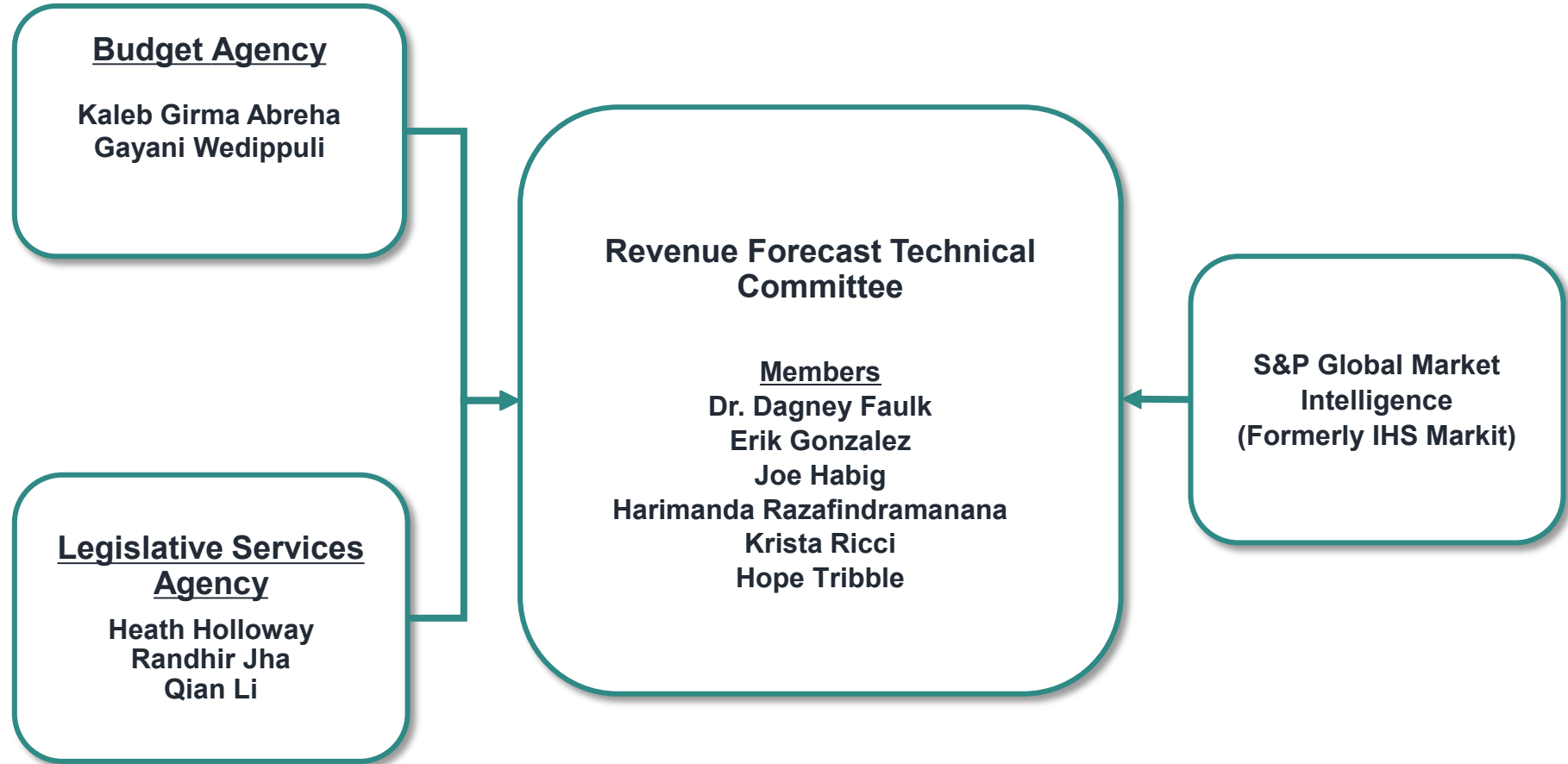


General Fund Revenue Forecast

**Fiscal Years 2026 and 2027
Revenue Forecast Technical Committee**

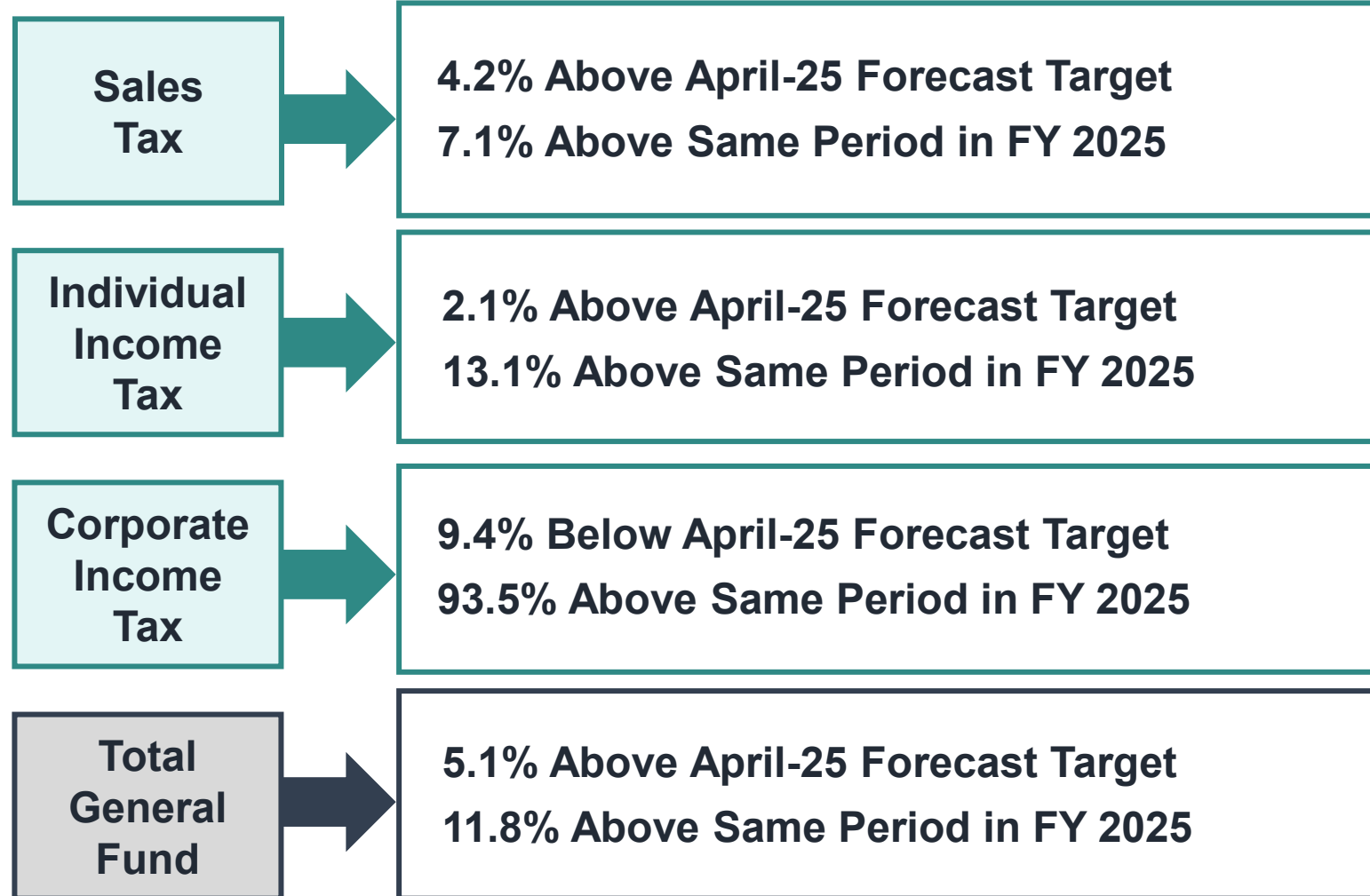
**Presented to the State Budget Committee
December 18, 2025**

Indiana Revenue Forecast

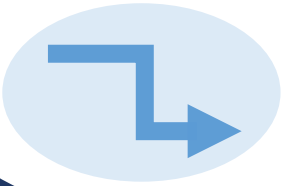


Performance of Major Revenue Sources

Year-To-Date Through November 30th FY 2026



Economic Forecast Overview



Key economic indicators have seen significant revisions by S&P Global Market Intelligence since 2024 in the context of evolving policy dynamics, economic data, and financial market swings.



The outlook for Indiana personal income, influenced by upward revisions in wages and salaries and financial markets, projects 5.2% in FY 2026 and 5.8% in FY 2027.



The combination of evolving federal and state policy actions, and timing of taxable economic activity around these dynamics drive the outlook through the biennium.



Since April 2025, projections for Indiana personal income have been revised upwards by 1.3% in FY 2026 and 2.2% in FY 2027, and projections for S&P 500 have been revised upwards by 27.7% in FY 2026 and 27.1% in FY 2027.

Revenue Estimators

Sales Tax

Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
Two-Year Moving Average Home Sales	Two-Year Moving Average Prior Fiscal Year Personal Savings
U.S. Household Financial Obligation Ratio	
Two-Year Moving Average Ind Household Net Worth per Household	

Individual Income Tax

Withholdings	
Indiana Adjusted Wages & Salaries	
Prior Year Births	Prior Year Withholding
Estimated Payment & Others	
U.S. Dividend Payment & Personal Interest Income	
Change in Prior Calendar Year S&P 500 Index	Prior Year Estimated Payments & Other
Dummy FY 2024	Dummy FY 2025 Onward

Corporate Income Tax

Corporate Adjusted Gross Income
GSP, Trade, Transp.& Utilities
S&P 500 Index
Two-Year Moving Average Indiana GSP / U.S. GDP

Legislative Aspects Incorporated

Fiscal Impact from 2025 Session

- Cigarette tax rate rose by \$2 per pack, moving from \$1 to \$3 per pack.
- Increased Economic Development credit cap. Annual statewide cap raised from \$250 million to \$300 million
- New quantum research sales tax exemption.
- Public Utility Fee increased from 0.15% to 0.175%.

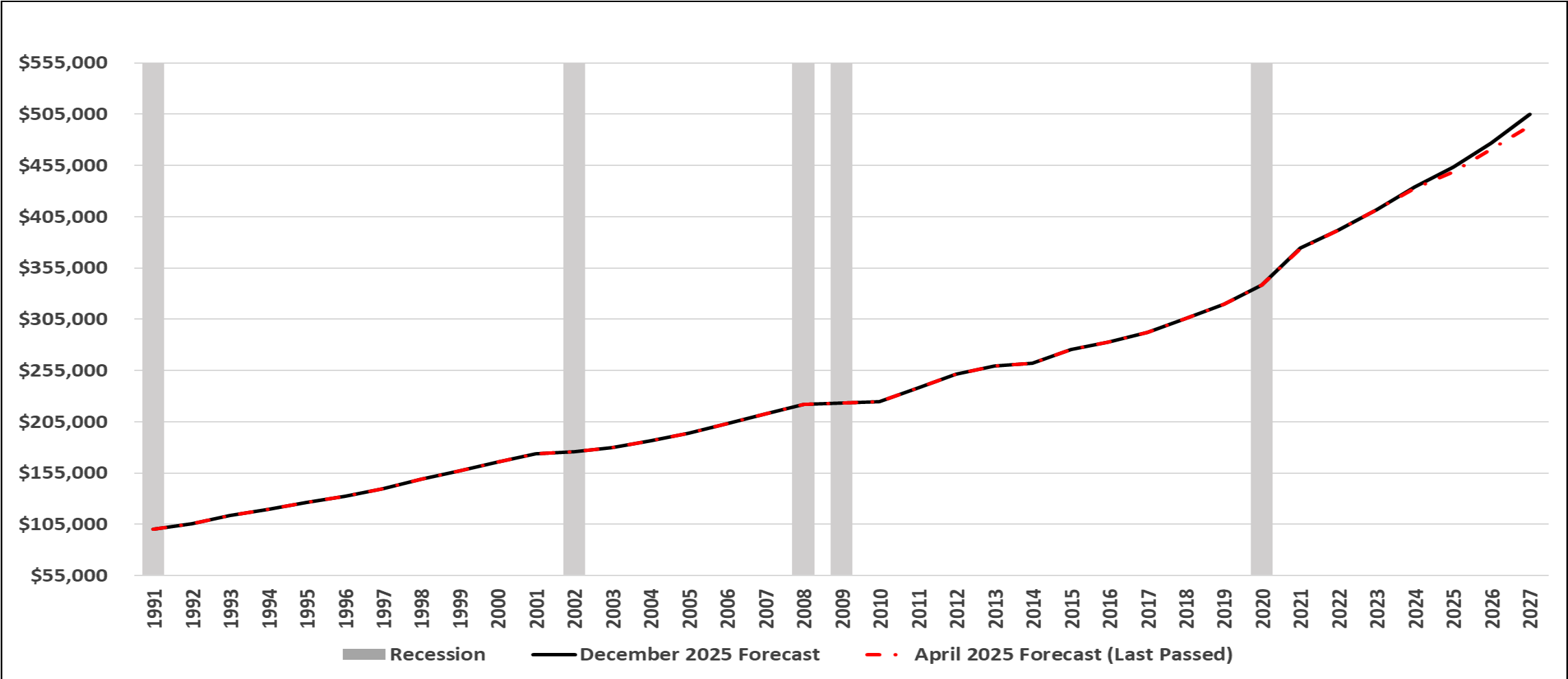
Individual Income Tax Rate Reduction

- 3.23% in CY 2022
- 3.15% in CY 2023
- 3.05% in CY 2024
- 3.00% in CY 2025
- 2.95% in CY 2026
- 2.90% in CY 2027
- 2.90% in CY 2028

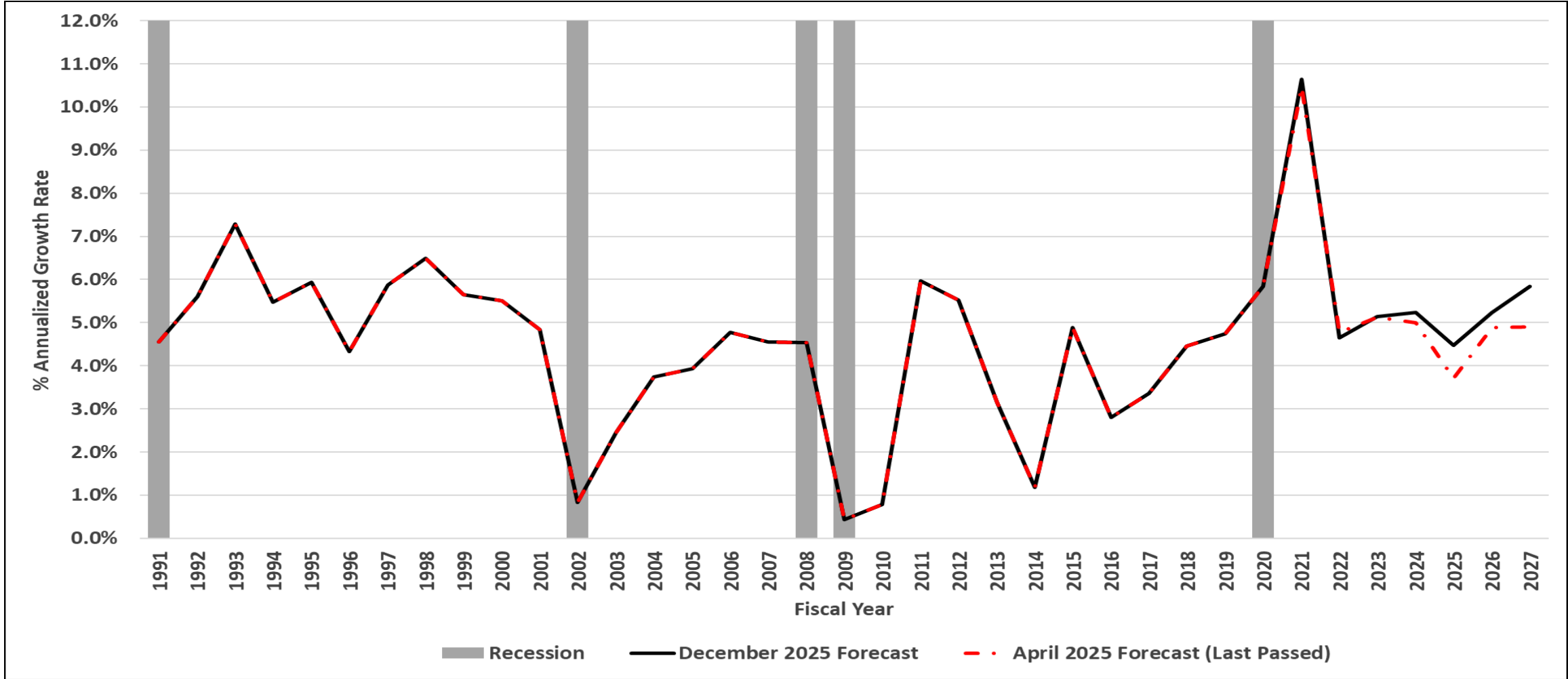
Timing related to Pass Through Entity Tax Implementation

- Taxpayers adjust to changes in timing and flow of tax payments.

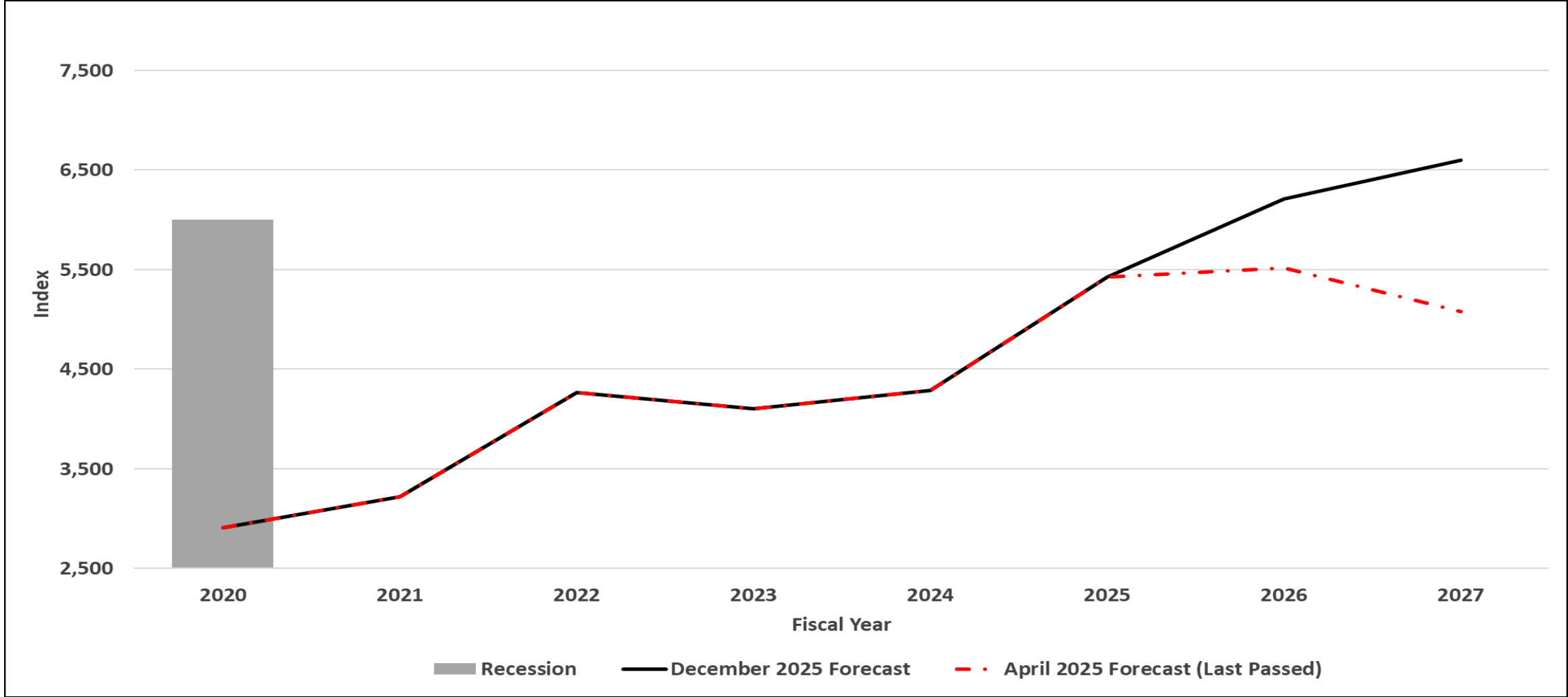
Indiana Personal Income



Indiana Personal Income Growth Over Prior Year



Prior Calendar Year S&P 500 Index of Common Stocks



December 2025 Forecast Results

Total Tax Revenue Estimates

December 18, 2025, Revenue Forecast

Sales Tax (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	10,821.9	11,230.0	596.3	5.6%	408.1	3.8%
2027	11,203.3	11,617.7	387.6	3.5%	414.3	3.7%
Individual Income Tax (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	8,313.2	8,555.3	-132.0	-1.5%	242.1	2.9%
2027	8,093.5	8,810.6	255.3	3.0%	717.1	8.9%
Corporate Income Tax (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	1,172.5	1,022.0	175.2	20.7%	-150.5	-12.8%
2027	1,065.6	1,048.5	26.5	2.6%	-17.1	-1.6%

Total Tax Revenue Estimates

December 18, 2025, Revenue Forecast

Gaming Taxes (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	470.6	467.9	0.6	0.1%	-2.7	-0.6%
2027	470.7	467.8	-0.1	0.0%	-2.9	-0.6%
Other Taxes (Includes MVET/CVET Recapture) (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	1,450.2	1,877.9	284.9	17.9%	427.8	29.5%
2027	1,425.6	1,837.6	-40.3	-2.1%	412.0	28.9%
Total General Fund Taxes (Millions \$)						
Fiscal Year	April -25 Forecast	December-25 Forecast	Growth Over Prior Year		Difference April-25 Forecast to December-25 Forecast	
2026	22,228.4	23,153.1	925.1	4.2%	924.7	4.2%
2027	22,258.6	23,782.1	629.0	2.7%	1,523.5	6.8%

December forecast and the April budget forecast

	FY 2026	FY 2027
April 2025 Revenue Forecast	\$ 22,228.4	\$ 22,258.6
Adjustment for Ongoing Outside Acts	\$ 366.0	\$ 346.3
Budget Plan Revenue Forecast	\$ 22,594.5	\$ 22,604.9
December 2025 Revenue Forecast	\$ 23,153.1	\$ 23,782.1
<i>\$ Difference</i>	<i>\$ 558.6</i>	<i>\$ 1,177.2</i>
<i>% Difference</i>	<i>2.5%</i>	<i>5.2%</i>

Footnote:

FY 2027 revenues will be impacted by a one-time impact from the tax amnesty program. Collections attributable to amnesty are non-recurring and should not be considered part of the ongoing revenue base.

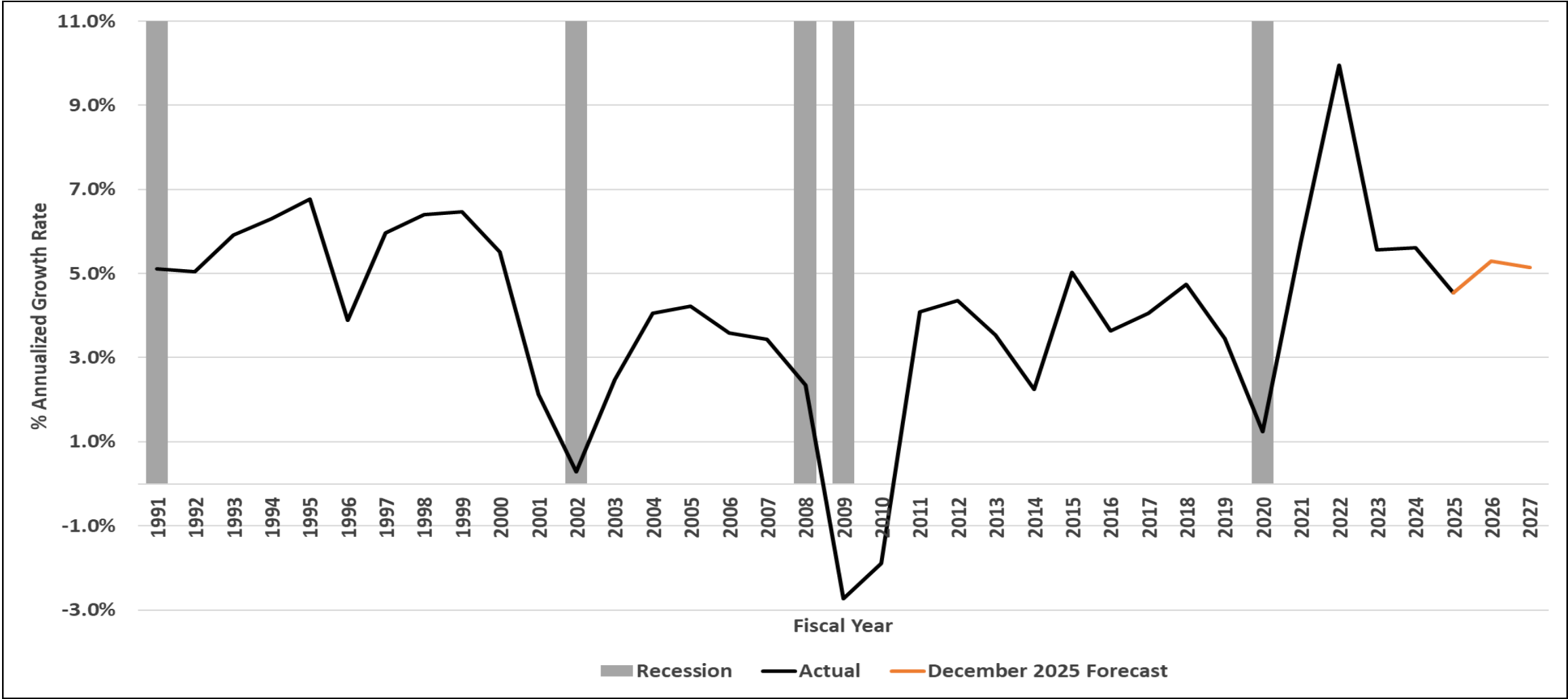
Total General Fund Revenue Forecast

Fiscal Years 2026 and 2027
December 18, 2025 (in millions)

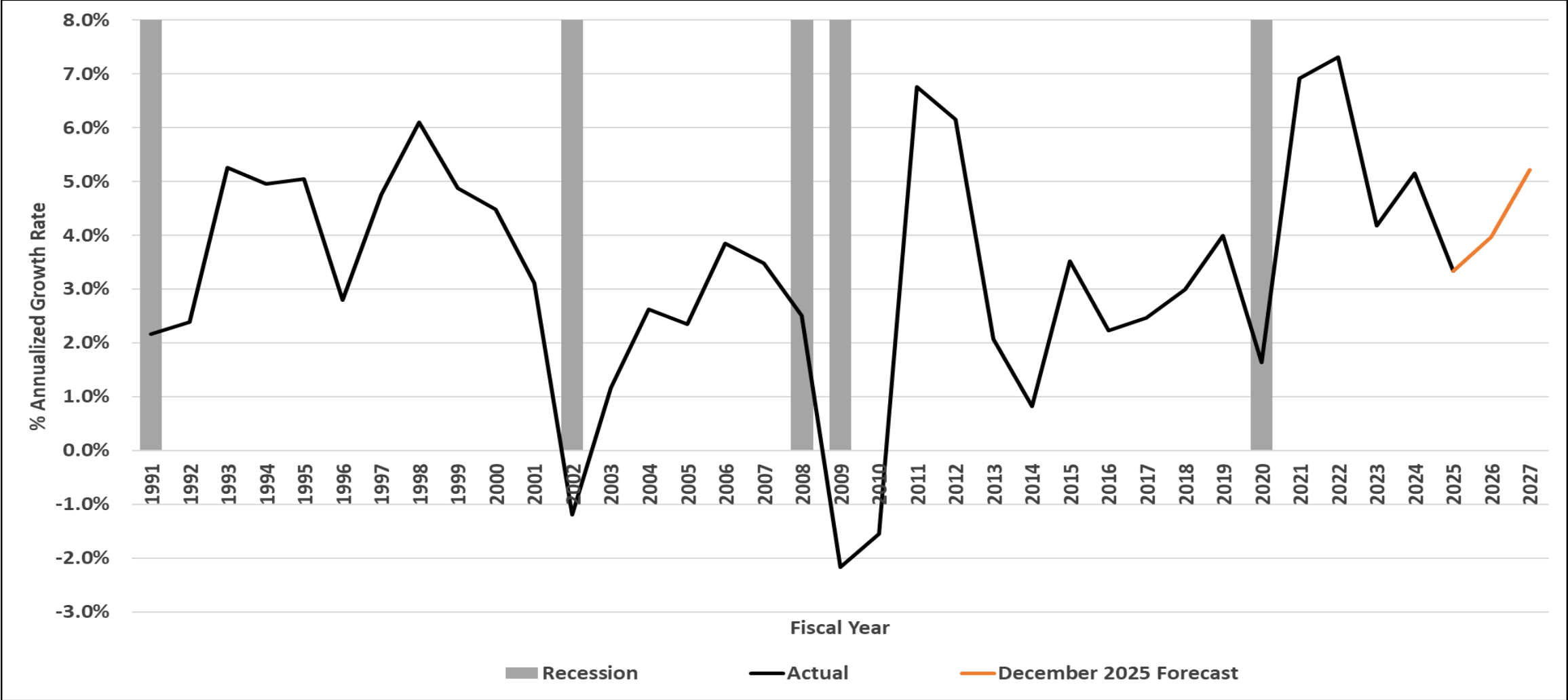
	FY 2023	FY 2024	FY 2025		FY 2026					FY 2027				
	Actual	Actual	Actual	Year over Year Growth	April 2025 Forecast	Updated Forecast	Year over Year Growth	\$ Diff vs Prior Forecast	% Diff vs Prior Forecast	April 2025 Forecast	Updated Forecast	Year over Year Growth	\$ Diff vs Prior Forecast	% Diff vs Prior Forecast
	2023	2024	2025	2025	2026	2026	2026	2026	2026	2027	2027	2027	2027	2027
Major Taxes														
Sales & Use	10,464.7	10,369.9	10,633.7	2.5%	10,821.9	11,230.0	5.6%	408.1	3.8%	11,203.3	11,617.7	3.5%	414.3	3.7%
Individual Income	7,575.7	8,096.1	8,687.2	7.3%	8,313.2	8,555.3	-1.5%	242.1	2.9%	8,093.5	8,810.6	3.0%	717.1	8.9%
Corporate - AGI, URT, USUT, FIT	1,230.6	965.1	846.8	-12.3%	1172.5	1,022.0	20.7%	-150.5	-12.8%	1065.6	1,048.5	2.6%	-17.1	-1.6%
Riverboat Wagering	348.8	315.3	318.6	1.0%	324.7	316.7	-0.6%	-8.0	-2.5%	323.7	314.9	-0.6%	-8.8	-2.7%
Racino Wagering	139.8	134.5	138.5	3.0%	136.2	141.6	2.3%	5.4	4.0%	137.3	143.4	1.3%	6.1	4.4%
Subtotal Major Taxes	19,759.6	19,881.0	20,624.9	3.7%	20,768.6	21,265.6	3.1%	497.0	2.4%	20,823.3	21,935.0	3.1%	1,111.7	5.3%
Other Revenue														
Cigarette & Other Tobacco	217.4	199.1	190.4	-4.3%	183.6	535.0	181.0%	351.4	191.3%	177.5	508.0	-5.0%	330.5	186.3%
Insurance	261.8	266.4	317.1	19.0%	300.0	330.9	4.4%	30.9	10.3%	303.9	340.2	2.8%	36.4	12.0%
Alcoholic Beverages	23.1	10.7	10.2	-4.6%	11.3	10.9	6.5%	-0.4	-3.6%	11.2	10.9	0.0%	-0.3	-3.0%
Riverboat Supplemental Wagering Tax	11.5	10.3	10.2	-0.9%	9.7	9.6	-5.7%	-0.1	-1.0%	9.7	9.5	-1.0%	-0.2	-2.1%
Interest	287.2	572.3	535.4	-6.4%	387.2	405.7	-24.2%	18.5	4.8%	343.2	343.5	-15.3%	0.3	0.1%
Motor & Commercial Vehicle Excise	284.1	277.8	281.5	1.3%	286.3	285.7	1.5%	-0.6	-0.2%	291.9	287.6	0.7%	-4.3	-1.5%
Miscellaneous Revenue	213.3	267.1	258.3	-3.3%	281.7	309.6	19.9%	27.9	9.9%	297.9	347.3	12.2%	49.5	16.6%
Subtotal Other Revenue	1,298.6	1,603.6	1,603.2	0.0%	1,459.9	1,887.5	17.7%	427.7	29.3%	1,435.3	1,847.1	-2.1%	411.8	28.7%
Total General Fund	21,058.2	21,484.6	22,228.0	3.5%	22,228.4	23,153.1	4.2%	924.7	4.2%	22,258.6	23,782.1	2.7%	1,523.5	6.8%

Appendices for December 2025 Revenue Forecast

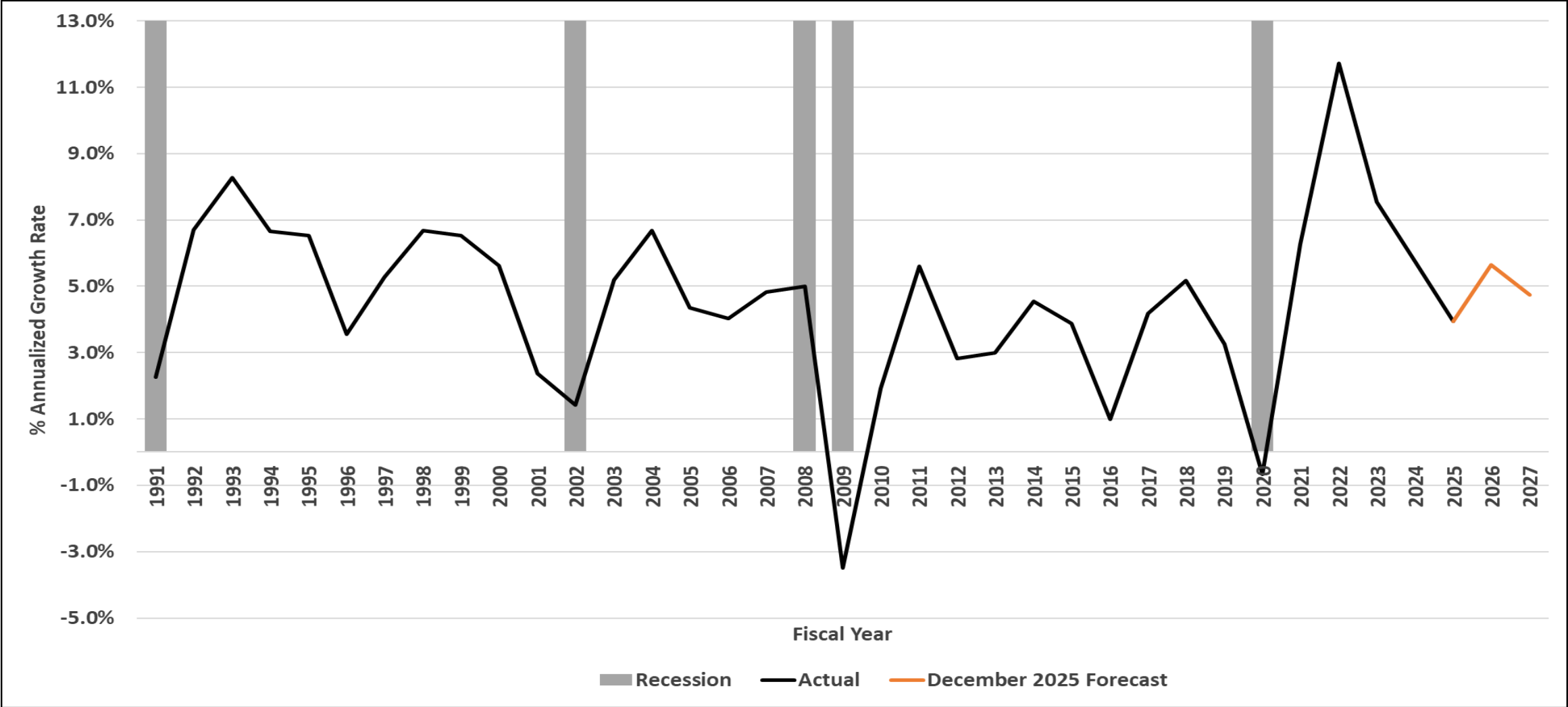
Indiana Wages & Salary Growth over Prior Year



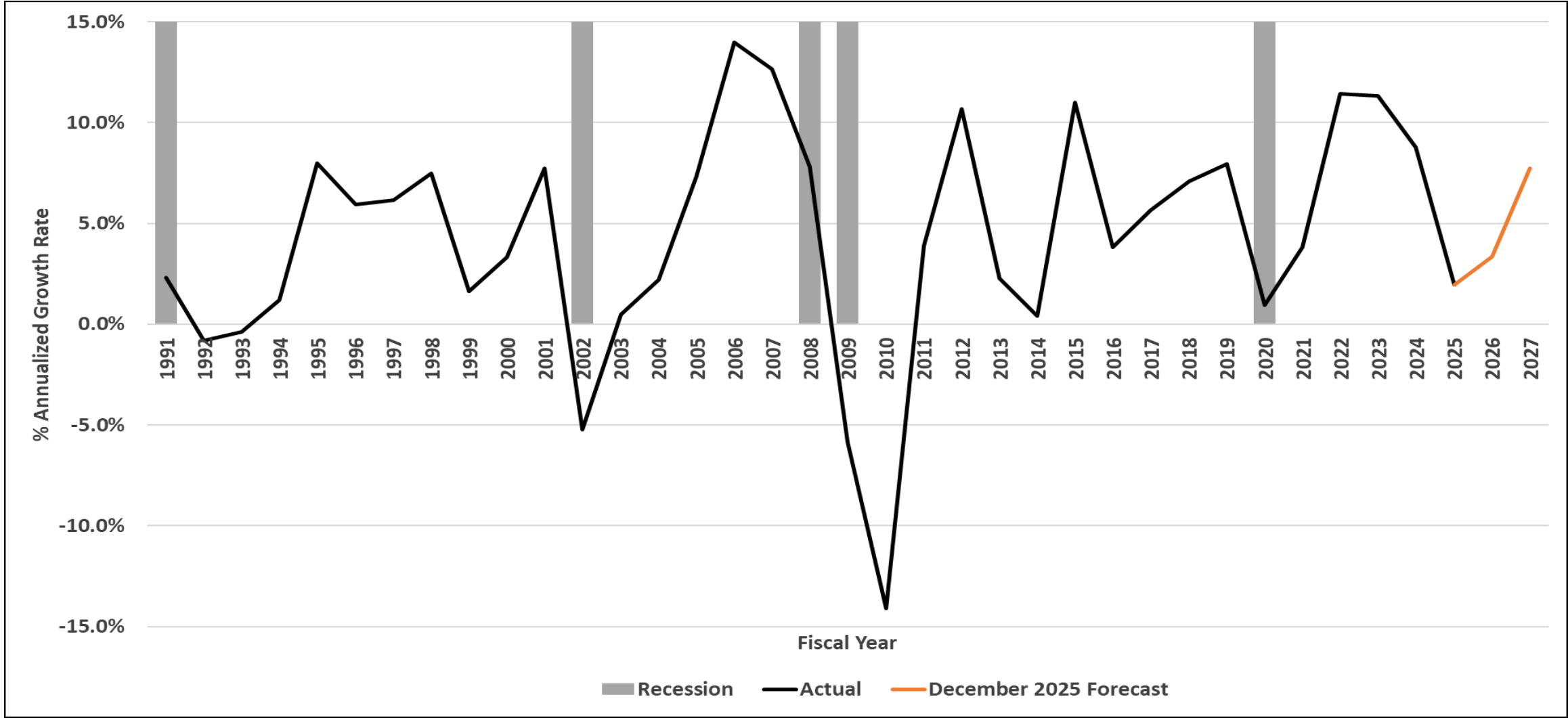
Indiana Personal Income Net of Transfer Payments Per Household - Growth over Prior Year



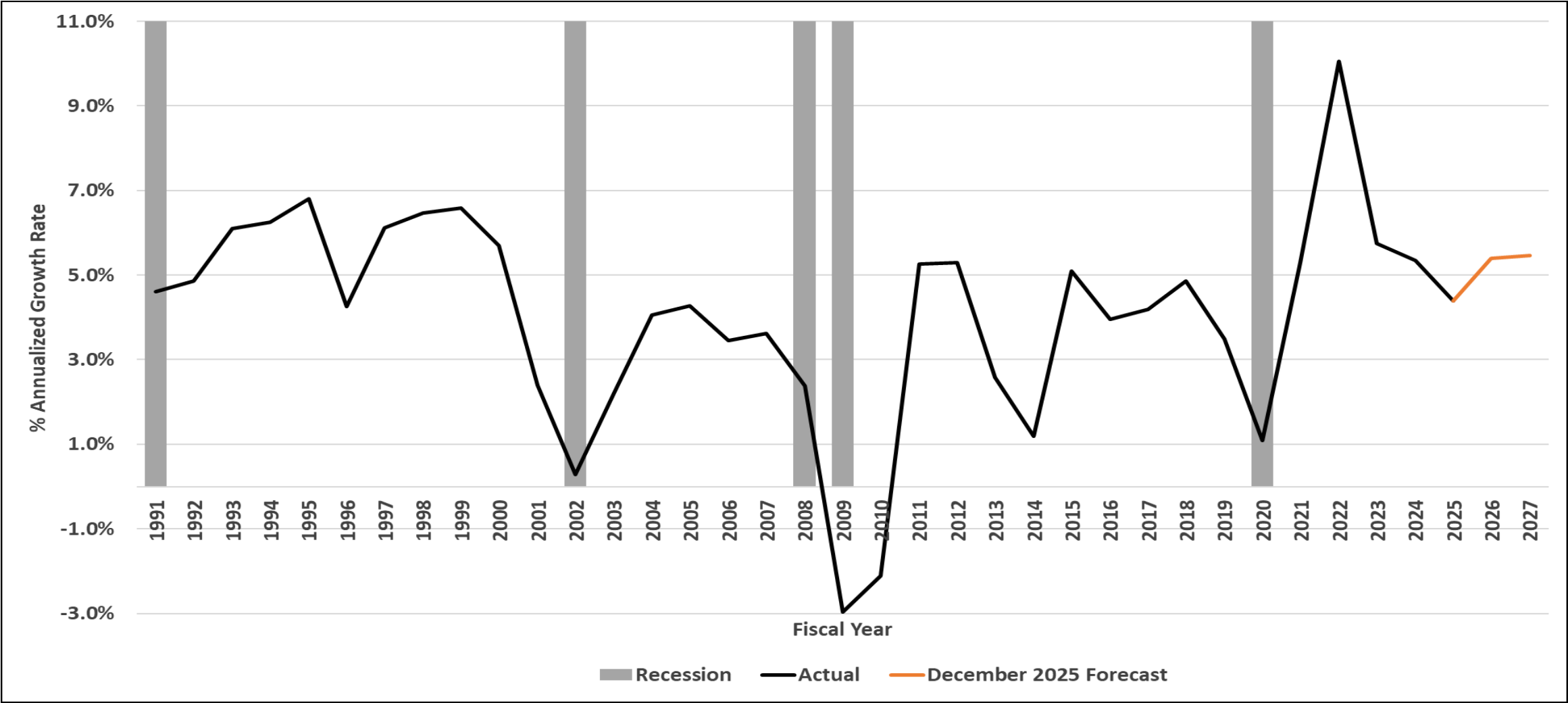
Indiana Gross State Product Growth over Prior Year



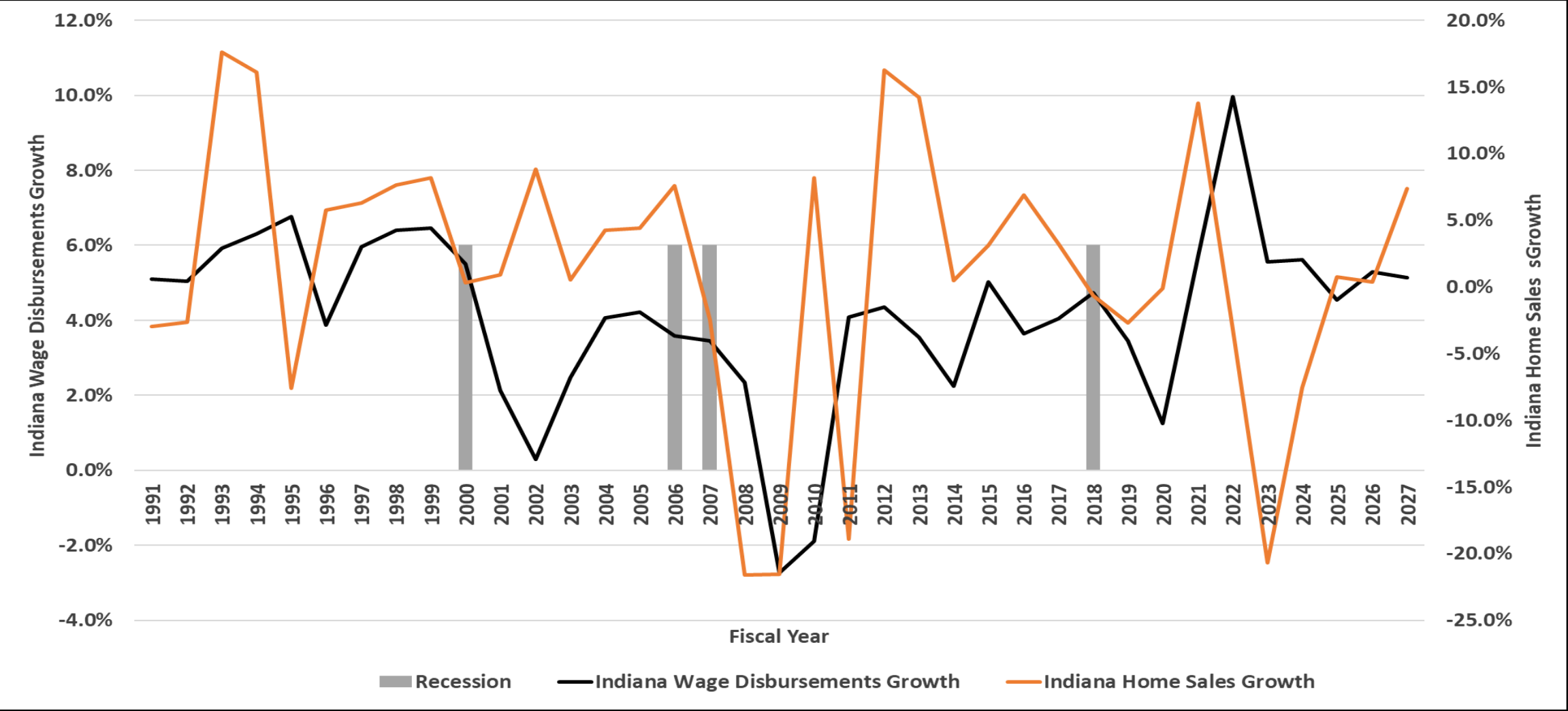
U.S. Dividend Payment and Interest Income Growth over Prior Year



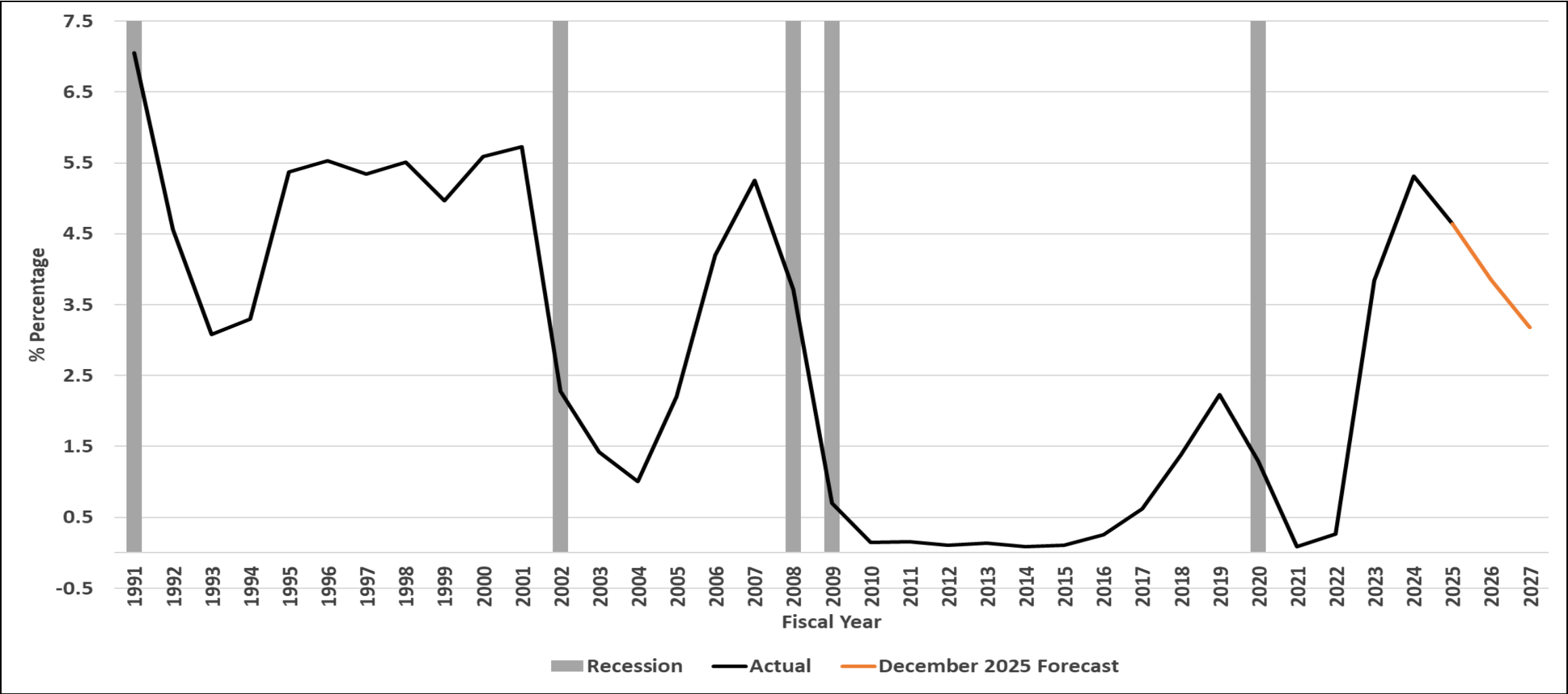
Adjusted Wages and Salaries Growth over Prior Year



Indiana Wage Disbursements and Home Sales Growth over Prior Year

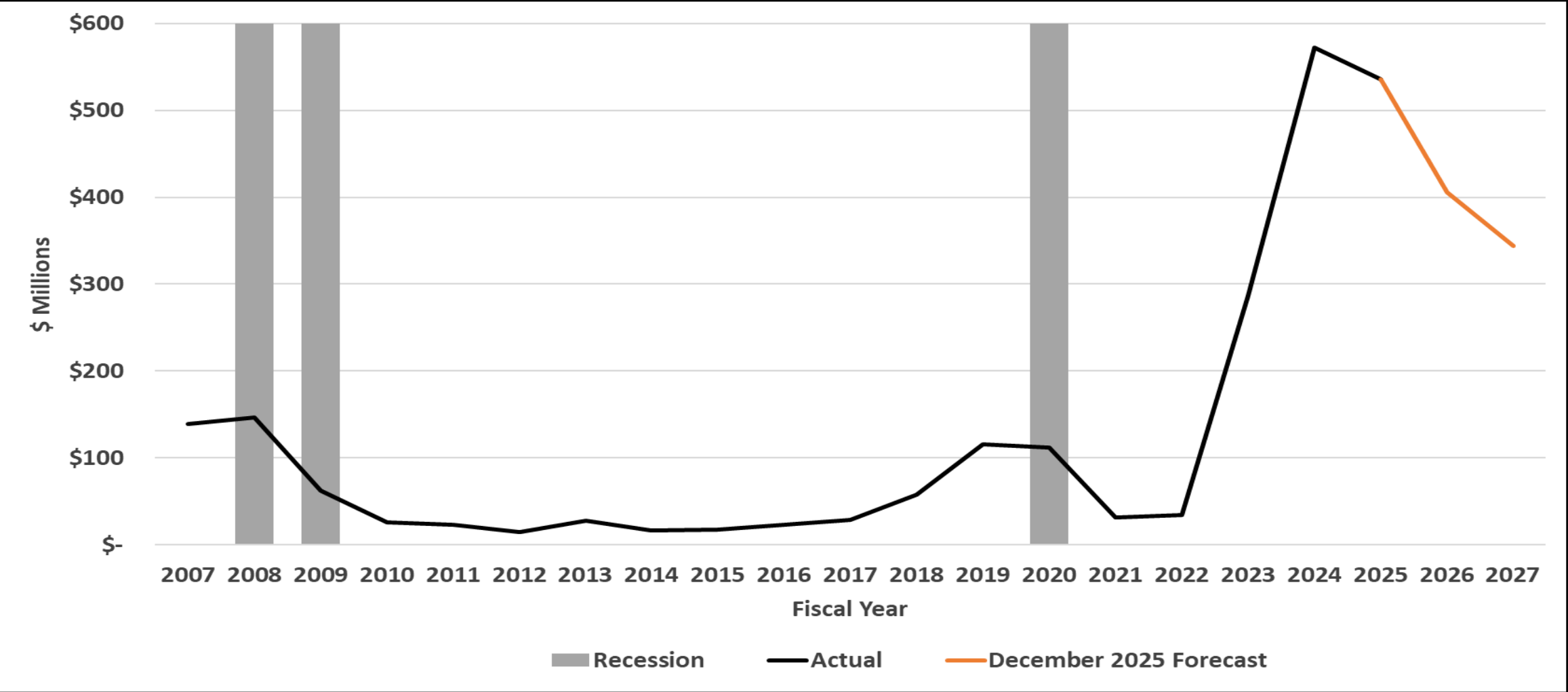


Effective Rate on Federal Funds



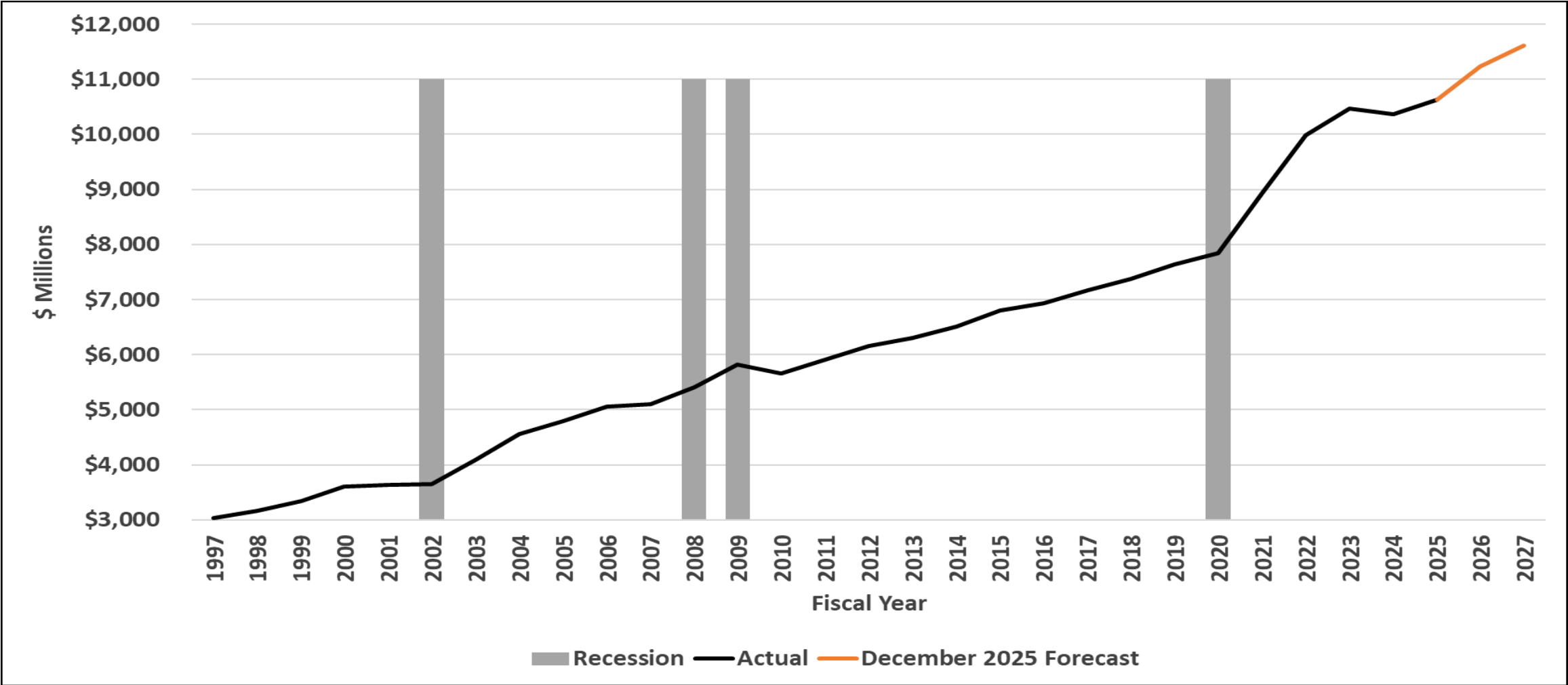
Revenue Trend and Forecast

Interest Revenue

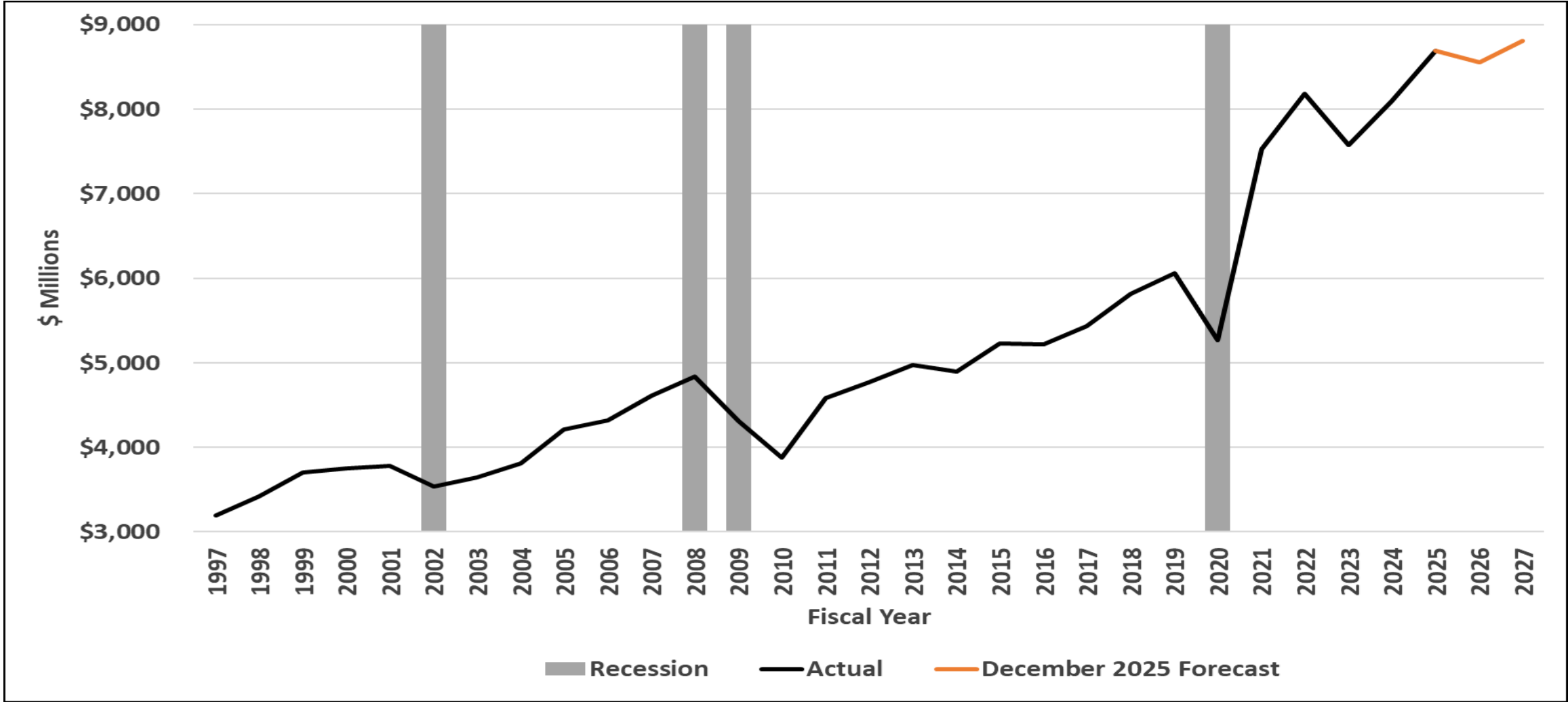


Revenue Trend and Forecast

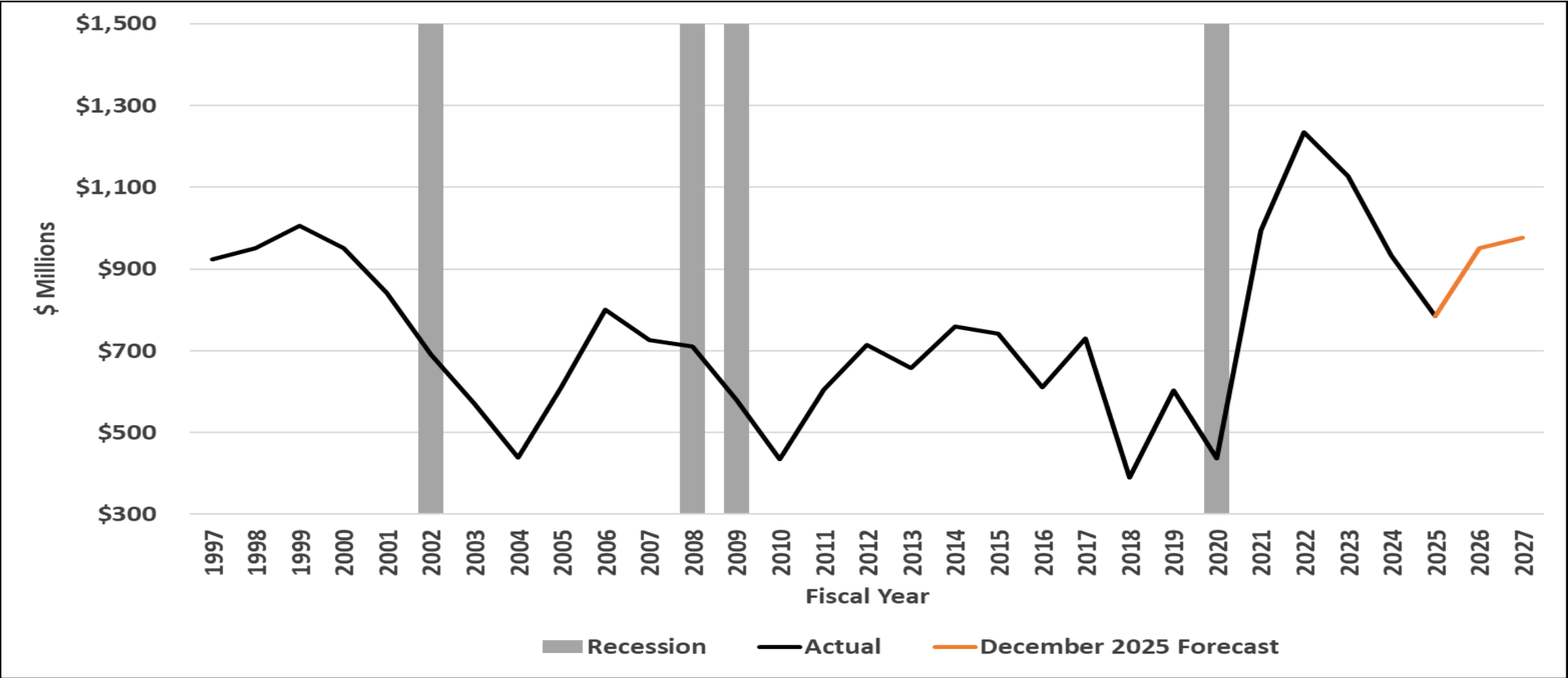
Adjusted Sales Net of GUT Tax



Revenue Trend and Forecast Adjusted Individual Income Tax



Revenue Trend and Forecast – Adjusted Corporate Income Tax



Revenue Trend and Forecast

Total General Fund

