



STATE OF INDIANA

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The monthly revenue report of August 2010 state tax collections was released today.

Results

- Total revenue collections were \$938 million, \$72 million (+8.4%) above collections for the same period last year. Collections were \$2 million below the amount assumed in the June 2009 budget as passed and \$51 million above the most recent revenue forecast.
- Sales tax collections totaled \$516 million for the month, \$26 million (+5.2%) above collections for the same period last year. For the last six months sales tax collections have increased by 3.4% compared to prior year. The most recent revenue forecast projects 4% growth for FY 2011.
- Individual income tax collections totaled \$342 million for the month, \$29 million (+9.3%) above collections for the same period last year. For the last six months income tax collections have increased 2.6% compared to prior year. The most recent revenue forecast projects 6% growth for FY 2011.

Commentary

Individual income tax collections rose 9.3% in August compared to prior year. Payroll withholdings, the largest component of individual income taxes, has shown strong growth, both in August (+7.6%) and over the last six months (+4.8%). This growth is reflective of the 56,000 new private sector jobs that have been created in Indiana this year. Indiana leads the U.S. in private sector job growth, growing at four times the national average.

Sales tax revenues have increased on a year over year basis for six consecutive months, averaging growth of 3.4% over that time period. Individual income tax collections have increased by 2.6% over the last six months.

These results are encouraging, but it is important to note that August collections only reflect one month, and uncertainty surrounding the national economy could threaten Indiana's recovery. Even with achievement of the most recent forecast, state revenues at the end of FY 2011 would still be \$797 million below what was assumed in the June 2009 budget as passed.

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