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The monthly revenue report of January 2013 state tax collections was released today.

Results

- State general revenues totaled \$1,426 million, \$106.1 million (+8.0%) above target and \$110.6 million (+8.4%) above collections for the same period last year.
- Sales tax collections totaled \$641.6 million for the month, \$27.4 million (-4.1%) below target and \$23.9 million (+3.9%) above collections for the same period last year.
- Individual income tax collections totaled \$618.9 million for the month, \$97.5 million (+18.7%) above target and \$74.8 million (+13.7%) above collections for the same period last year, primarily due to a delay in Internal Revenue Service (IRS) acceptance of individual income tax returns.
- Corporate income tax collections totaled \$1.1 million for the month, \$16.3 million (+107.5%) above target and \$1.4 million (-54.6%) below collections for the same period last year.

Commentary

Through the first seven months of FY 2013, state general fund revenues have increased 4.0%, more than double the rate projected in the December 17, 2012 forecast (1.5%). Total general fund revenues are now \$176 million ahead of the December forecast.

Sales tax collections in January increased 3.9% over the same period last year. Fiscal year-to-date sales tax revenues have grown 2.7% and are slightly below target (-1.2%).

Through January, individual income tax collections have increased 6.6% compared to the same seven month period last year. Individual income tax collections are running 5.2% ahead of target through the first seven months of FY 2013, despite the transfer of \$107.1 million in individual income tax receipts into a local option income tax (LOIT) reserve in December and January. This reserve will smooth out fluctuations in the state's individual income tax revenue collections and provide a first layer of protection in the event of an economic downturn.

January had a surge in individual income tax revenue due to a delay in acceptance of returns by the Internal Revenue Service (IRS). This delay by IRS led to a decrease in the number of returns received by the Department of Revenue (DOR) and a corresponding decrease in the number of returns paid out to taxpayers. As a result, we are expecting the surge in January individual income tax revenues to be offset by a corresponding decrease in February individual income tax revenues, as refunds that would have been paid out in January are paid out in February.

Through January, corporate income tax collections have increased 12.8% compared to the same period last year and are running \$74.4 million (+17.6%) 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 12.8% for the first seven months of FY 2013.

February 6, 2013