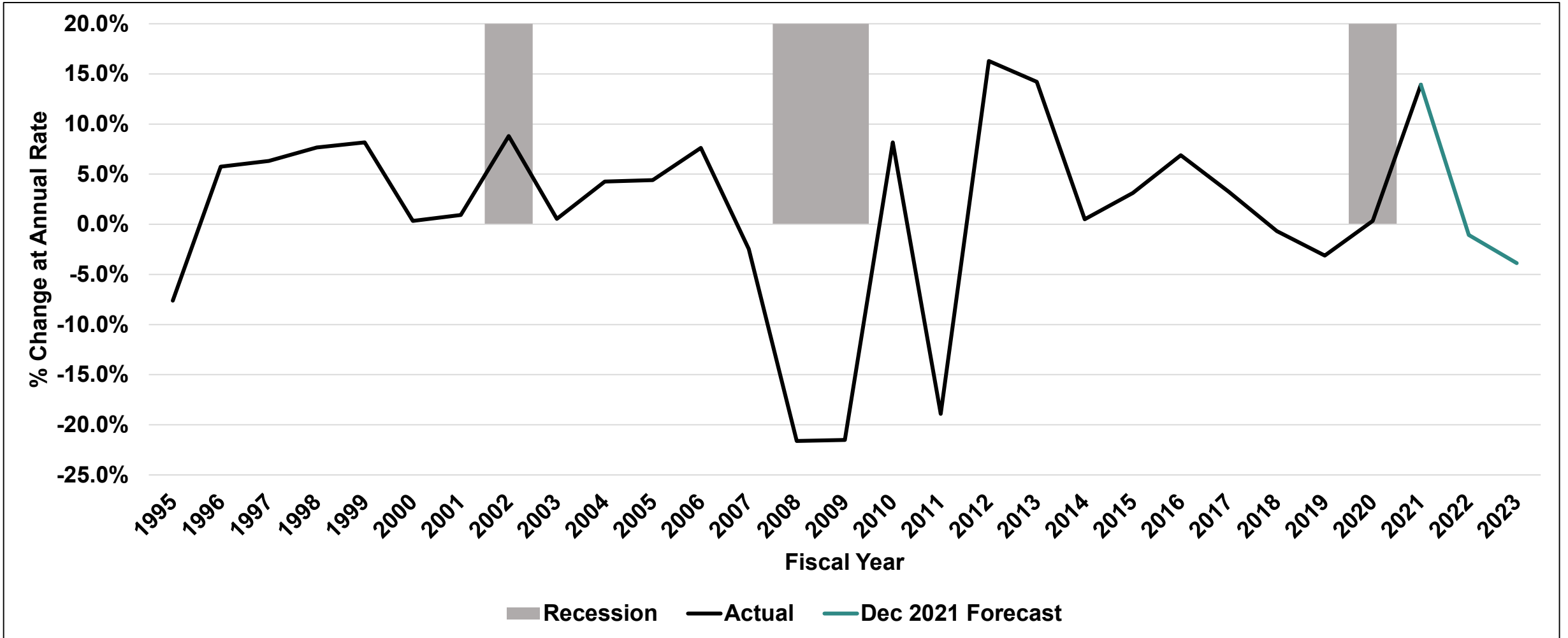


Source: Bureau of Economic Analysis and IHS Markit

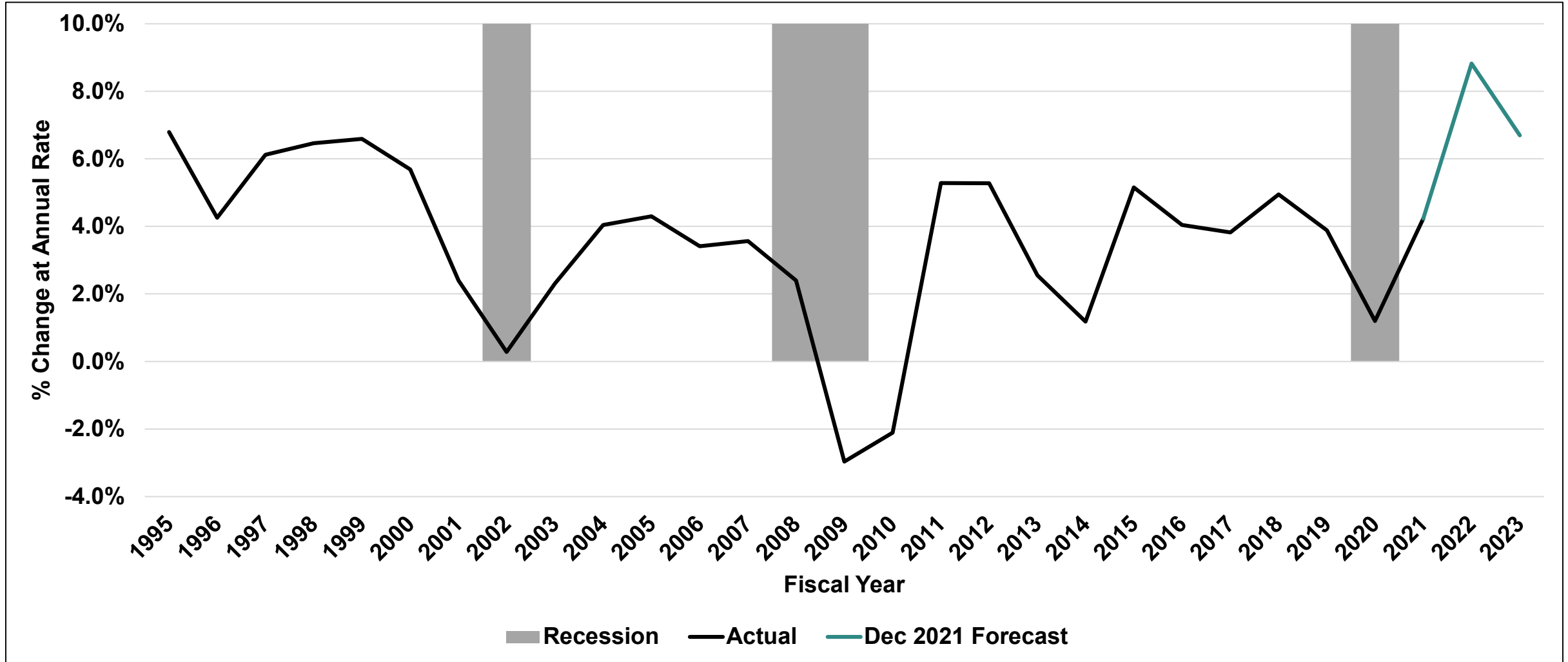
U.S. Household Financial Obligations Ratio



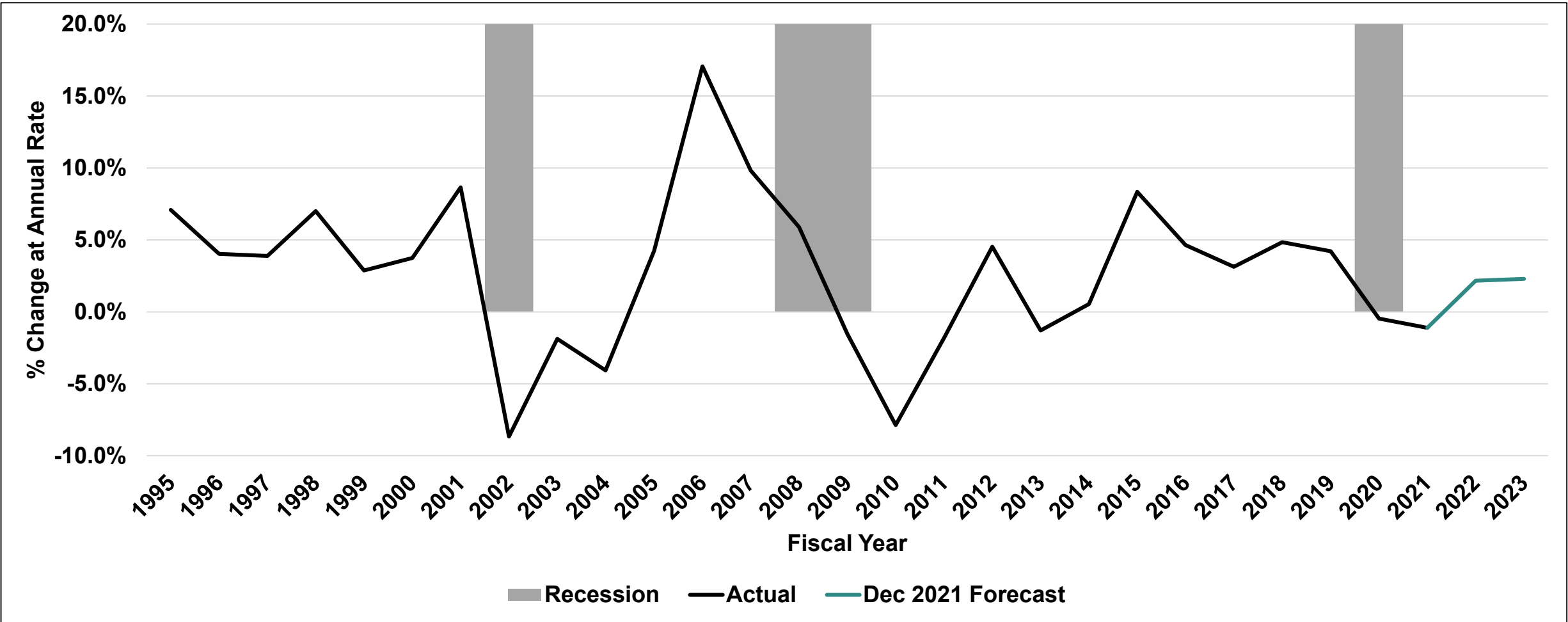
Indiana Existing Single-Family Home Sales Growth over Prior Year



Adjusted Wages and Salaries Growth over Prior Year



U.S. Interest Income Growth over Prior Year



Before-Tax Corporate Profits with IVA and Capital Consumption Adjustment - Growth over Prior Year

