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The monthly revenue report for December 2021 state tax collections was released today.

Note to readers: The monthly revenue estimates are based on the December 16, 2021 revenue forecast which considers revenue developments and the economic outlook presented on that date. This includes previously discussed changes in tax deadlines, payment timing, as well as assumptions related to federal and state policy actions leading up to the release of the forecast.

Information on the latest forecast is available at <https://www.in.gov/sba/2837.htm>

Fiscal Year 2022 began on July 1, 2021 and ends June 30, 2022.

Results

- General Fund revenues for December totaled \$1,663.4 million, which is \$19.0 million (1.2%) above estimate based on the December 16, 2021 revenue forecast and \$205.6 million (14.1%) above revenue in December 2020.

Notably, monthly collections from sales tax and individual income tax came in above monthly estimates and are driving this month's better than expected performance.

Monthly fluctuations and year-over-year comparisons are influenced by seasonal factors as well as changing dynamics compared to FY 2021 relative to the pandemic and evolving federal policy actions on assistance programs, economic impact payments, interest rates, and more.

- Sales tax collections totaled \$834.3 million for December, which is \$6.9 million (0.8%) above the monthly estimate and \$116.2 million (16.2%) above revenue in December 2020.

Monthly collections attributable to sales tax excluding gasoline use tax were \$5.1 million above the monthly estimate and \$110.6 million above prior year actuals. The December performance, which mostly reflects November economic activity, shows continued momentum in growth relative to prior year actuals (15.6%).

While it is difficult to identify the specific impact of the state enforcement of the recent changes in the taxation of remote sales on the year-to-date tax

collections, estimates on revenue collections attributable to compliance from marketplace facilitators continue to suggest robust year-over-year growth.

Gasoline use tax monthly collections came in \$1.8 million above the monthly estimate and \$5.6 million above prior year actuals. Despite the lower statutory share of collections distributed to the General Fund in FY 2022 relative to FY 2021, both taxable gallons and the gasoline use tax rate were above prior year actuals.

- Individual income tax collections totaled \$472.3 million for December, which is \$17.1 million (3.8%) above the monthly estimate and \$20.0 million (4.4%) above revenue in December 2020.

Monthly collections related to tax withholdings came in \$18.7 million above the monthly estimate and \$85.9 million above prior year actuals. Other monthly individual income tax collections, net of refunds, came in \$1.6 million below the monthly estimate and \$65.8 million below prior year actuals.

With important quarterly payment due dates, September, January, April, and June are the most important revenue months for individual income taxes.

- Corporate tax collections totaled \$224.0 million for December, which is \$5.8 million (2.5%) below the monthly estimate but \$62.8 million (39.0%) above revenue in December 2020.

Collections attributable to corporate adjusted gross income tax came in \$0.8 million below the monthly estimate but \$48.0 million above prior year actuals. This month was an estimated payment month for corporate adjusted gross income tax, and estimated payments for December were at record highs, 37.2% above prior year actuals.

Additionally, monthly collections attributable to utility receipt tax came in \$4.9 million below the monthly estimate but \$14.8 million above prior year actuals. The difference compared to prior year actuals is due to the timing of refunds.

With important quarterly payment due dates, September, December, April, and June are the most important revenue months for corporate taxes.

- Riverboat wagering collections totaled \$24.5 million for December, which is \$2.8 million (10.1%) below the monthly estimate but \$5.3 million (27.5%) above revenue in December 2020.

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- Racino wagering collections totaled \$10.2 million for December, which is \$0.1 million (1.0%) above the monthly estimate and \$3.1 million (44.6%) above revenue in December 2020.

Commentary

Year-to-date General Fund revenues totaled \$9,003.7 million, which is \$23.4 million (0.3%) above the December 2021 revenue forecast and \$135.5 million (1.5%) above revenues through the same period in the prior fiscal year.

Year-to-date sales tax collections totaled \$4,897.0 million, which is \$6.9 million (0.1%) above the December 2021 revenue forecast and \$537.0 million (12.3%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$3,039.3 million, which is \$17.1 million (0.6%) above the December 2021 revenue forecast but \$437.4 million (12.6%) below collections through the same period in the prior fiscal year. Prior fiscal year collections were impacted by approximately \$700 million of payments initially due in FY 2020 but collected in FY 2021 due to the alignment of Indiana's tax filing and payment due dates with the federal deferral to July 15, 2020.

Year-to-date corporate tax collections totaled \$575.3 million, which is \$4.8 million (0.8%) below the December 2021 revenue forecast and \$8.8 million (1.5%) below collections through the same period in the prior fiscal year. Prior fiscal year collections were impacted by approximately \$200 million of payments initially due in FY 2020 but collected in FY 2021 due to the alignment of Indiana's tax filing and payment due dates with the federal deferral to July 15, 2020.

Comparisons to estimates and prior year actuals will be better interpreted over the coming months as most of the important tax payment due dates and seasonally higher economic activity months are ahead. For perspective, a larger share of total General Fund revenue forecasted for Fiscal Year 2022 is still to be collected between January and June.

Overall, monthly collections and the year-to-date trend should be interpreted within the context of the full fiscal year forecast as significant fluctuations are expected, and deviations from monthly estimates are likely.

As previously noted, monthly collections will be influenced by multiple factors including temporary and seasonal economic dynamics, tax payment timing, changing restrictions related to the pandemic, developments on the vaccine front, as well as changes in federal policy actions on unemployment insurance benefits, economic impact payments, interest rates, and more.