

General Fund Revenue Forecast

Fiscal Years 2013-2015
Revenue Forecast Technical Committee

Presented to the State Budget Committee
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Indiana Revenue Forecast

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Factors Affecting This Forecast

Economic Variables

Economic Forecast is Reflective of a Slow Recovery
Income, Gaming, and Other Tax Models Unchanged
Sales and Corporate Tax Models Modified

Legislative Changes

Corporate Tax Rate Phase-Down
Inheritance Tax Phase-Out
Net Operating Loss (NOL) Carryback Elimination
Cigarette Tax for Retiree Health Benefits Distribution Changed

Administrative Issues

Sales Tax Collection Under Amazon Agreement
Reestablishment of LOIT Reserve

Gaming Tax Issues

Continuing Casino Market Saturation
Escalating Casino Competition

Sales Tax Slightly Below Target but Growing Year-Over-Year

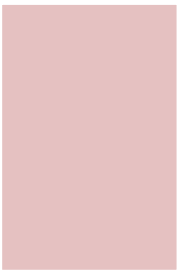
Year-to-Date Sales Tax Collections Through November 30th are 0.9% Below Target

Year-to-Date Sales Tax Collections Through November 30th Exceeded Collections for the Same Period Last Year by 2.3%


December 2011 Sales Tax Model Over Forecasting Slightly; Adopted Quarterly Model to Better Reflect Flow of Revenue

Adjustment for Amazon Sales Tax Collection Agreement \$22.3 M in FY 2014 and \$57.4 M in FY 2015

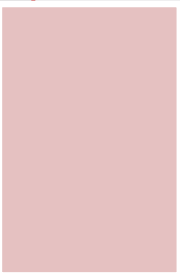
Individual Income Tax Above Target and Growing Year-Over-Year




Year-to-Date Individual Income Tax Collections Through November 30th Have Outpaced Targets by 1.1%



Year-to-Date Individual Income Tax Collections Through November 30th Exceeded Collections for the Same Period Last Year by 6.2%



December 2011 Individual Income Tax Model Under Forecasting Collections; Current Model Forecasts Combined State and Local Income Tax Base



Reestablishing LOIT Reserve: \$189.0 M in FY 2013; \$186.5 M in FY 2014; and \$186.8 M in FY 2015

Corporate Income Taxes

April Model Under Forecasting
Significantly

Corporate Profits Still Rising from Low in
2009, but Growth is Slowing
Significantly

December 2011 Corporate Tax Model is
Modified to Reflect Elimination of Net
Operating Loss (NOL) Carryback

Corporate Income Tax Rate Phase-
Down: 8% Rate in FY 2013 Declining to
6.5% Beginning in FY 2016

Riverboat and Racino Taxes

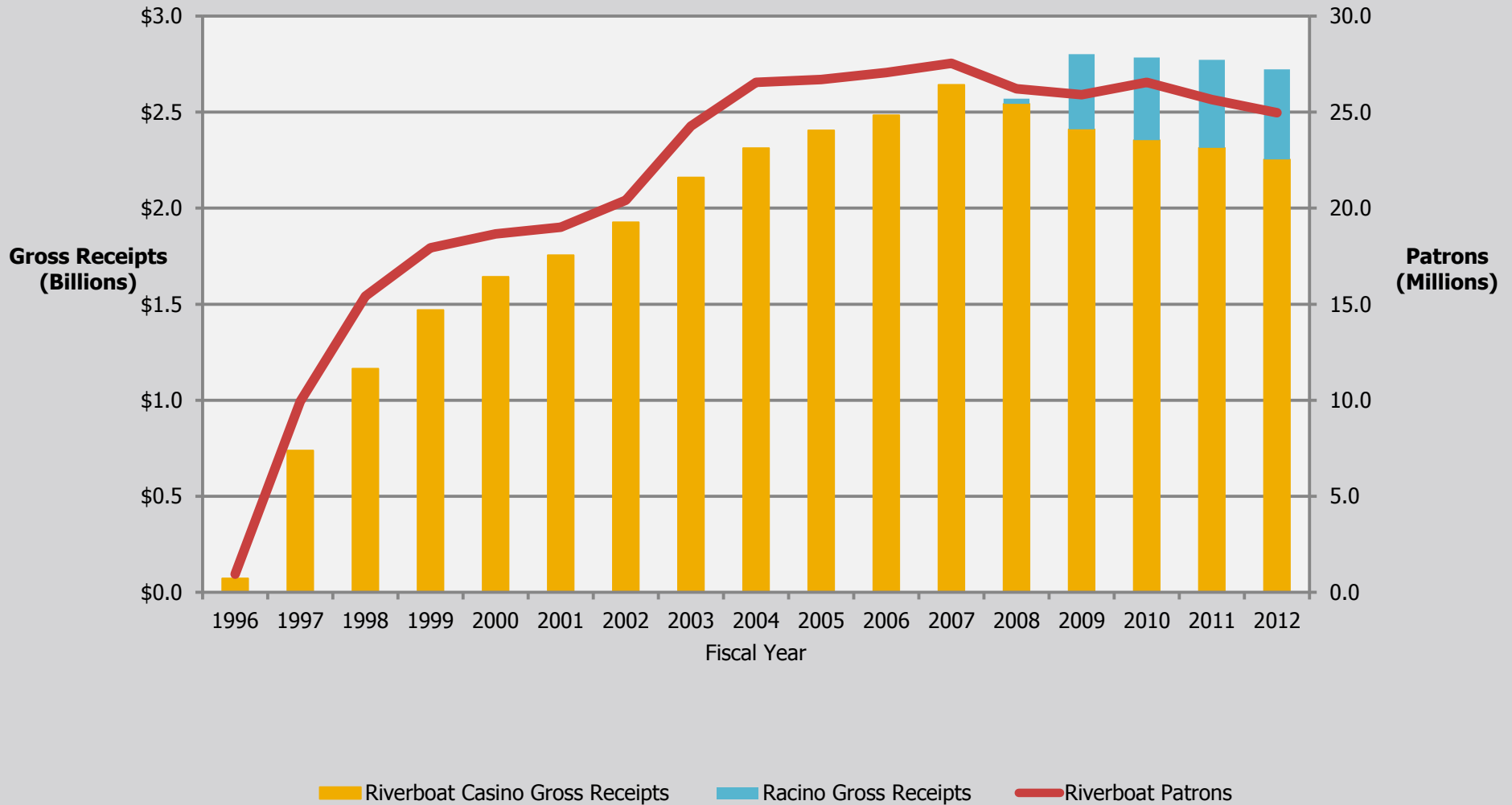
Market Saturation

- Long-Run Leveling, Even Decline in Revenue

Competition

- Escalating Competitive Impacts of Ohio Casinos and Racinos in FY 2013 and FY 2014
- Continuing Competitive Impacts of Des Plaines (IL) Casino
- Continued Competition from Tribal Casinos in Southwest Michigan
- Potential for More Competition from Illinois

Casino Market Saturation



Other Taxes

Cigarette Tax

- Year-to-Date Revenue Collections Through November 30th Slightly Above Target and 2.1% Higher than the Same Period Last Year

Two-Year Adjustment for Transfer of Retiree Health Benefit Trust Fund Expires at the End of FY 2013

Reduction in General Fund Cigarette Tax Revenue of \$26.5 M in FY 2014 and \$26.6 M in FY 2015


Inheritance Tax

- Nine-Year Phase-Out of Inheritance Tax Beginning in FY 2013

Potential Concerns

 Macroeconomic Impacts of Federal Tax and Spending Policy (“Fiscal Cliff”)

 Potential Impact of European Recession

 Potential Impact of Slowing Growth in China

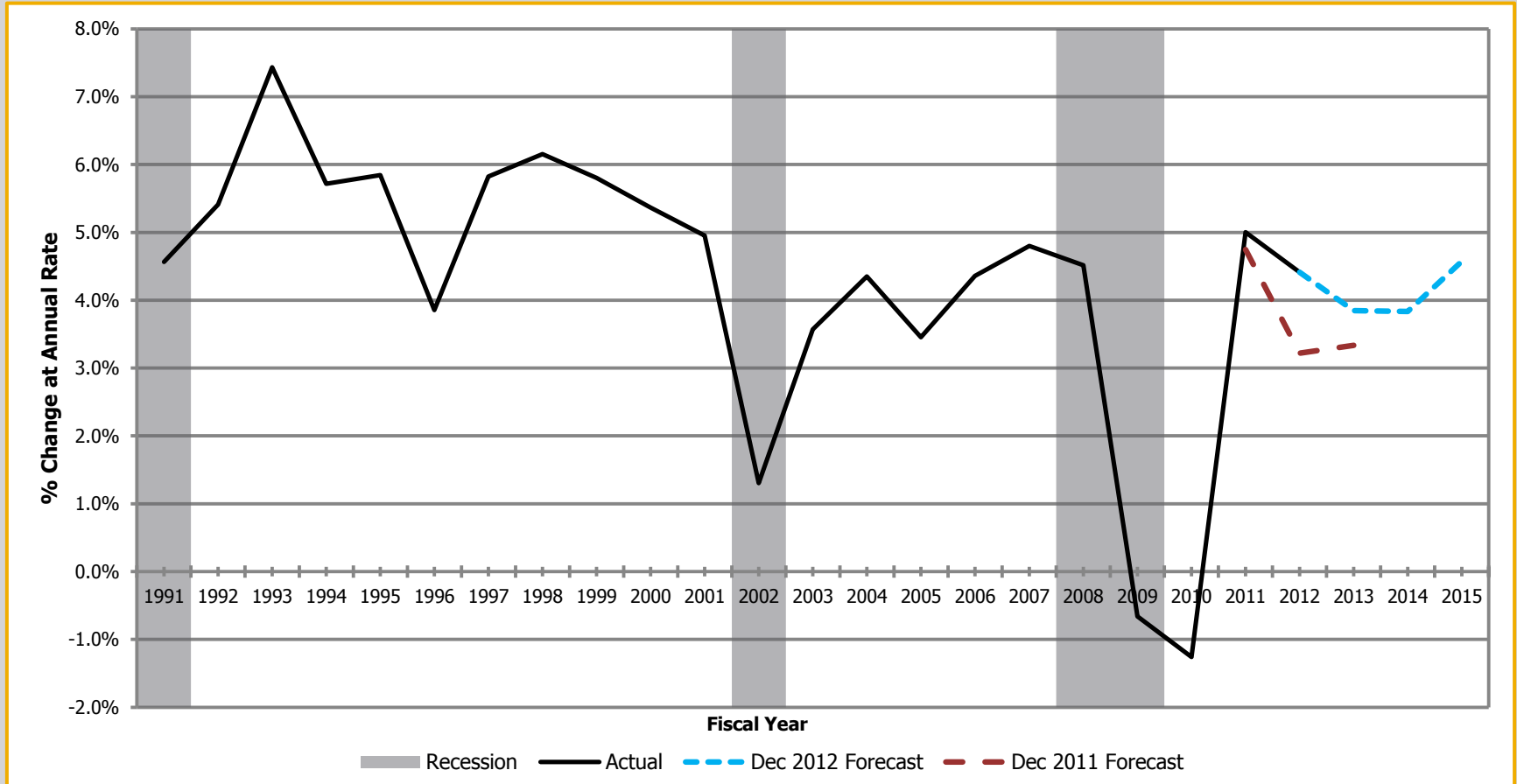
December 2012 Forecast Results

Total General Fund Revenue Forecast
Fiscal Years 2013, 2014, and 2015
December 17, 2012
(In Millions)

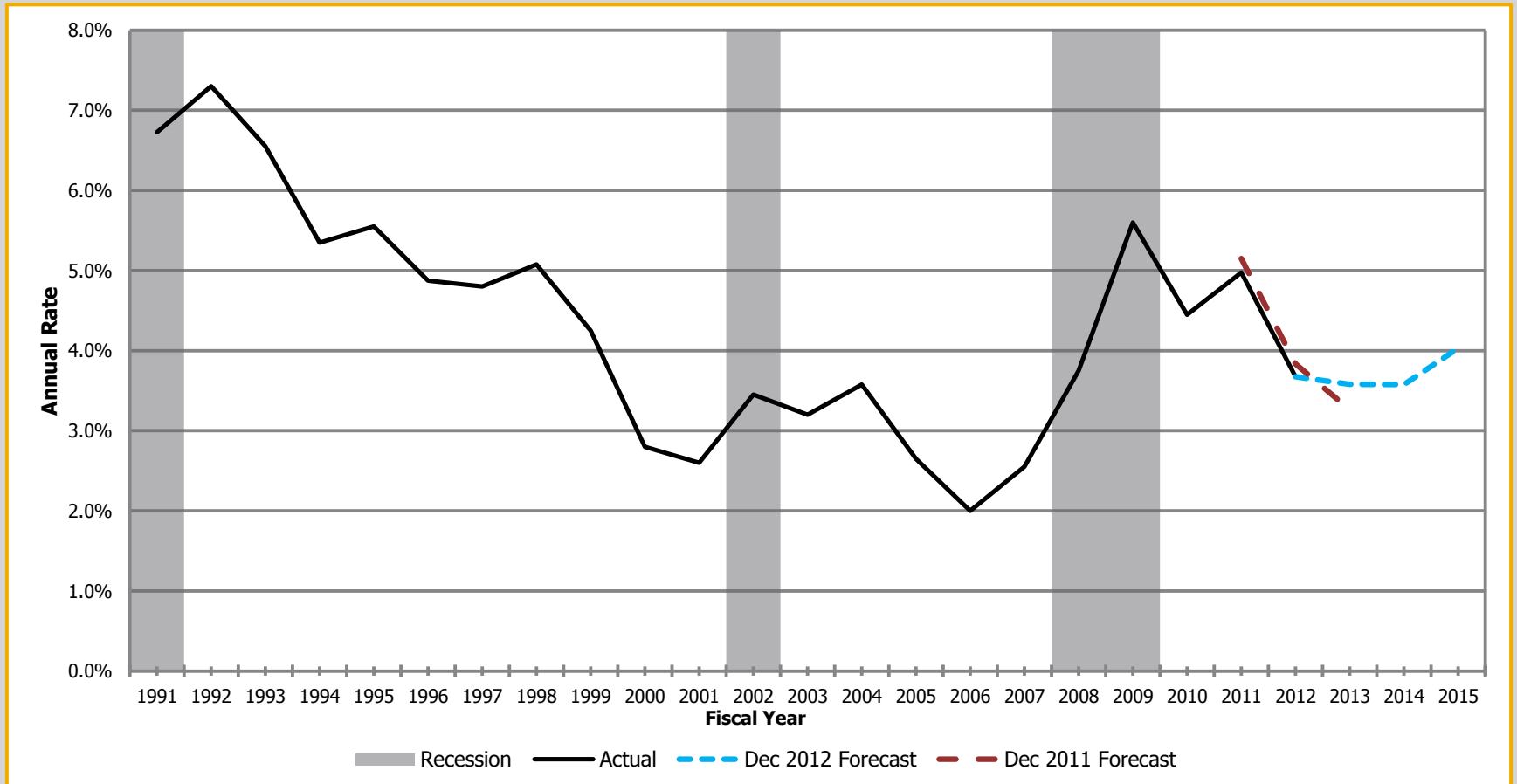
	Actual 2012	Prior Forecast 2013	Updated Forecast 2013	Diff. From Prior Forecast	Percent Diff. From Prior Forecast	Percent Growth Over 2012	Forecast 2014	Percent Growth Over 2013	Forecast 2015	Percent Growth Over 2014
Major Taxes										
Sales & Use	6,621.8	6,864.6	6,863.8	-0.8	0.0%	3.7%	7,144.7	4.1%	7,434.2	4.1%
Individual AGI	4,765.5	5,084.0	4,846.6	-237.4	-4.7%	1.7%	5,011.6	3.4%	5,213.1	4.0%
Corporate - AGI, URT, USUT, FIT	958.8	784.9	933.8	148.9	19.0%	-2.6%	901.9	-3.4%	869.2	-3.6%
Riverboat Wagering	496.5	471.0	464.3	-6.7	-1.4%	-6.5%	432.3	-6.9%	422.9	-2.2%
Racino Wagering	117.6	96.1	103.2	7.1	7.4%	-12.2%	100.7	-2.4%	97.4	-3.3%
Subtotal Major Taxes	12,960.2	13,300.6	13,211.7	-88.9	-0.7%	1.9%	13,591.3	2.9%	14,036.7	3.3%
Other Revenue										
Cigarette	269.1	275.7	279.6	3.9	1.4%	3.9%	251.5	-10.1%	252.3	0.3%
Cigarette - Medicaid	11.0	11.3	11.4	0.1	1.1%	3.5%	11.4	-0.6%	11.4	0.4%
Insurance	203.1	177.2	177.2	0.0	0.0%	-12.8%	177.2	0.0%	177.2	0.0%
Inheritance	176.0	165.0	150.2	-14.8	-9.0%	-14.6%	128.5	-14.4%	115.0	-10.5%
Alcoholic Beverages	16.4	16.3	16.8	0.5	3.1%	2.3%	17.4	3.6%	18.1	4.0%
Riverboat Admissions	18.3	14.0	15.2	1.2	8.6%	-17.1%	14.7	-3.3%	14.7	0.0%
Interest	14.3	16.0	17.5	1.5	9.4%	22.4%	17.5	0.0%	17.5	0.0%
MV, CVET & FIT Recapture	233.9	250.0	244.0	-6.0	-2.4%	4.3%	233.3	-4.4%	233.3	0.0%
Miscellaneous Revenue	222.7	205.9	213.9	8.0	3.9%	-4.0%	212.7	-0.6%	211.3	-0.7%
Subtotal Other Revenue	1,164.9	1,131.4	1,125.8	-5.6	-0.5%	-3.4%	1,064.2	-5.5%	1,050.8	-1.3%
Total General Fund	14,125.1	14,432.0	14,337.5	-94.5	-0.7%	1.5%	14,655.4	2.2%	15,087.5	2.9%

Appendices for
December 2012 Revenue Forecast

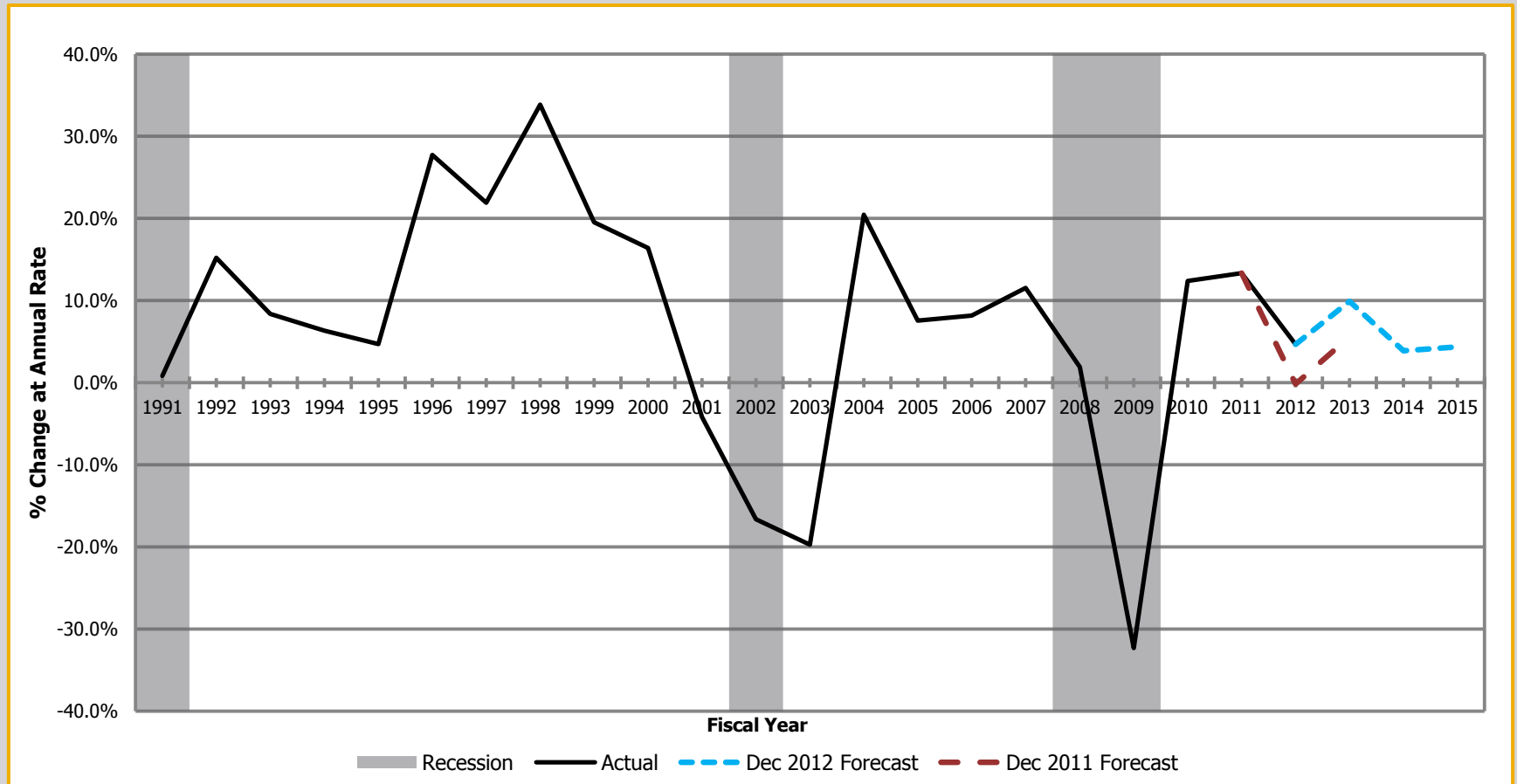
Nominal Indiana Personal Income



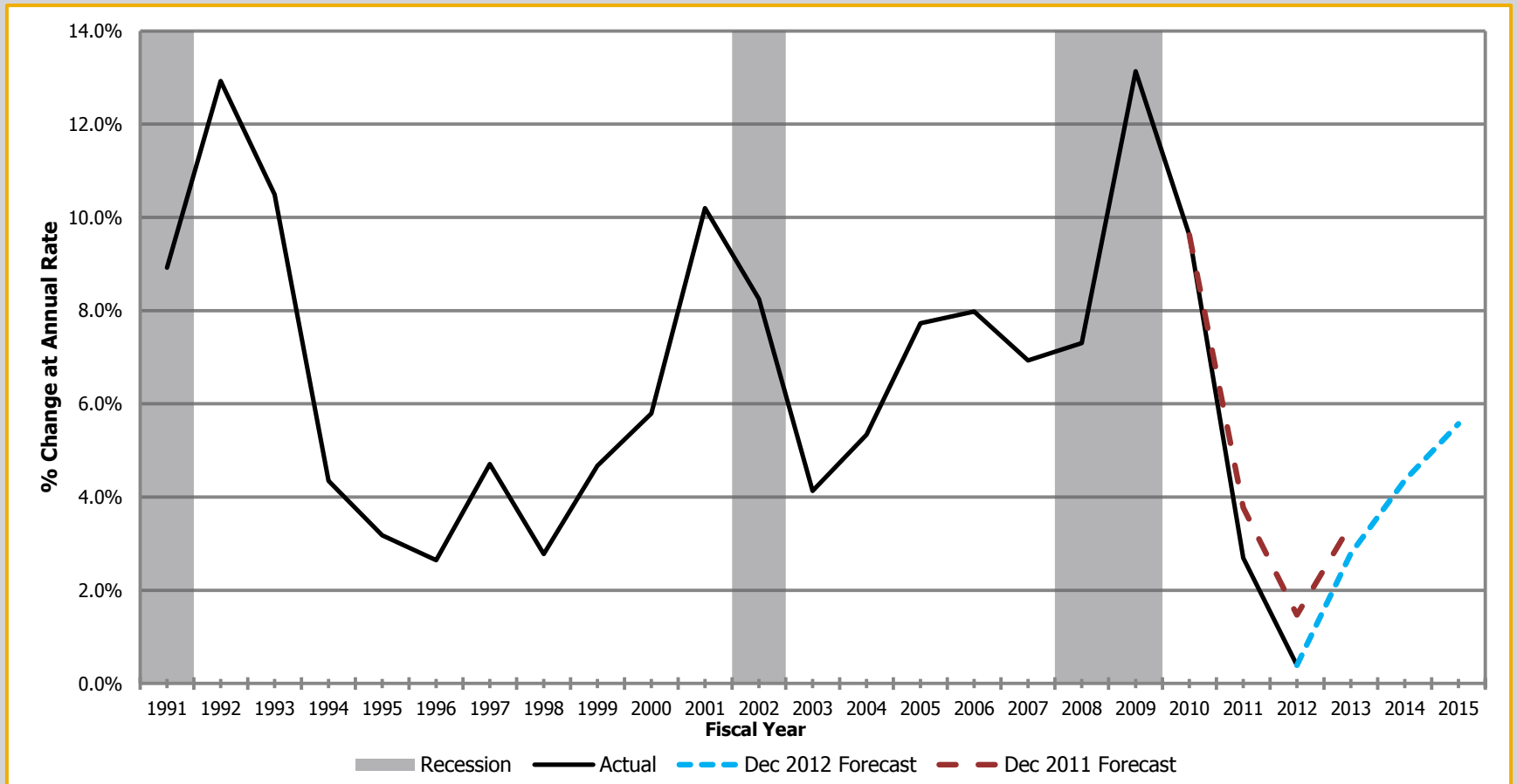
U.S. Personal Savings Rate



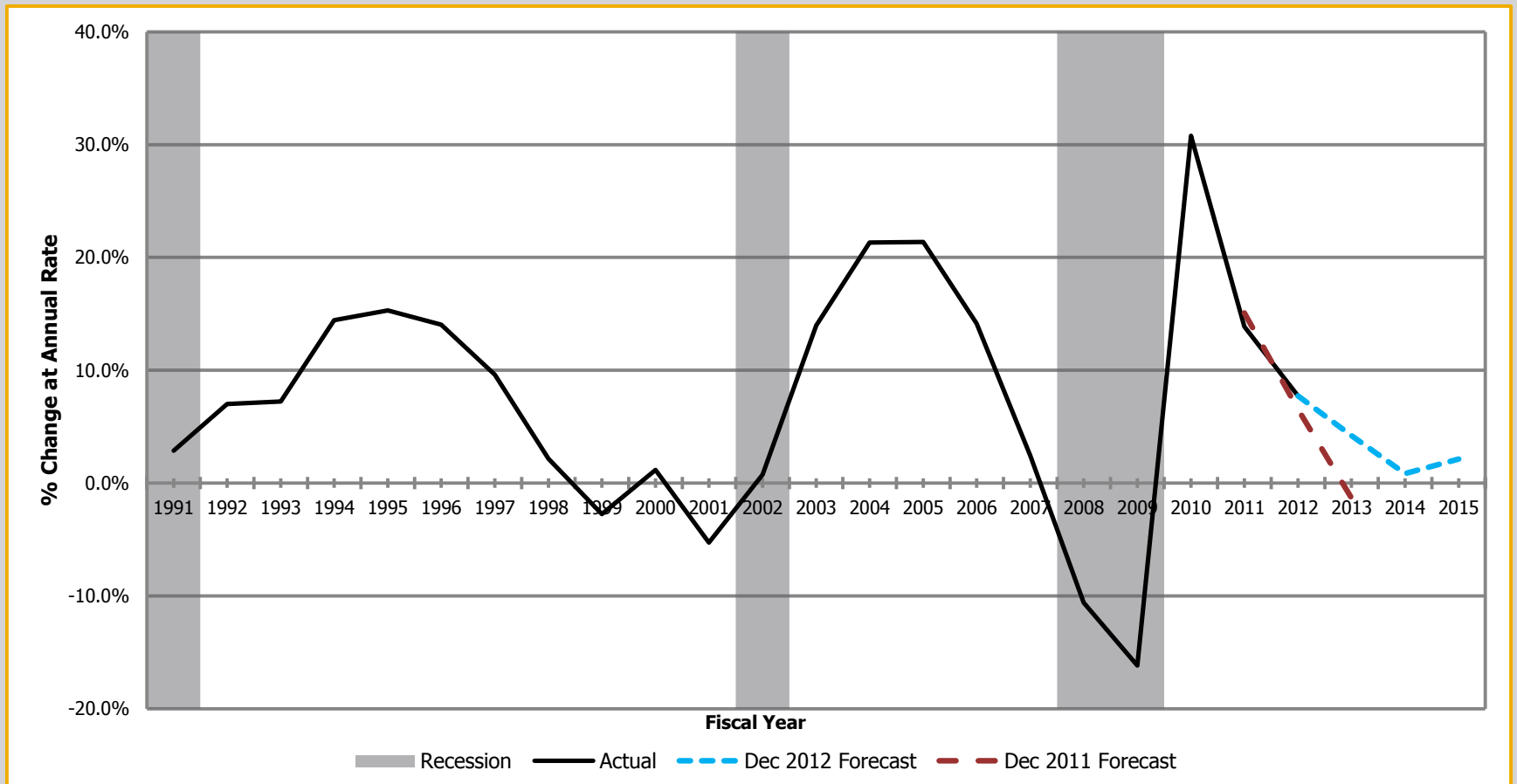
Standard and Poor's 500 Index of Common Stocks



Nominal Indiana Transfer Payments



U.S. Corporate Profits



Economic Variables

FY 2013, FY 2014, FY 2015

Nominal Indiana Personal Income (IPI) (in millions)

Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012
2013	\$242,278	\$246,252	1.64%
2014	-	\$255,692	
2015	-	\$267,383	

U.S. Personal Savings Rate

Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012
2013	3.26%	3.58%	0.32%
2014	-	3.58%	
2015	-	4.03%	

Nominal Indiana Transfer Payments (in millions)

Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012
2013	\$48,712	\$47,703	-2.07%
2014		\$49,781	
2015		\$52,555	

Standard and Poor's 500 Index of Common Stocks

Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012
2013	1,297	1,416	9.14%
2014		1,471	
2015		1,535	

U.S. Corporate Profits (in billions)

Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (%) Dec 2011 to Dec 2012
2013	\$1,972	\$1,982	0.47%
2014		\$1,998	
2015		\$2,041	

Total Tax Revenue Estimates

December 17, 2012, Revenue Forecast

Sales Tax (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$6,864.6	\$6,863.8	-\$0.8	0.0%
2014	-	\$7,144.7	-	-
2015	-	\$7,434.2	-	-

Individual Income Tax (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$5,084.0	\$4,846.6	-\$237.4	-4.7%
2014	-	\$5,011.6	-	-
2015	-	\$5,213.1	-	-

Corporate Taxes (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$784.9	\$933.8	\$148.9	19.0%
2014	-	\$901.9	-	-
2015	-	\$869.2	-	-

Total Tax Revenue Estimates

December 17, 2012, Revenue Forecast

Gaming Taxes (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$567.1	\$567.5	\$0.4	0.0%
2014	-	\$533.0	-	-
2015	-	\$520.3	-	-

Other Taxes (Includes FIT, Excise, CVET Transfer) (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$1,131.4	\$1,125.8	-\$5.6	-0.5%
2014	-	\$1,064.2	-	-
2015	-	\$1,050.8	-	-

Total General Fund Taxes (in millions)				
Fiscal Year	Dec 2011 Forecast	Dec 2012 Forecast	Difference (\$) Dec 2011 to Dec 2012	Difference (%) Dec 2011 to Dec 2012
2013	\$14,432.0	\$14,337.5	-\$94.5	-0.7%
2014		\$14,655.4		
2015		\$15,087.5		