



# STATE OF INDIANA

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The monthly revenue report for March 2020 state tax collections was released today.

### Results

- General Fund revenues for March totaled \$1,097.6 million, which is \$70.0 million (6.0%) below estimate based on the December 20, 2019 revenue forecast and \$51.7 million (4.5%) below revenue in March 2019.

Year-to-date General Fund collections totaled \$11,400.5 million, which is \$33.5 million (0.3%) above the current year-to-date estimate based on the December 20, 2019 revenue forecast and \$452.9 million (4.1%) above collections through the same period in the prior fiscal year.

While deviations relative to the monthly estimates are not unusual at this time of the year, it should be noted that monthly collections across most of the revenue sources came in below current year monthly estimates. In particular, lower than expected gaming tax collections reflected some of the casino disruptions experienced in March.

Note: The monthly revenue estimates are based on the December 20, 2019 revenue forecast and include the estimated impact of legislative actions taken by the General Assembly in the 2019 legislative session. The monthly revenue estimates do not include any developments since December 2019.

- Sales tax collections totaled \$602.3 million for March, which is \$25.2 million (4.0%) below the monthly estimate but \$10.4 million (1.8%) above revenue in March 2019. Variations in sales tax collections are expected at this time of the year due to various factors including seasonality and timing of payments.

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 fiscal year-to-date tax collections, revenue collections attributable to compliance from marketplace facilitators contribute to the difference relative to the monthly estimate and prior year actuals.

- Individual income tax collections totaled \$386.2 million for March, which is \$9.2 million (2.3%) below the monthly estimate and \$6.6 million (1.7%) below revenue in March 2019. While withholding tax collections came in above the monthly estimate, other individual income tax collections were below the monthly estimate. Other individual income tax collections include individual income tax estimated payments for tax year 2020 as well as final payments and refunds for

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tax year 2019. Significant monthly fluctuations are common at this time of the year due to the timing of refunds and payments.

- Corporate tax collections totaled \$24.9 million for March, which is \$17.9 million (41.8%) below the monthly estimate and \$29.5 million (54.2%) below revenue in March 2019. Notably, corporate adjusted gross income tax collections came below the monthly estimate and prior year actuals.

While corporate adjusted gross income tax payments are lower than current year estimates and prior year actuals on a fiscal year-to-date basis, corporate adjusted gross income tax collections are above the current year estimate and prior year actuals mainly due to lower than expected corporate refunds. Corporate refunds have come in below current year estimates and prior year actuals on a fiscal year-to-date basis. Monthly fluctuations in corporate tax collections are expected due to the nature of the timing of payments, refunds and more.

- Riverboat wagering collections totaled \$26.4 million for March, which is \$8.8 million (25.0%) below the monthly estimate and \$9.6 million (26.7%) below revenue in March 2019.

Racino wagering collections totaled \$9.5 million for March, which is \$4.7 million (33.0%) below the monthly estimate and \$2.0 million (17.3%) below revenue in March 2019.

Overall, lower than expected monthly gaming tax collections reflected some of the casino disruptions experienced in March.

### Commentary

On a fiscal year-to-date basis, collections from sales and use, corporate and cigarette taxes combined to maintain General Fund revenues above current year estimates and prior year actuals.

Year-to-date sales tax collections totaled \$6,155.9 million, which is \$46.8 million (0.8%) above the December 2019 revenue forecast and \$259.7 million (4.4%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$3,962.8 million, which is \$50.9 million (1.3%) below the December 2019 revenue forecast but \$116.4 million (3.0%) above collections through the same period in the prior fiscal year.

Year-to-date corporate tax collections totaled \$457.0 million, which is \$36.3 million (8.6%) above the December 2019 revenue forecast and \$42.9 million (10.4%) above collections through the same period in the prior fiscal year.

Going into the April to June period, significant monthly fluctuations are expected and deviations from monthly estimates are likely as the rapidly changing economic outlook will most likely impact monthly collections starting in April. Additional uncertainty will be introduced, particularly with individual income tax and corporate taxes, with the alignment of Indiana's tax filing and payment due date with the federal deferral to July 15.