



## State of Indiana

State Budget Agency  
State House Room 212  
Indianapolis, IN 46204  
317-232-5610

Eric J. Holcomb, Governor

Joseph M. Habig, Acting Director

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 November 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 November totaled \$1,385.5 million, which is \$6.3 million (0.5%) below the estimate based on the December 19, 2023 revenue forecast but \$17.4 million (1.3%) above revenue in November 2023.

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

As previously discussed, month-to-month fluctuations and differences relative to monthly estimates are expected for income taxes as a result of changes in tax requirements associated with the pass-through entity tax. These timing dynamics are expected to normalize over the coming months starting in December.

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 evolving economic dynamics, payment timing, federal policy actions, tax rates and other changes to law.

- Sales tax collections totaled \$867.7 million for November, which is \$16.0 million (1.8%) below the monthly estimate but \$36.9 million (4.4%) above revenue in November 2023.

The November performance of 4.4% year-over-year growth, which mostly reflects October economic activity, compares to year-over-year growth of 1.8%, -0.4%, and 3.2% 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 2023 revenue forecast.

- Individual income tax collections totaled \$475.8 million for November, which is \$38.0 million (8.7%) above the monthly estimate and \$29.7 million (6.7%) above revenue in November 2023.

Monthly collections related to tax withholdings came in \$22.9 million below the monthly estimate but \$3.6 million (0.5%) above the prior year actuals.

Other monthly individual income tax collections, net of refunds, came in \$60.9 million above the monthly estimate and \$26.1 million (7.8%) above prior year actuals.

The underperformance in withholdings and overperformance in other individual income tax collections are largely attributable to the atypical timing dynamics that are expected to normalize starting in December.

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 as a result of changes in tax requirements associated with the pass-through entity tax, and more.

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.

- Corporate tax collections totaled -\$51.4 million for November, which is \$36.5 million (244.8%) below the monthly estimate and \$44.5 million (649.3%) below revenue in November 2023.

November is a relatively, lower revenue activity month and most of the monthly performance is attributable to refunds.

Similarly to individual income tax collections, corporate tax collections are impacted by payment timing as a result of changes in tax requirements associated with the pass-through entity tax. Within the context of an evolving economy, these payment timing dynamics are expected to normalize starting in December.

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 \$21.3 million for November, which is \$0.9 million (4.6%) above the monthly estimate and \$0.5 million (2.5%) above revenue in November 2023.
- Racino wagering tax collections totaled \$10.3 million for November, which is \$0.01 million (0.1%) below the monthly estimate but \$0.3 million (2.6%) above revenue in November 2023.

### **Year-to-Date Commentary**

Year-to-date General Fund revenues totaled \$7,738.5 million, which is \$249.7 million (3.1%) below the December 2023 revenue forecast and \$187.1 million (2.4%) below revenues through the same period in the prior fiscal year.

Year-to-date sales tax collections totaled \$4,372.5 million, which is \$83.9 million (1.9%) below the December 2023 revenue forecast but \$77.8 million (1.8%) above collections through the same period in the prior fiscal year.

Year-to-date individual income tax collections totaled \$2,636.6 million, which is \$83.2 million (3.1%) below the December 2023 revenue forecast and \$163.6 million (5.8%) 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. There were two 5 Fridays impacted months through the same period in the prior fiscal year and one 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 \$135.2 million, which is \$160.1 million (54.2%) below the December 2023 revenue forecast and \$115.4 million (46.1%) 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.