



State of Indiana

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Hari Razafindramanana, Chief Economist, the Office of the Chief Economist & Tax Analysis, released the monthly revenue report for state tax collections for the month of January 2025.

Note to readers: The monthly revenue estimates are based on the December 17, 2024 revenue forecast which considers revenue developments, and the economic outlook presented on that date. This includes previously discussed changes in tax deadlines, payment timing, as well as assumptions related to federal and state policy actions leading up to the release of the forecast.

Information on the latest forecast is available at [SBA: 2025-2027 Revenue Forecast and Updates](#).

Fiscal Year 2025 began on July 1, 2024 and ends June 30, 2025.

Results

- General Fund revenues for January totaled \$2,178.3 million, which is \$39.5 million (1.8%) above the estimate based on the December 17, 2024 revenue forecast but \$71.8 million (3.2%) below revenue in January 2024.

Notably, higher-than-expected collections from individual income taxes and insurance revenues outweighed lower-than-expected collections from sales tax and interest revenues.

Month-to-month changes are to be interpreted within the full fiscal year forecast. More than 45 percent of revenues are projected to come in between February and June.

Differences relative to monthly estimates and prior year actuals will be influenced by various factors including evolving economic dynamics, payment timing, federal policy actions, tax rates and other changes to law.

- Sales tax collections totaled \$1,072.9 million for January, which is \$8.3 million (0.8%) below the monthly estimate but \$45.2 million (4.4%) above revenue in January 2024.

The January performance of 4.4% year-over-year growth, which mostly reflects December economic activity, compares to fiscal year-to-date growth of 2.1% and year-over-year growth of 1.0%, 4.4%, and 1.8% over the three preceding months.

Year-over-year differences and fluctuations from month-to-month are expected as outlined by the economic, seasonal, and policy dynamics presented in the December 2024 revenue forecast.

- Individual income tax collections totaled \$924.0 million for January, which is \$41.2 million (4.7%) above the monthly estimate but \$104.2 million (10.1%) below revenue in January 2024.

Monthly collections related to tax withholdings came in \$63.1 million above the monthly estimate but \$143.3 million (11.6%) below the prior year actuals.

Other monthly individual income tax collections, net of refunds, came in \$21.8 million below the monthly estimate but \$39.0 million (19.3%) above prior year actuals.

Year-over-year comparisons and fluctuations between withholdings and other individual income tax collections are impacted by changes in the state individual income tax rate, and payment timing factors related to five Fridays, changes in tax requirements associated with the pass-through entity tax, and more.

For perspective, January withholdings tax collections are better interpreted relative to the current year monthly estimate because January 2024 was positively impacted by the 5 Fridays effect and January 2025 was not. Historically, the number of Fridays affects the timing of payments from month to month, and the revenue impact has typically been between 10 to 20 percent greater whenever a month has the fifth Friday compared to the more common four Fridays in a month.

With important payment due dates, September, December, January, April, and June are the most important revenue months for individual income tax.

Differences relative to monthly estimates are likely as various factors may impact monthly revenue activity including payment and refund timing, late payments, and more, within the context of an evolving economy. Income taxes should be interpreted within the fiscal year-to-date trend ahead of the highest revenue activity month of April.

- Corporate tax collections totaled \$40.8 million for January, which is \$4.0 million (9.0%) below the monthly estimate and \$5.9 million (12.7%) below revenue in January 2024.

Similarly to individual income tax collections, corporate tax collections must be interpreted within the full fiscal year perspective and within the context of an evolving economy and payment timing.

With important quarterly payment due dates, September, December, April, and June are the most important revenue months for corporate taxes.

- Riverboat wagering tax collections totaled \$26.9 million for January, which is \$2.0 million (8.1%) above the monthly estimate and \$2.3 million (9.5%) above revenue in January 2024.
- Racino wagering tax collections totaled \$11.9 million for January, which is \$0.3 million (2.2%) above the monthly estimate and \$0.4 million (3.1%) above revenue in January 2024.

Year-to-Date Commentary

Year-to-date General Fund revenues totaled \$12,107.6 million, which is \$56.3 million (0.5%) above the December 2024 revenue forecast but \$65.1 million (0.5%) below revenues through the same period in the prior fiscal year.

Year-to-date sales tax collections totaled \$6,309.2 million, which is \$16.4 million (0.3%) below the December 2024 revenue forecast but \$131.7 million (2.1%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$4,518.7 million, which is \$67.5 million (1.5%) above the December 2024 revenue forecast but \$77.9 million (1.7%) below collections through the same period in the prior fiscal year. Year-over-year comparisons are impacted by factors such as timing of payments and refunds, the reduction in the state individual income tax rate (effective January 1, 2023), changes in tax requirements associated with the pass-through entity tax, and more. Year-over-year comparisons are impacted by factors such as timing of payments and refunds, the reduction in the state individual income tax rate (effective January 1, 2023), changes in tax requirements associated with the pass-through entity tax, and more. There were three 5 Fridays impacted months through the same period in the prior fiscal year and two 5 Fridays impacted month so far, this fiscal year. Historically, the number of Fridays affects the timing of payments from month to month, and the revenue impact has typically been between 10 to 20 percent greater whenever a month has the fifth Friday compared to the more common four Fridays in a month.

Year-to-date corporate tax collections totaled \$326.7 million, which is \$31.9 million (8.9%) below the December 2024 revenue forecast and \$140.9 million (30.1%) below collections through the same period in the prior fiscal year. Year-over-year comparisons are impacted by factors such as timing of payments and refunds, changes to law, and more.

In addition to the factors mentioned throughout this commentary, various aspects to consider include federal policy actions, temporary and seasonal economic dynamics, interest rates, and more.