



State of Indiana

State Budget Agency
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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 July 2024.

Note to readers: The monthly revenue estimates are based on the December 19, 2023 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 <https://www.in.gov/sba/2837.htm>.

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

Results

- General Fund revenues for July totaled \$1,519.8 million, which is \$38.3 million (2.6%) above the estimate based on the December 19, 2023 revenue forecast but \$81.1 million (5.1%) below revenue in July 2023.

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

Month-to-month changes are to be interpreted within the full fiscal year forecast. More than 60 percent of revenues are projected to come in between December and June.

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

- Sales tax collections totaled \$879.0 million for July, which is \$19.5 million (2.2%) below the monthly estimate but \$1.9 million (0.2%) above revenue in July 2023.

The July performance of 0.2% year-over-year growth, which mostly reflects June economic activity, compares to year-over-year growth of 1.3%, 0.9%, and 1.2%, over the three preceding months.

Beginning in FY 2024, gasoline use tax is no longer allocated to the General Fund.

Year-over-year differences and fluctuations from month-to-month are expected as outlined by the evolving economic, seasonal, and policy dynamics presented in the December 2023 revenue forecast.

- Individual income tax collections totaled \$470.0 million for July, which is \$33.1 million (7.6%) above the monthly estimate but \$96.0 million (17.0%) below revenue in July 2023.

Year-over-year comparisons are impacted by changes in the state individual income tax rate, and payment timing as a result of changes in tax requirements associated with the pass-through entity tax, and more.

Monthly collections related to tax withholdings came in \$3.4 million below the monthly estimate and \$139.2 million (15.5%) below the prior year actuals.

For perspective, July withholdings tax collections are better interpreted relative to the current year monthly estimate because July 2023 was positively impacted by the five Fridays effect and July 2024 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.

Other monthly individual income tax collections, net of refunds, came in \$36.5 million above the monthly estimate and \$43.2 million (13.1%) above prior year actuals.

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

- Corporate tax collections totaled \$29.1 million for July, which is \$0.2 million (0.7%) above the monthly estimate and \$7.9 million (37.3%) above revenue in July 2023.

Differences relative to monthly estimates are likely as various factors may impact monthly revenue activity including payment and refund timing, late payments, and more. Corporate tax collections should be interpreted within the fiscal year-to-date trend.

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 \$44.0 million for July, which is \$2.2 million (5.4%) above the monthly estimate and \$1.4 million (3.2%) above revenue in July 2023.
- Racino wagering tax collections totaled \$10.0 million for July, which is \$1.1 million (10.1%) below the monthly estimate and \$0.8 million (7.7%) below revenue in July 2023.