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The monthly revenue report of December 2012 state tax collections was released today.

Results

- State general revenues totaled \$1,191 million, \$22 million (+1.9%) above target and \$24 million (+2.1%) above collections for the same period last year.
- Sales tax collections totaled \$549 million for the month, \$20 million (+3.7%) above collections for the same period last year.
- Individual income tax collections totaled \$323 million for the month, \$10 million (-3.2%) below collections for the same period last year, primarily due to a large transfer to the local option income tax reserve. Payroll withholdings increased 16.5% compared to the same period last year, in part due to an extra payroll withholding.
- Corporate income tax collections totaled \$185 million for the month, \$30 million (+19.7%) above target and \$32 million (+20.9%) above collections for the same period last year.

Sales, individual income and corporate income taxes, the three biggest sources of Indiana's revenue, have accounted for more than 90.5% of the state's general fund revenue through the first half of FY 2013. When combined, all other general fund revenue sources – such as cigarette, insurance, inheritance, gaming, and excise taxes – account for less than 10% of the state's general fund revenue.

Commentary

Through the first six months of FY 2013, state general fund revenues have increased 3.1%, more than double the rate needed to meet the most recent forecast (1.5%). Total general fund revenues are now \$70 million ahead of the December 17, 2012 forecast.

Sales tax collections increased 3.7% over the same period last year. Fiscal year-to-date sales tax revenues have grown 2.5% and are just below target (-0.7%).

Through December, individual income tax collections have increased 4.7% compared to the same six month period last year, even after \$91 million was transferred into the local option tax reserve this month. This reserve should smooth out fluctuations in the state's individual income tax revenue collections and provide a first layer of protection when the economy next turns down. Individual income tax collections are running \$42 million (+1.9%) ahead of target through the first half of FY 2013. Payroll withholdings have increased 6.2% over the same period, although some of this is due to a timing issue caused by an extra payroll withholding this year.

Through December, corporate income tax collections have increased 13.2% compared to the same period last year and are running \$58 million (+13.3%) ahead of target. The December 17, 2012 forecast projects a decrease of 2.6% in corporate income tax collections for FY 2013 whereas actual collections have increased 13.2% for the first half of FY 2013.

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