

General Fund Revenue Forecast

Fiscal Years 2013-2015
Revenue Forecast Technical Committee

Presented to the State Budget Committee
April 16, 2013

Indiana Revenue Forecast

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Performance of Major Revenue Sources Year-To-Date Through March 31st

Sales Tax

1.2% Below December Forecast Target
2.5% Above Same Period in FY 2012

3.9% Above December Forecast Target
3.0% Above Same Period in FY 2012

Income
Tax

Corporate
Tax

4.9% Above December Forecast Target
4.5% Above Same Period in FY 2012

0.8% Below December Forecast Target
8.1% Below Same Period in FY 2012

Gaming
Taxes

Factors Affecting This Forecast

Economic Variables

- ◆ Economic Forecast Reflects a Stable But Slow Recovery
 - ◆ Income, GDP, and Consumer Spending Forecasts are Somewhat Lower than December
 - ◆ S&P 500 Forecast (a proxy for Nonwage Income) is Considerably Higher than December
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Model Modifications

- ◆ Sales Tax & Income Tax Models are Modified
 - ◆ Competition Adjustments to Gaming Tax Model are Modified
 - ◆ Corporate, Cigarette, and Other Tax Models are Unchanged
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Administrative-Related Adjustments

- ◆ Sales Tax Revenue Due to Amazon Agreement
\$21.6 M in FY 2014 and \$55.6 M in FY 2015
 - ◆ Maintaining LOIT Reserve
\$209.7 M in FY 2014 and \$196.7 M in FY 2015
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Model Modifications

Sales Tax

- December Model Over Forecasting
- Modified to:
 - Better Reflect Current Flow of Revenue
 - Better Capture the Impacts of Personal Income Changes and Unemployment on Revenue

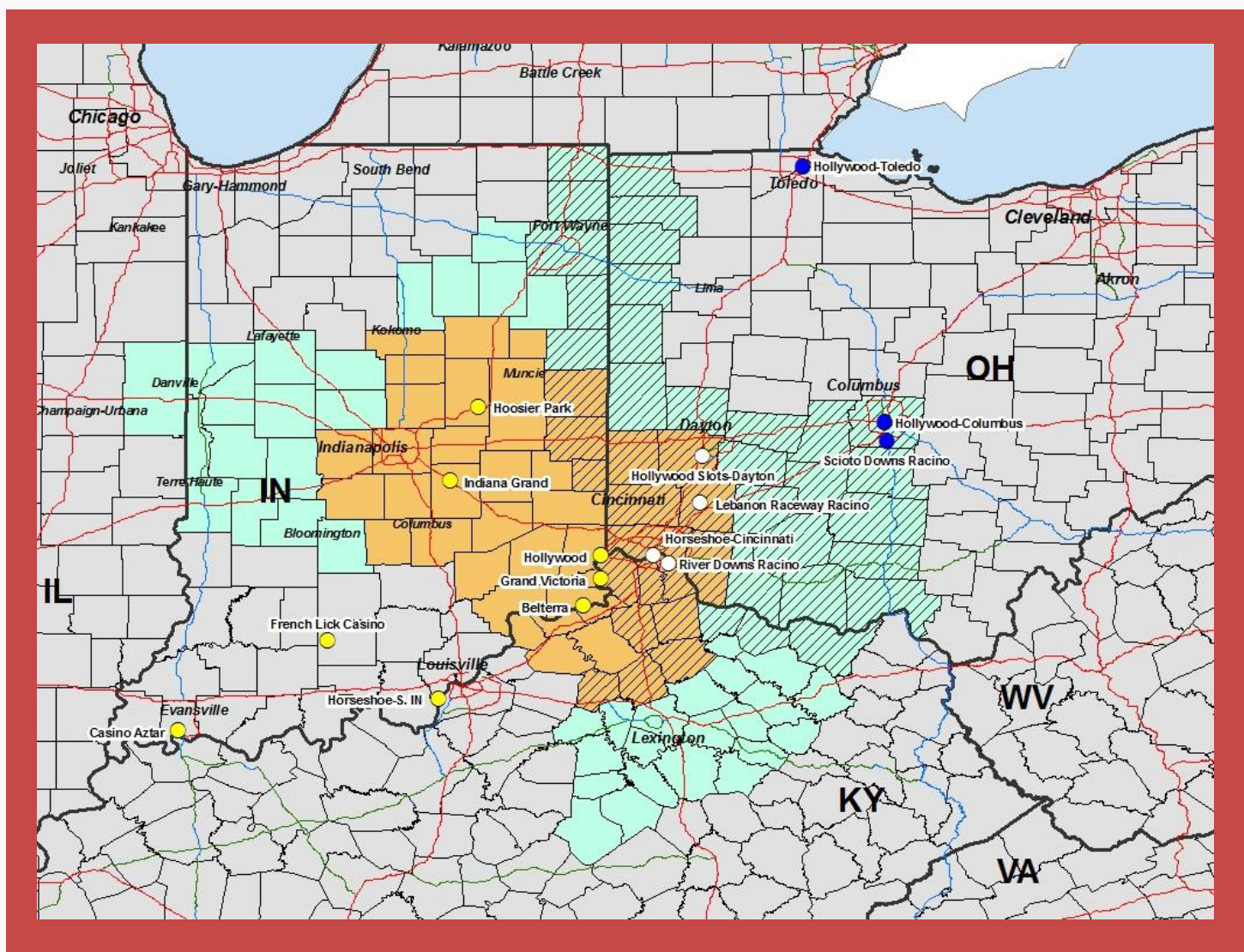
Income Tax

- December Model Under Forecasting
- Modified to:
 - Better Reflect Changes in Estimated Payments
 - Better Reflect Coincident Impacts of Nonwage Income – Business and Investment Income on Revenue

Gaming Tax

- December Model Over Forecasting
- Ohio Competition Adjustments Modified to Better Reflect Initial Impacts Currently Being Observed
- Ohio Competition Adjustments: \$70.7 M in FY 2014 and \$70.0 M in FY 2015

Current and Impending Competition from Ohio



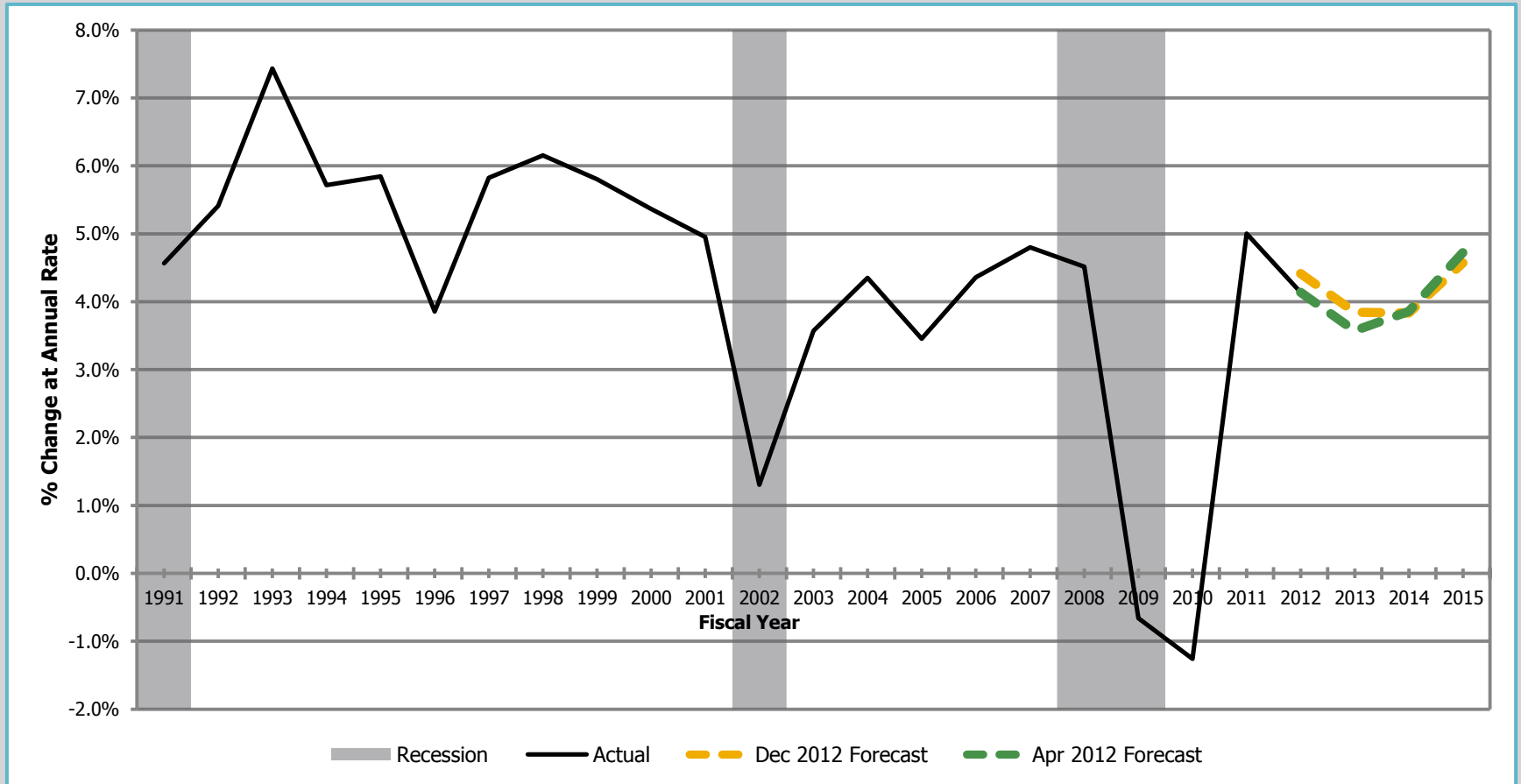
April 2013
Forecast Results

Total General Fund Revenue Forecast
Fiscal Years 2013, 2014, and 2015
April 16, 2013
(In Millions of Dollars)

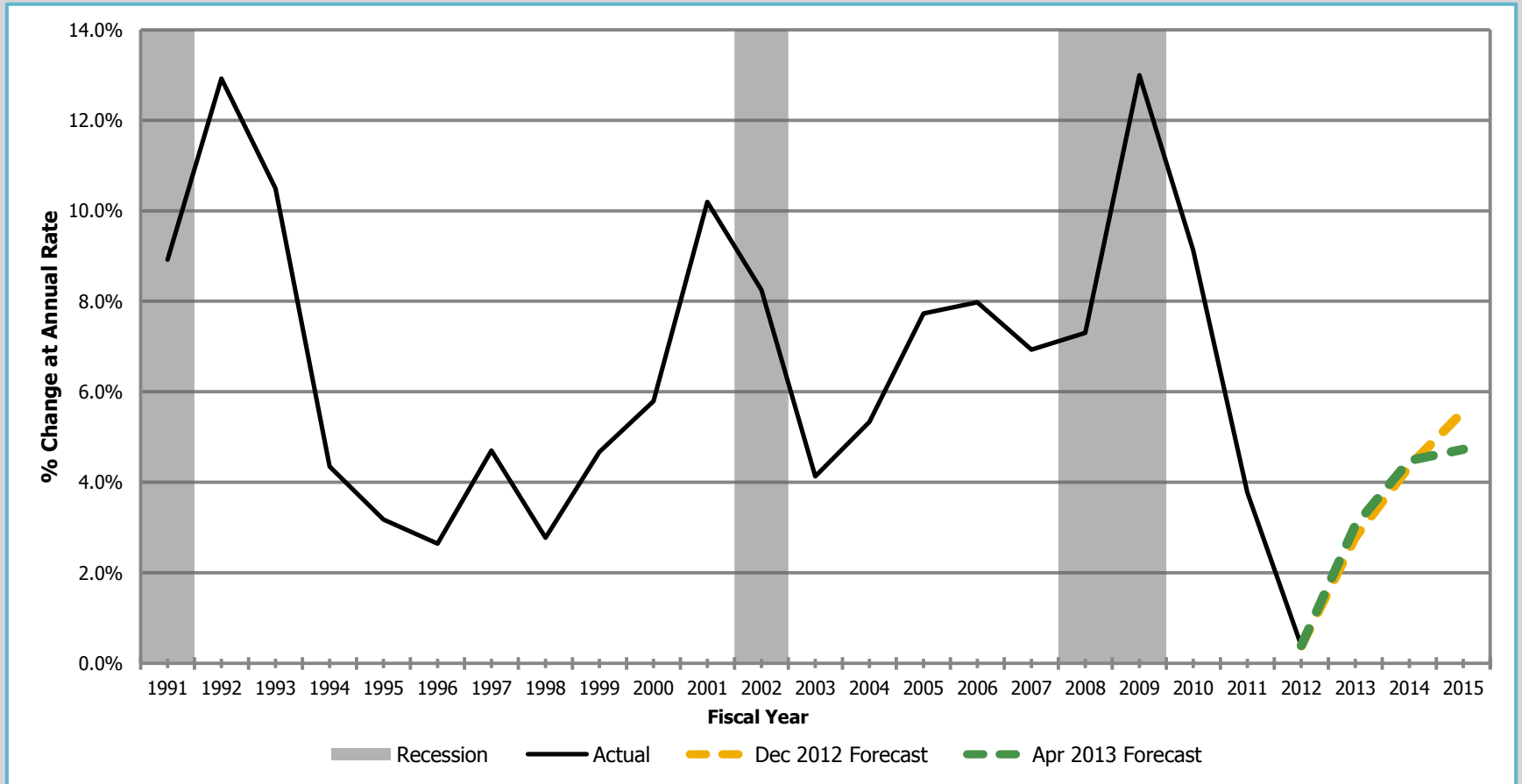
	Actual 2012	Dec. 2012 Forecast 2013	Updated Forecast 2013	Diff. From Prior Forecast	Dec. 2012 Forecast 2014	Updated Forecast 2014	Diff. From Prior Forecast	Dec. 2012 Forecast 2015	Updated Forecast 2015	Diff. From Prior Forecast
Major Taxes										
Sales & Use	6,621.8	6,863.8	6,825.4	-38.4	7,144.7	7,088.4	-56.3	7,434.2	7,442.1	7.9
Individual AGI	4,765.5	4,846.6	4,916.4	69.8	5,011.6	5,162.7	151.1	5,213.1	5,419.3	206.2
Corporate - AGI, URT, USUT, FIT	958.8	933.8	934.0	0.2	901.9	900.3	-1.7	869.2	869.3	0.1
Riverboat Wagering	496.5	464.3	458.4	-5.9	432.3	409.8	-22.5	422.9	396.8	-26.1
Racino Wagering	<u>117.6</u>	<u>103.2</u>	<u>107.1</u>	<u>3.9</u>	<u>100.7</u>	<u>99.6</u>	<u>-1.1</u>	<u>97.4</u>	<u>95.6</u>	<u>-1.8</u>
Subtotal Major Taxes	12,960.2	13,211.7	13,241.3	29.7	13,591.3	13,660.7	69.5	14,036.7	14,223.2	186.4
Other Revenue										
Cigarette	269.1	279.6	277.1	-2.5	251.5	247.3	-4.2	252.3	245.9	-6.4
Cigarette - Medicaid	11.0	11.4	11.3	-0.1	11.4	11.2	-0.2	11.4	11.1	-0.3
Insurance	203.1	177.2	192.2	15.0	177.2	192.2	15.0	177.2	192.2	15.0
Inheritance	176.0	150.2	150.2	0.0	128.5	128.5	0.0	115.0	115.0	0.0
Alcoholic Beverages	16.4	16.8	17.0	0.2	17.4	17.6	0.2	18.1	18.3	0.2
Riverboat Admissions	18.3	15.2	14.4	-0.8	14.7	13.7	-1.0	14.7	13.7	-1.0
Interest	14.3	17.5	20.0	2.5	17.5	20.0	2.5	17.5	20.0	2.5
MV, CVET & FIT Recapture	233.9	244.0	244.0	0.0	233.3	233.3	0.0	233.3	233.3	0.0
Miscellaneous Revenue	<u>222.7</u>	<u>213.9</u>	<u>203.2</u>	<u>-10.7</u>	<u>212.7</u>	<u>203.6</u>	<u>-9.1</u>	<u>211.3</u>	<u>199.2</u>	<u>-12.1</u>
Subtotal Other Revenue	1,164.9	1,125.8	1,129.4	3.6	1,064.2	1,067.5	3.3	1,050.8	1,048.6	-2.1
Total General Fund	14,125.1	14,337.5	14,370.8	33.2	14,655.4	14,728.2	72.8	15,087.5	15,271.8	184.3

Appendices for
April 2013 Revenue Forecast

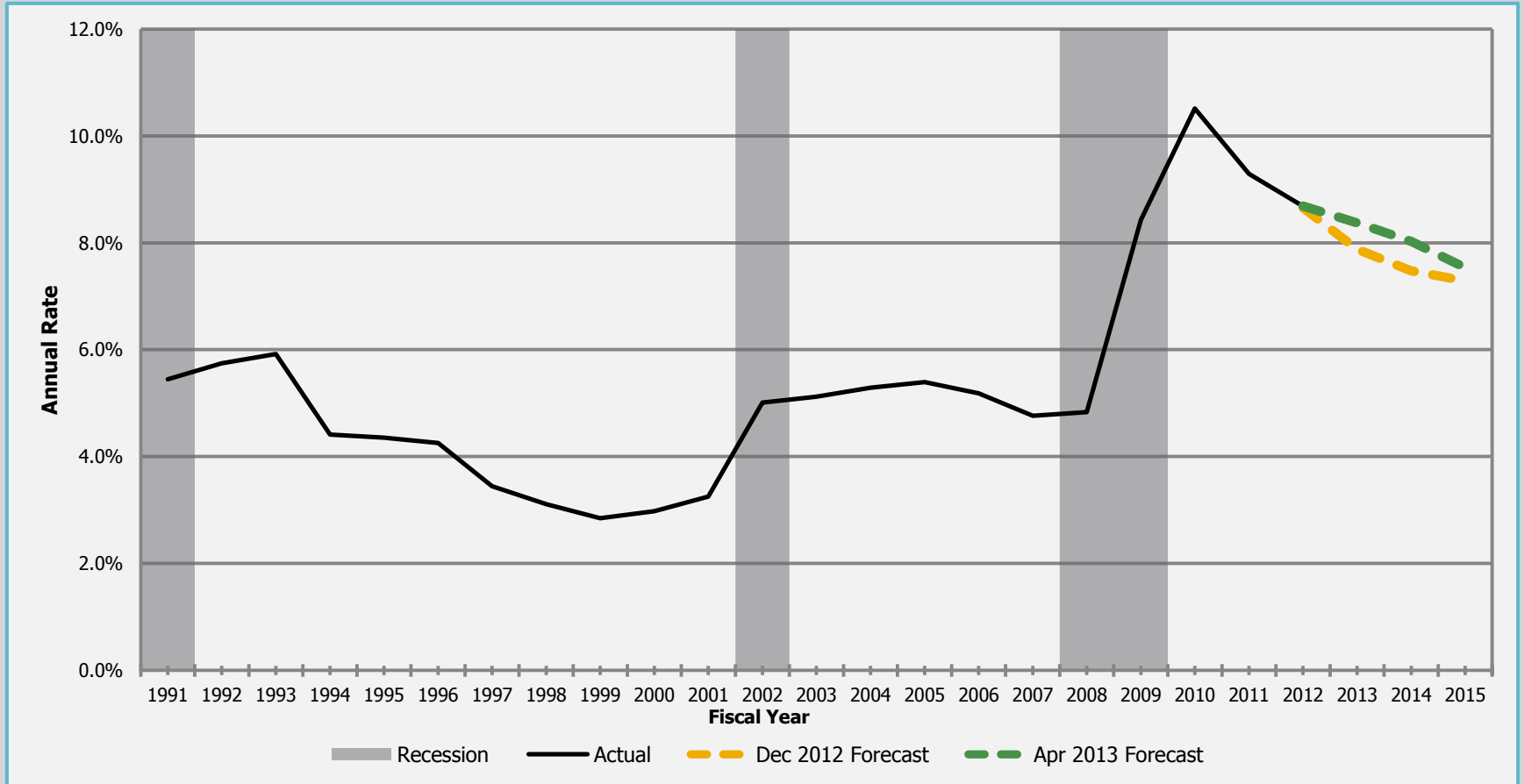
Nominal Indiana Personal Income



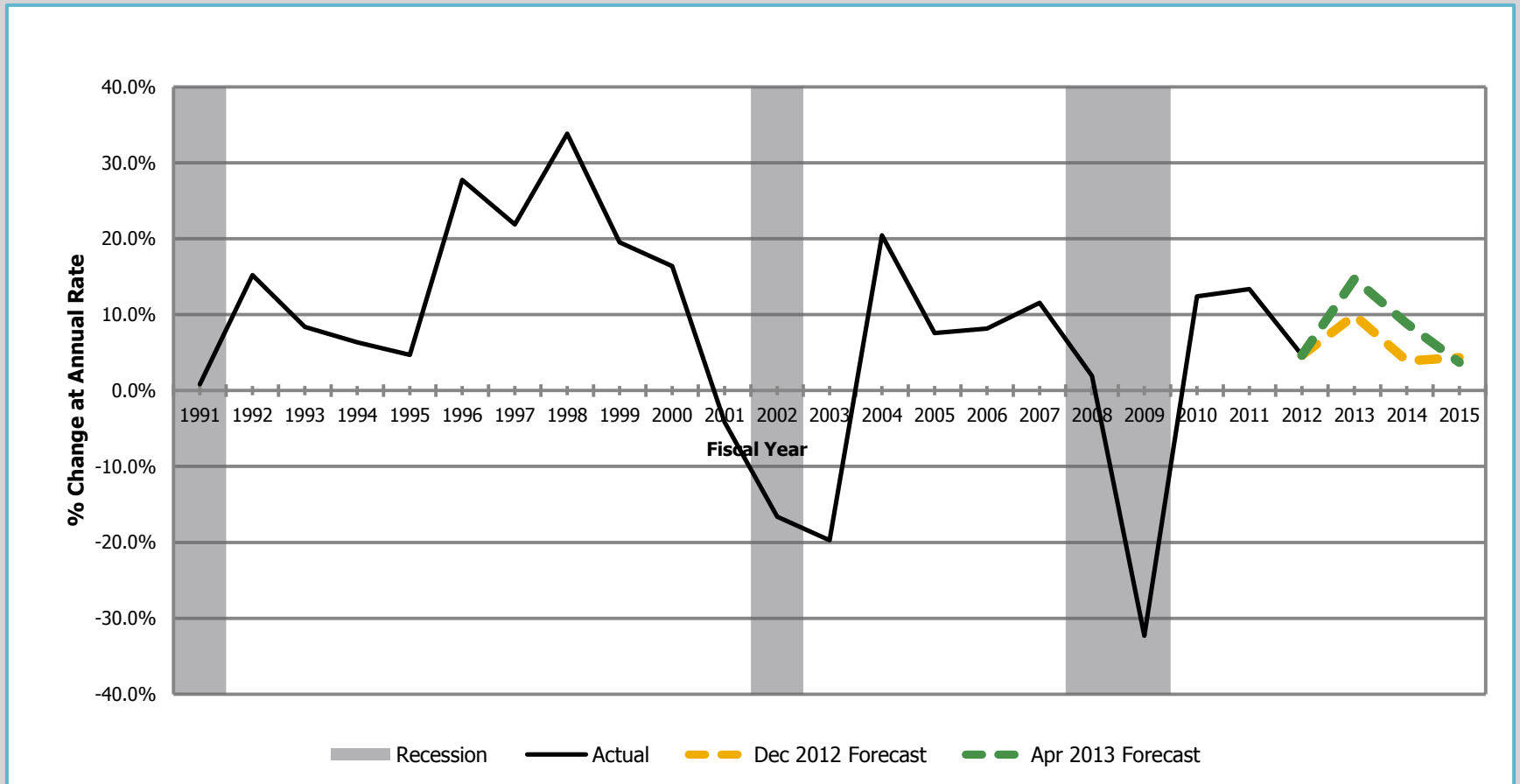
Nominal Indiana Transfer Payments



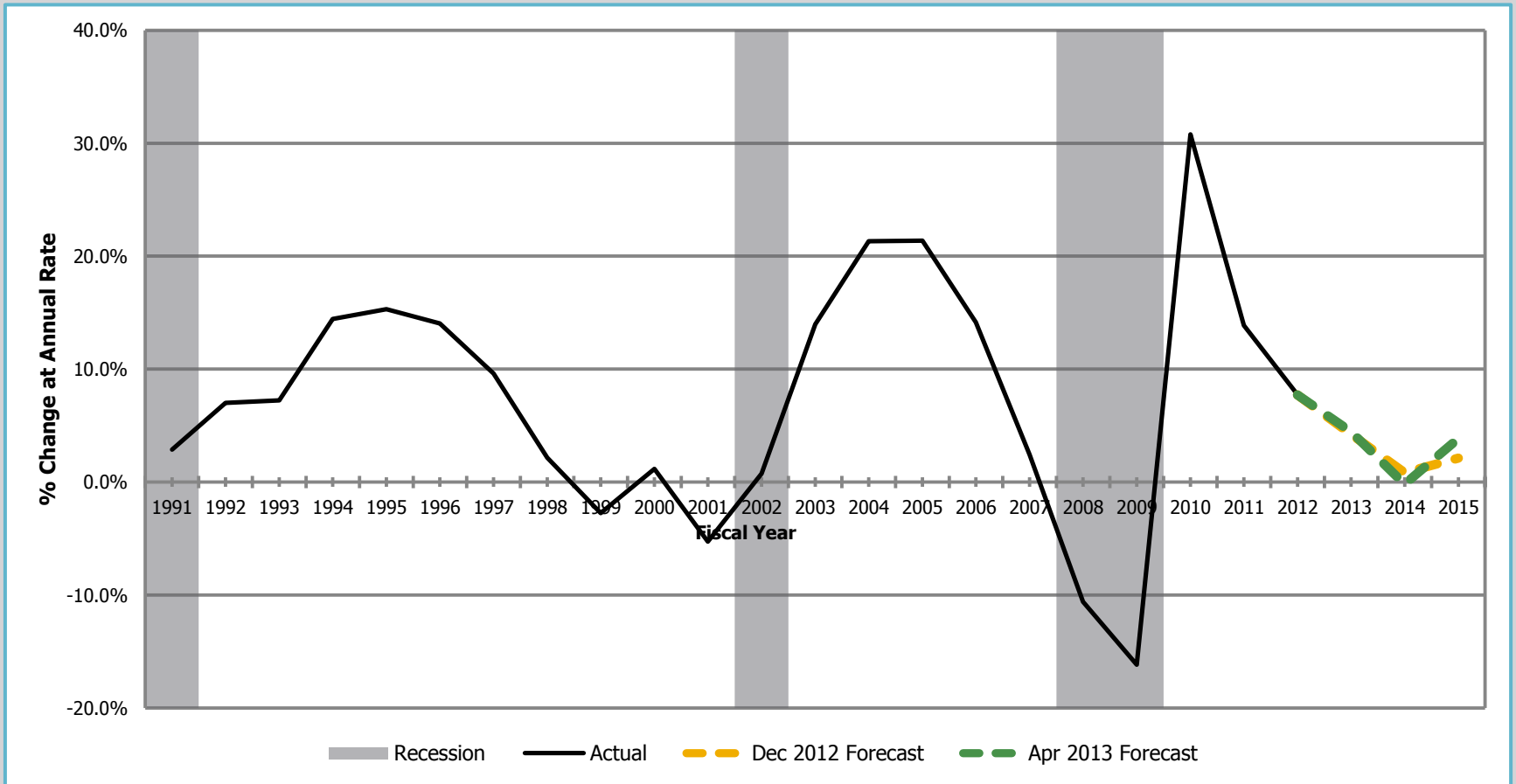
Indiana Unemployment Rate



Standard and Poor's 500 Index of Common Stocks



U.S. Corporate Profits



Economic Variables

FY 2013, FY 2014, FY 2015

Nominal Indiana Personal Income (IPI)

(in millions)

Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (%) Dec 2012 to Apr 2013
2013	\$246,252	\$244,952	-0.53%
2014	\$255,692	\$254,404	-0.50%
2015	\$267,383	\$266,422	-0.36%

Nominal Indiana Transfer Payments

(in millions)

Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (%) Dec 2012 to Apr 2013
2013	\$47,703	\$47,842	0.29%
2014	\$49,781	\$49,986	0.41%
2015	\$52,555	\$52,351	-0.39%

Standard and Poor's 500 Index of Common Stocks

Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (%) Dec 2012 to Apr 2013
2013	1,416	1,477	4.37%
2014	1,471	1,607	9.30%
2015	1,535	1,667	8.64%

Indiana Unemployment Rate

Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (%) Dec 2012 to Apr 2013
2013	7.88%	8.37%	6.2%
2014	7.47%	8.03%	7.5%
2015	7.29%	7.53%	3.3%

U.S. Corporate Profits

(in billions)

Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (%) Dec 2012 to Apr 2013
2013	\$1,982	\$1,986	0.21%
2014	\$1,998	\$1,982	-0.80%
2015	\$2,041	\$2,059	0.89%

Total Tax Revenue Estimates

April 16, 2013, Revenue Forecast

Sales Tax (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$6,863.8	\$6,825.4	-\$38.4	-0.6%
2014	\$7,144.7	\$7,088.4	-\$56.3	-0.8%
2015	\$7,434.2	\$7,442.1	\$7.9	0.1%

Individual Income Tax (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$4,846.6	\$4,916.4	\$69.8	1.4%
2014	\$5,011.6	\$5,162.7	\$151.1	3.0%
2015	\$5,213.1	\$5,419.3	\$206.2	4.0%

Corporate Taxes (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$933.8	\$934.0	\$0.2	0.0%
2014	\$901.9	\$900.3	-\$1.7	-0.2%
2015	\$869.2	\$869.3	\$0.1	0.0%

Total Tax Revenue Estimates

April 16, 2013, Revenue Forecast

Gaming Taxes (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$567.5	\$565.5	-\$2.0	-0.4%
2014	\$533.0	\$509.4	-\$23.6	-4.4%
2015	\$520.3	\$492.4	-\$27.9	-5.4%

Other Taxes (Includes FIT, Excise, CVET Recapture) (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$1,125.8	\$1,129.4	\$3.6	0.3%
2014	\$1,064.2	\$1,067.5	\$3.3	0.3%
2015	\$1,050.8	\$1,048.6	-\$2.1	-0.2%

Total General Fund Taxes (in millions)				
Fiscal Year	Dec 2012 Forecast	Apr 2013 Forecast	Difference (\$) Dec 2012 to Apr 2013	Difference (%) Dec 2012 to Apr 2013
2013	\$14,337.5	\$14,370.8	\$33.2	0.2%
2014	\$14,655.4	\$14,728.2	\$72.8	0.5%
2015	\$15,087.5	\$15,271.8	\$184.3	1.2%