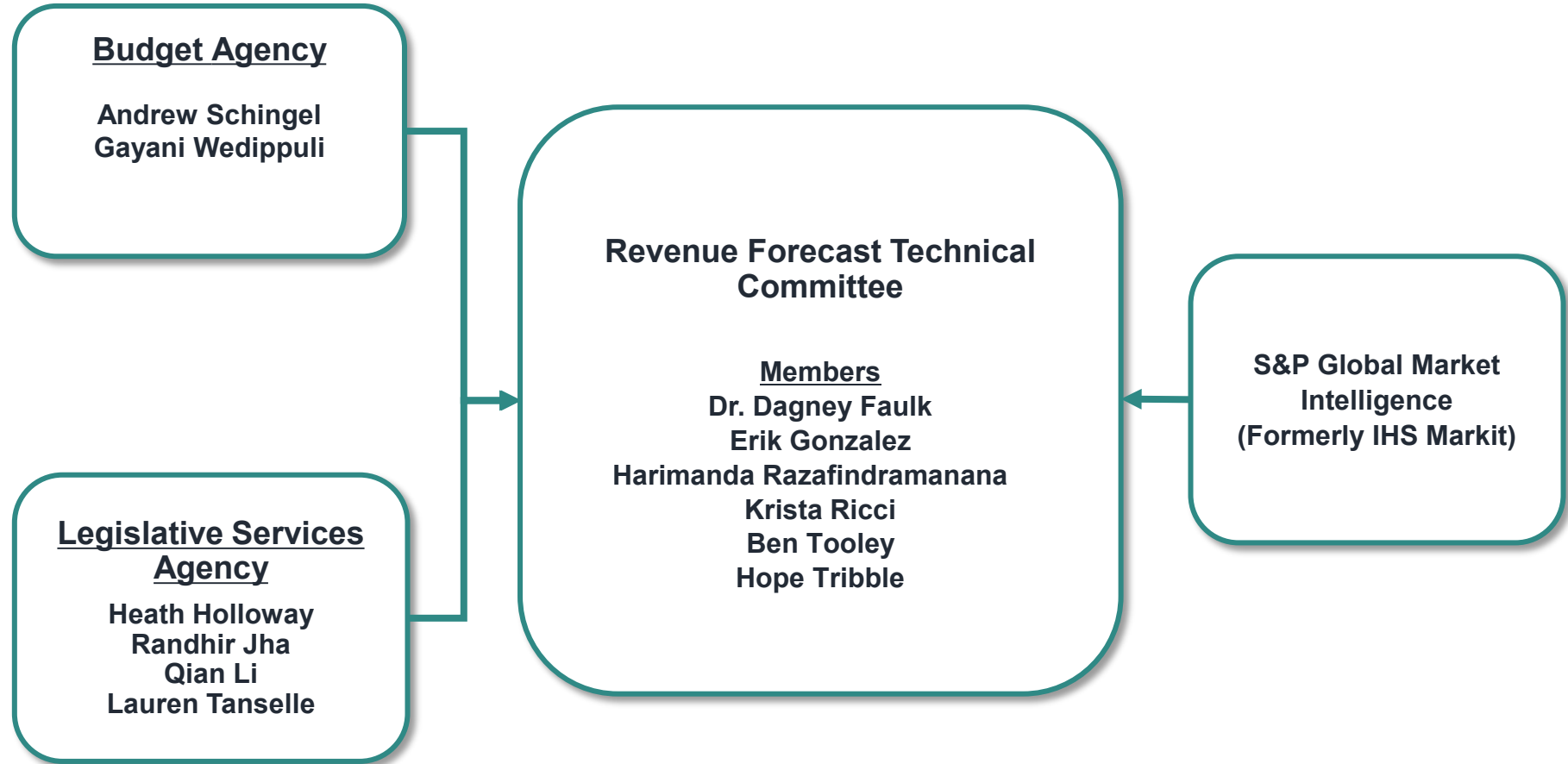


General Fund Revenue Forecast

**Fiscal Years 2025, 2026 and 2027
Revenue Forecast Technical Committee**

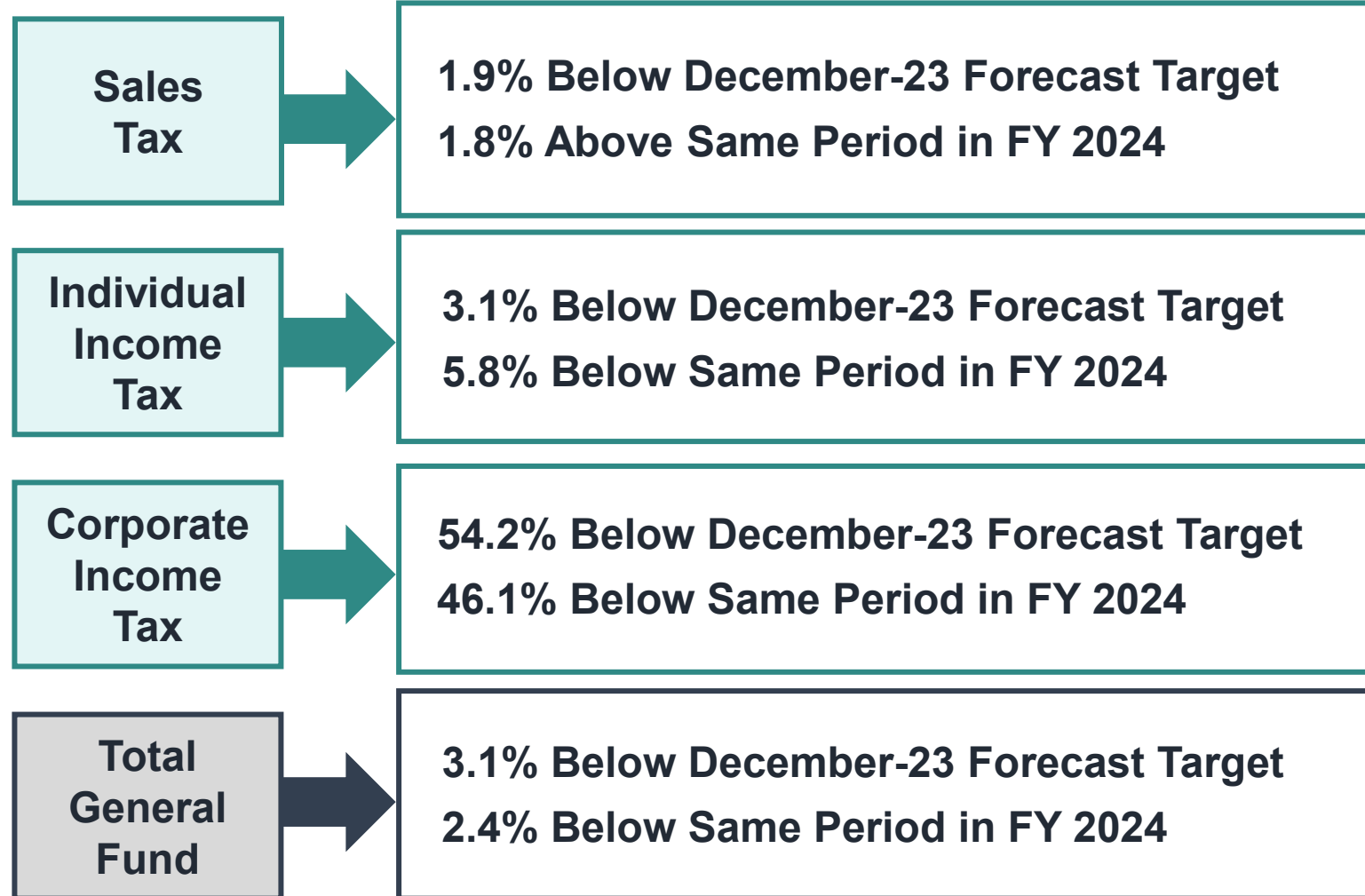
**Presented to the State Budget Committee
December 17, 2024**

Indiana Revenue Forecast

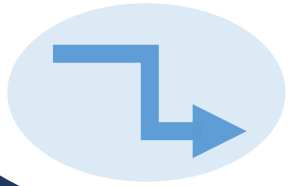


Performance of Major Revenue Sources

Year-To-Date Through November 30th FY 2025



Economic Forecast Overview



Changes in federal monetary policy, in the context of a post-pandemic transition, have played an important part in directing the path and timing of economic activity.



As the labor markets and spending patterns rebalance, higher income and expectations of lower interest rates have helped push financial markets higher in 2024 and are projected to support economic growth.

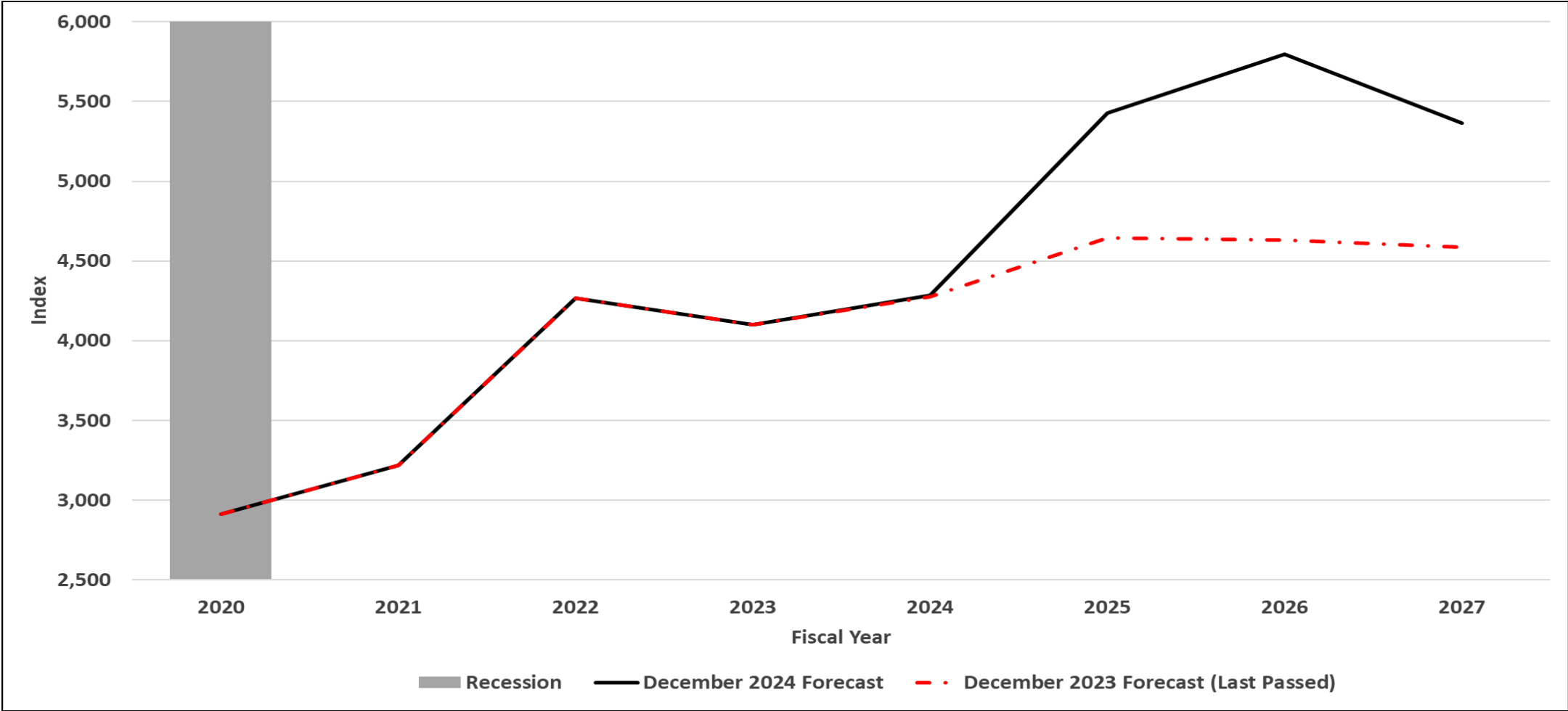


Inflation has slowed but remains above the Fed's target level. Interest rates are projected to moderate as inflation slows and the labor markets stabilize with different impacts across sectors of the economy.



During this biennium, Indiana's economic growth outlook follows a similar path to the US. The unemployment rate is estimated to rise close to 4.49% by mid-2027.

Prior Calendar Year S&P 500 Index of Common Stocks



Legislative Aspects Incorporated

Fiscal Impact from 2024 Session

- Economic Nexus (removed 200 transaction threshold).
- Utility sales tax exemption for restaurants equal to 50% of the sales tax imposed on electricity.

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

Timing related to Pass Through Entity Tax Implementation

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

Revenue Estimators

Sales Tax

Sales & Use Tax	
Indiana Personal Income Net of Transfer Payments Per Household	
Prior Fiscal Year Home Sales	Prior Fiscal Year Personal Savings
U.S. Household Financial Obligation Ratio	
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

Corporate Income Tax

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

December 2024 Forecast Results

Total Tax Revenue Estimates

December 17, 2024, Revenue Forecast

Sales Tax (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	10,916.9	10,737.2	367.3	3.5%	-179.7	-1.6%
2026		11,092.6	355.4	3.3%		
2027		11,586.4	493.8	4.5%		
Individual Income Tax (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	8,283.6	8,662.4	566.2	7.0%	378.7	4.6%
2026		8,861.5	199.1	2.3%		
2027		8,540.9	-320.6	-3.6%		
Corporate Income Tax (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	1,202.5	1,069.3	104.2	10.8%	-133.2	-11.1%
2026		1,304.2	234.9	22.0%		
2027		1,228.8	-75.4	-5.8%		

Total Tax Revenue Estimates

December 17, 2024, Revenue Forecast

Gaming Taxes (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	457.0	460.2	0.1	0.0%	3.2	0.7%
2026		485.0	24.8	5.4%		
2027		486.5	1.5	0.3%		
Other Taxes (Includes MVET/CVET Recapture) (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	1,453.3	1,531.4	-61.9	-3.9%	78.1	5.4%
2026		1,449.1	-82.3	-5.4%		
2027		1,421.2	-27.9	-1.9%		
Total General Fund Taxes (Millions \$)						
Fiscal Year	Dec-23 Forecast	Dec-24 Forecast	Growth Over Prior Year		Difference Dec-23 Forecast to Dec-24 Forecast	
2025	22,313.3	22,460.5	975.8	4.5%	147.2	0.7%
2026		23,192.4	731.9	3.3%		
2027		23,263.8	71.5	0.3%		

December forecast and the April budget forecast

	FY 2025
April 2023 Revenue Forecast	\$ 22,431.9
Adjustments for Outside Acts	\$ (396.2)
Budget Plan Revenue Forecast	\$ 22,035.7
December 2024 Revenue Forecast	\$ 22,460.5
<i>\$ Difference</i>	<i>\$ 424.8</i>
<i>% Difference</i>	<i>1.9%</i>

Total General Fund Revenue Forecast

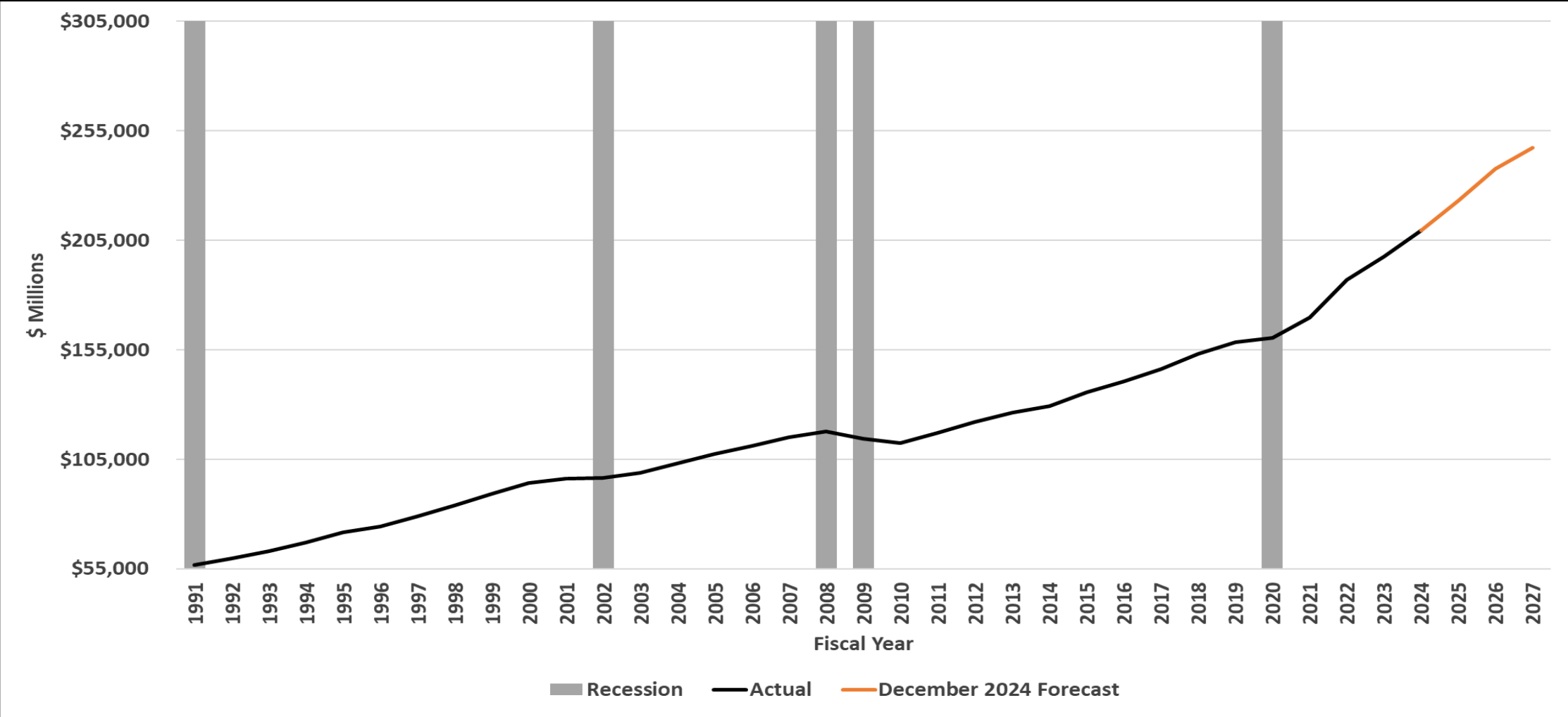
Fiscal Years 2025, 2026 and 2027

December 17, 2024 (in millions)

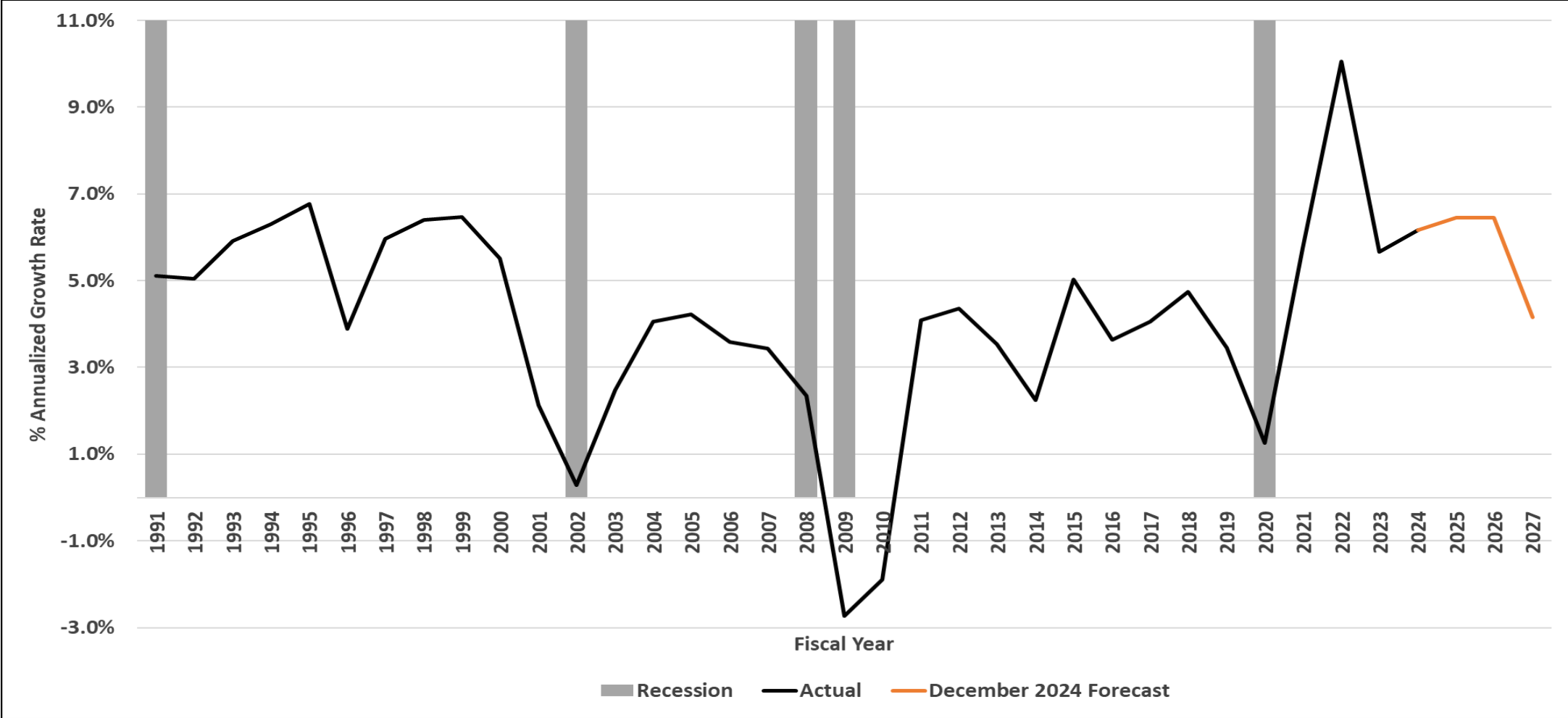
	FY 2022	FY 2023	FY 2024		FY 2025					FY 2026		FY 2027	
	Actual	Actual	Actual	Year over Year Growth	Dec 2023 Forecast	Updated Forecast	Year over Year Growth	\$ Diff vs Prior Forecast	% Diff vs Prior Forecast	Updated Forecast	Year over Year Growth	Updated Forecast	Year over Year Growth
	2022	2023	2024	2024	2025	2025	2025	2025	2025	2026	2026	2027	2027
Major Taxes													
Sales & Use	9,991.0	10,464.7	10,369.9	-0.9%	10,916.9	10,737.2	3.5%	-179.7	-1.6%	11,092.6	3.3%	11,586.4	4.5%
Individual Income	8,181.2	7,575.7	8,096.1	6.9%	8,283.6	8,662.4	7.0%	378.7	4.6%	8,861.5	2.3%	8,540.9	-3.6%
Corporate - AGI, URT, USUT, FIT	1,539.5	1,230.6	965.1	-21.6%	1202.5	1,069.3	10.8%	-133.2	-11.1%	1,304.2	22.0%	1,228.8	-5.8%
Riverboat Wagering	311.2	348.8	315.3	-9.6%	309.0	316.0	0.2%	7.0	2.3%	338.7	7.2%	338.6	0.0%
Racino Wagering	141.1	139.8	134.5	-3.8%	138.2	134.4	-0.1%	-3.8	-2.7%	136.5	1.6%	138.2	1.2%
Subtotal Major Taxes	20,164.1	19,759.6	19,881.0	0.6%	20,850.2	20,919.3	5.2%	69.1	0.3%	21,733.5	3.9%	21,832.9	0.5%
Other Revenue													
Cigarette	221.4	217.4	199.1	-8.4%	197.8	191.3	-3.9%	-6.5	-3.3%	184.0	-3.8%	177.7	-3.4%
Insurance	251.9	261.8	266.4	1.7%	280.8	266.2	-0.1%	-14.5	-5.2%	272.3	2.3%	278.5	2.3%
Inheritance	0.0	0.1	0.0	-99.7%	0.0	0.0	-100.0%	0.0	N/A	0.0	N/A	0.0	N/A
Alcoholic Beverages	21.1	23.1	10.7	-53.5%	23.7	11.8	9.9%	-11.9	-50.2%	12.0	1.7%	12.4	3.3%
Riverboat Supplemental Wagering Tax	7.8	11.5	10.3	-10.9%	9.9	9.8	-4.6%	-0.1	-0.7%	9.8	0.0%	9.7	-1.0%
Interest	33.9	287.2	572.3	99.3%	407.3	508.3	-11.2%	101.1	24.8%	414.0	-18.6%	364.0	-12.1%
Motor & Commercial Vehicle Excise	288.5	284.1	277.8	-2.2%	304.4	285.0	2.6%	-19.4	-6.4%	286.3	0.4%	291.9	2.0%
Miscellaneous Revenue	202.0	213.3	267.1	25.2%	239.3	268.7	0.6%	29.4	12.3%	280.5	4.4%	296.7	5.8%
Subtotal Other Revenue	1,026.6	1,298.6	1,603.6	23.5%	1,463.2	1,541.2	-3.9%	78.0	5.3%	1,458.9	-5.3%	1,430.9	-1.9%
Total General Fund	21,190.7	21,058.2	21,484.6	2.0%	22,313.3	22,460.5	4.5%	147.2	0.7%	23,192.4	3.3%	23,263.8	0.3%

Appendices for December 2024 Revenue Forecast

Indiana Wages & Salary

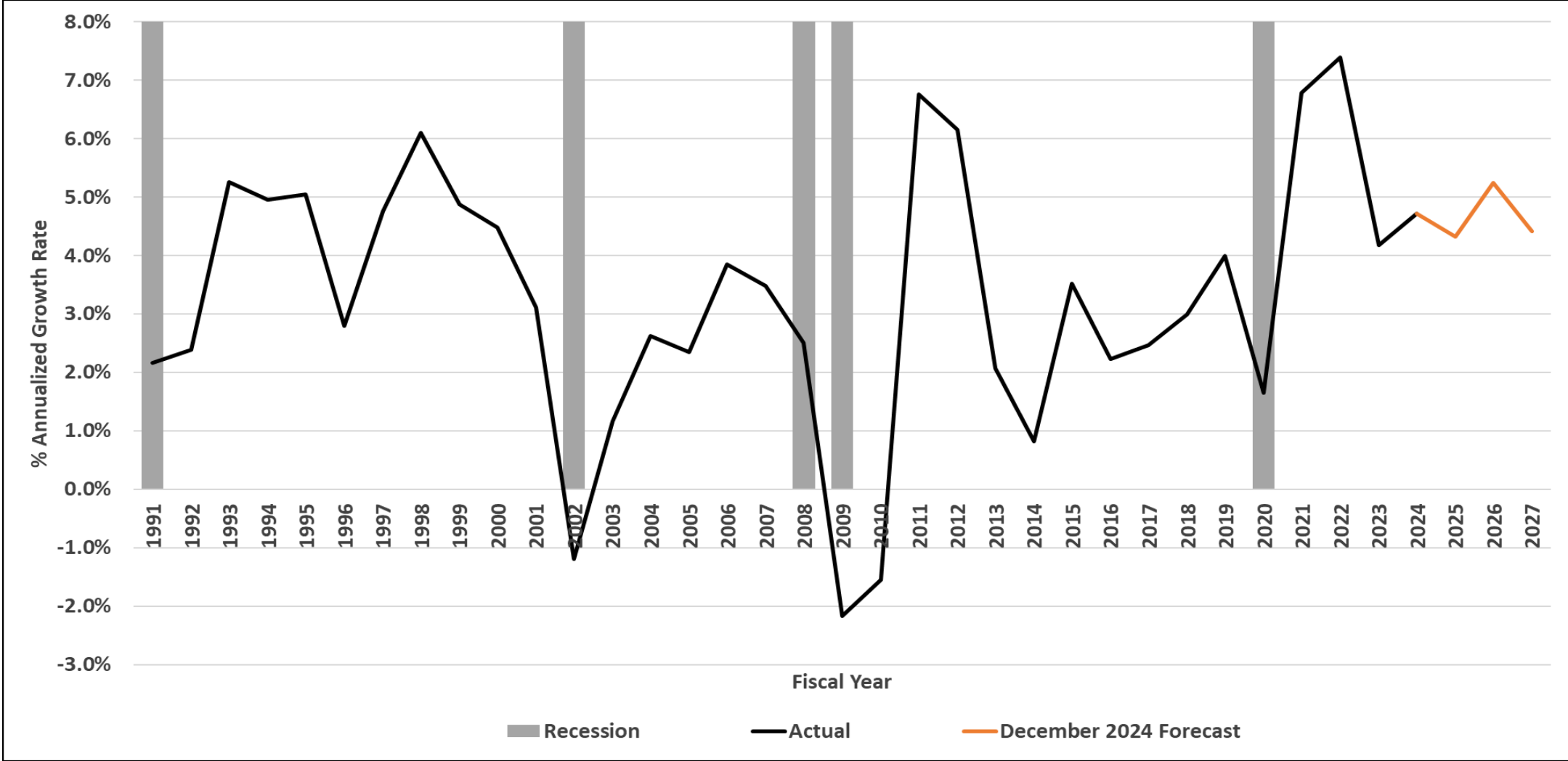


Indiana Wages & Salary Growth over Prior Year

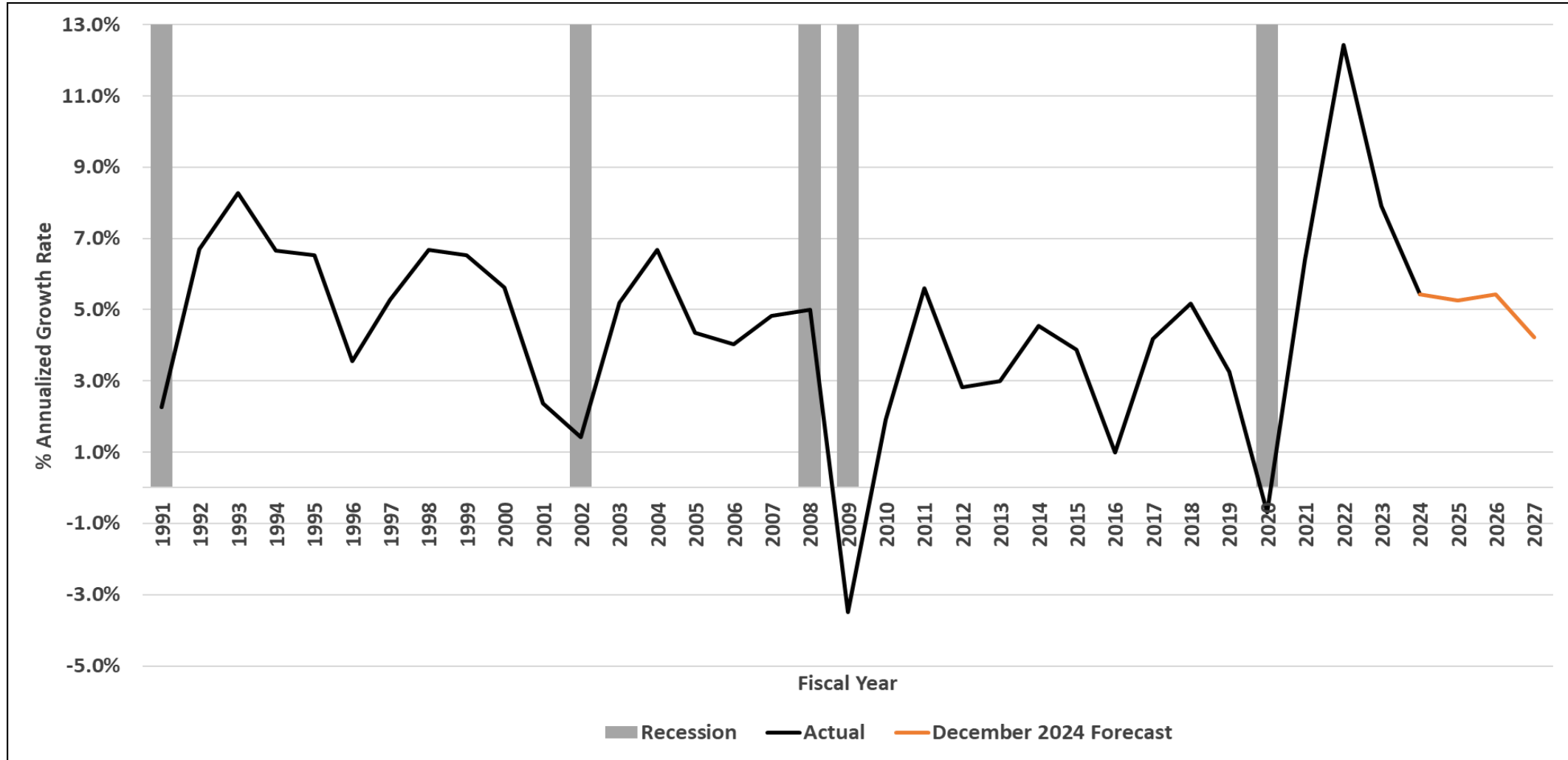


Source: Bureau of Economic Analysis and S&P Global Market Intelligence

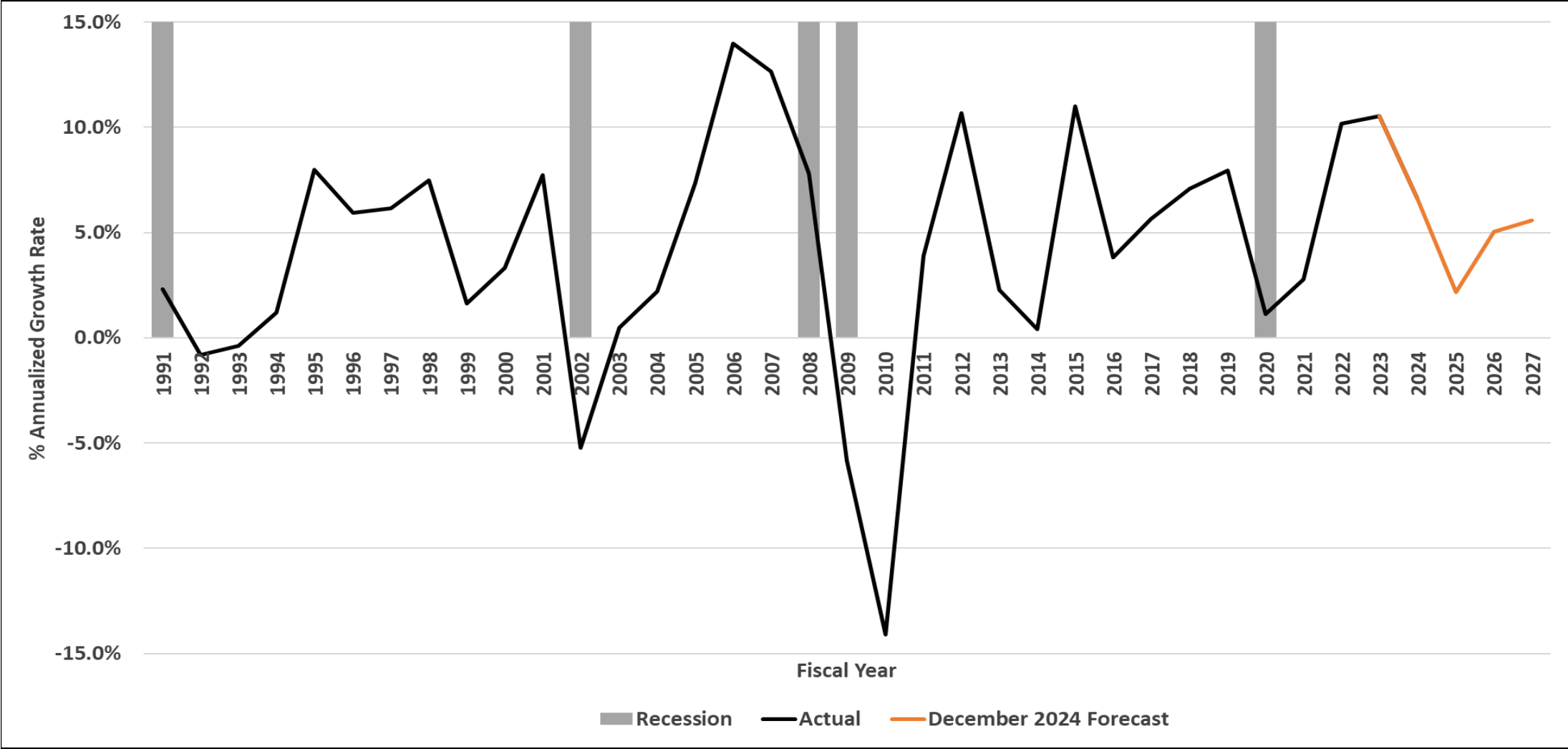
Indiana Personal Income Net of Transfer Payments Per Household - Growth over Prior Year



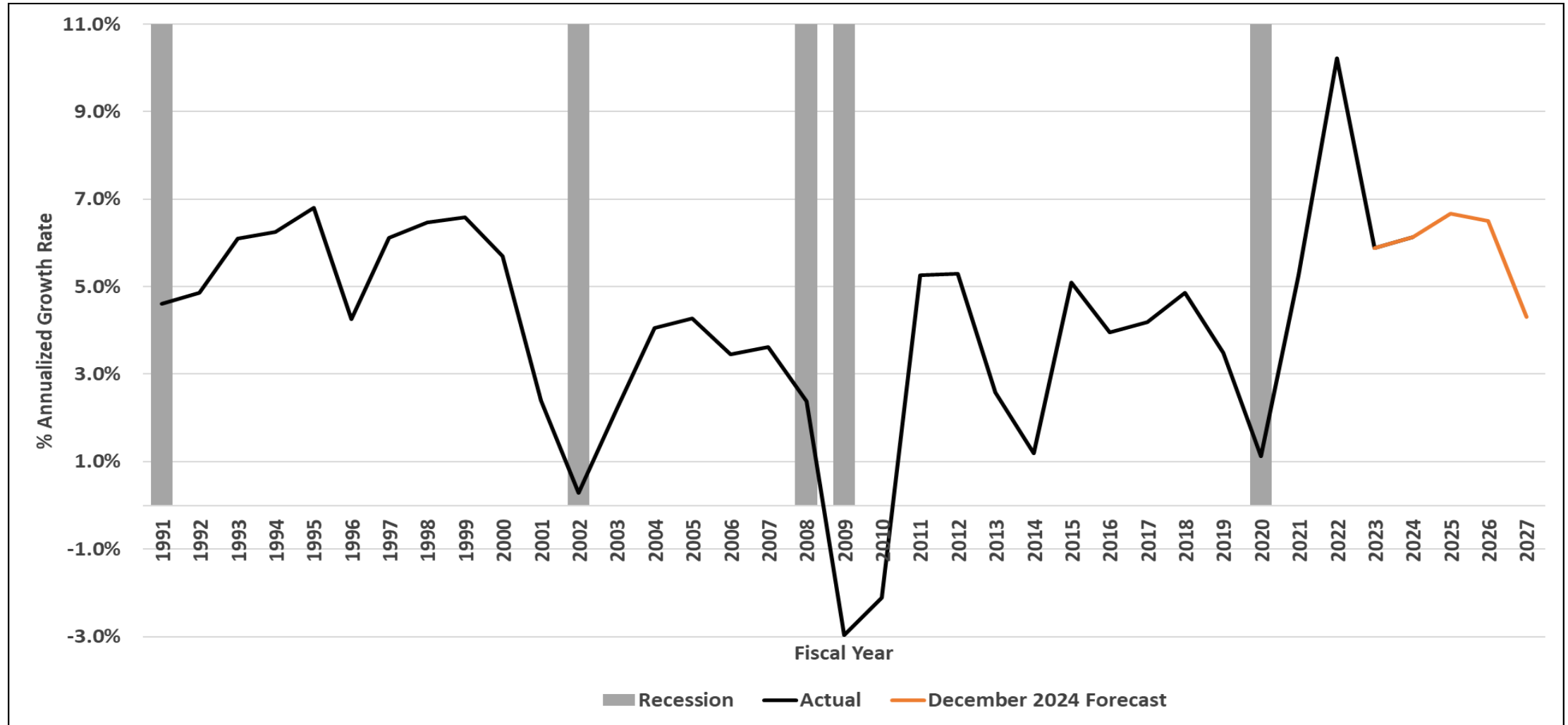
Indiana Gross State Product Growth over Prior Year



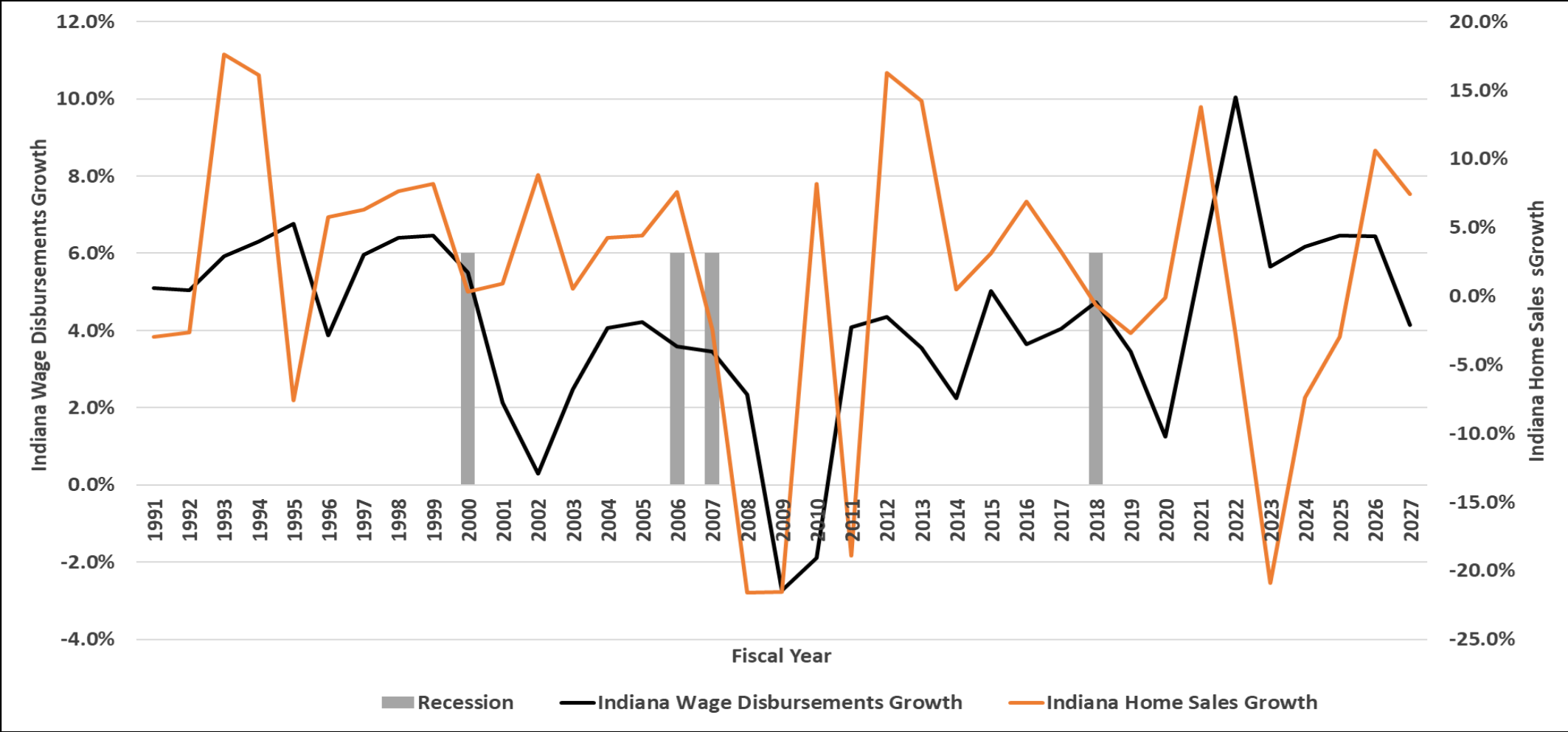
U.S. Dividend Payment and Interest Income Growth over Prior Year



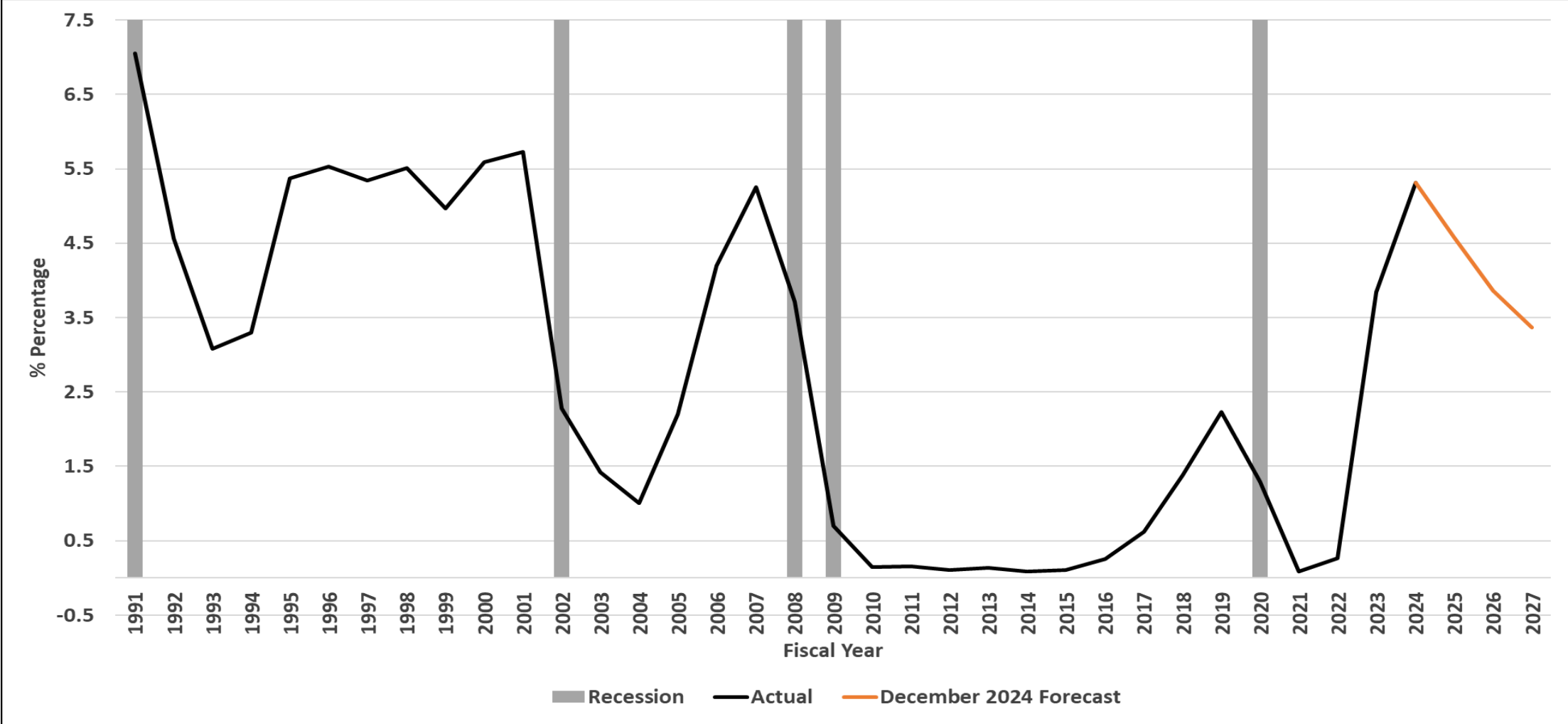
Adjusted Wages and Salaries Growth over Prior Year



Indiana Wage Disbursements and Home Sales Growth over Prior Year

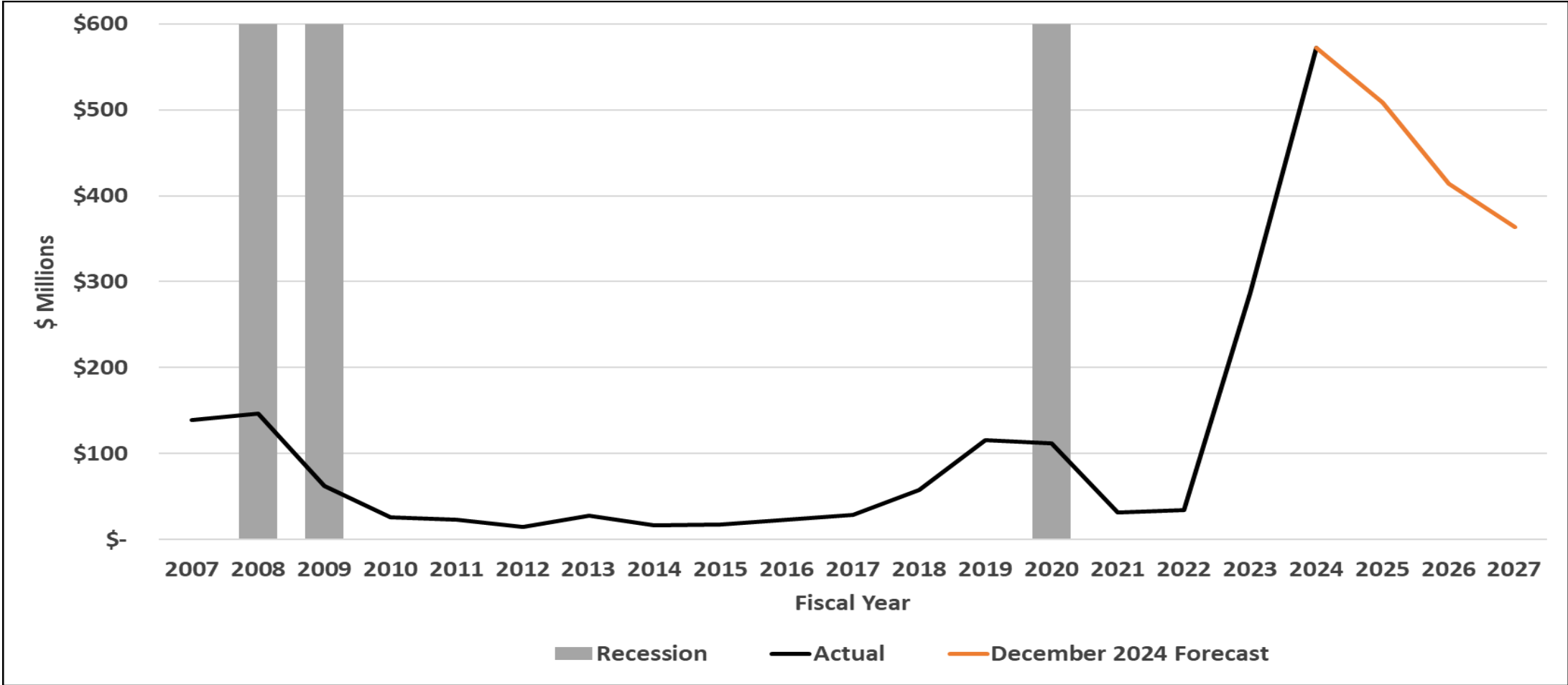


Effective rate on federal funds

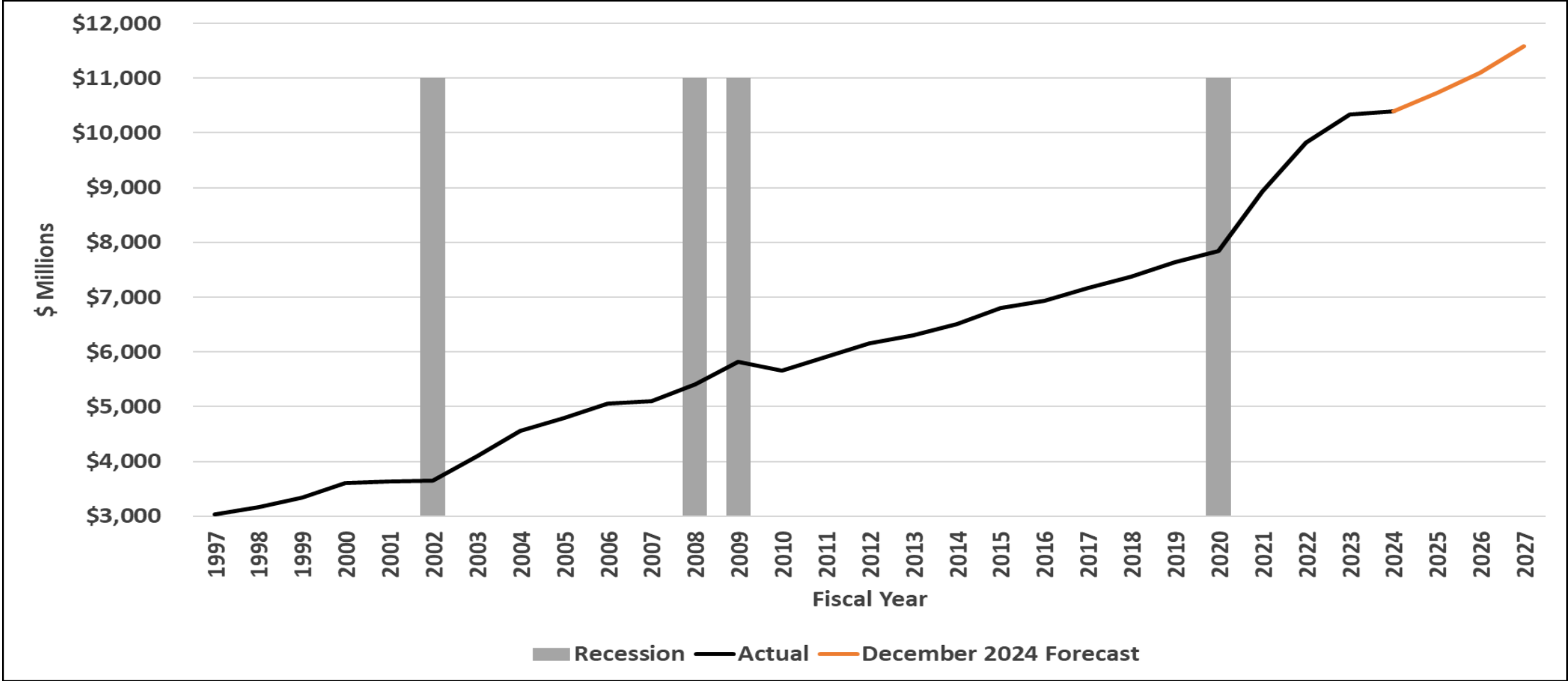


Revenue Trend and Forecast

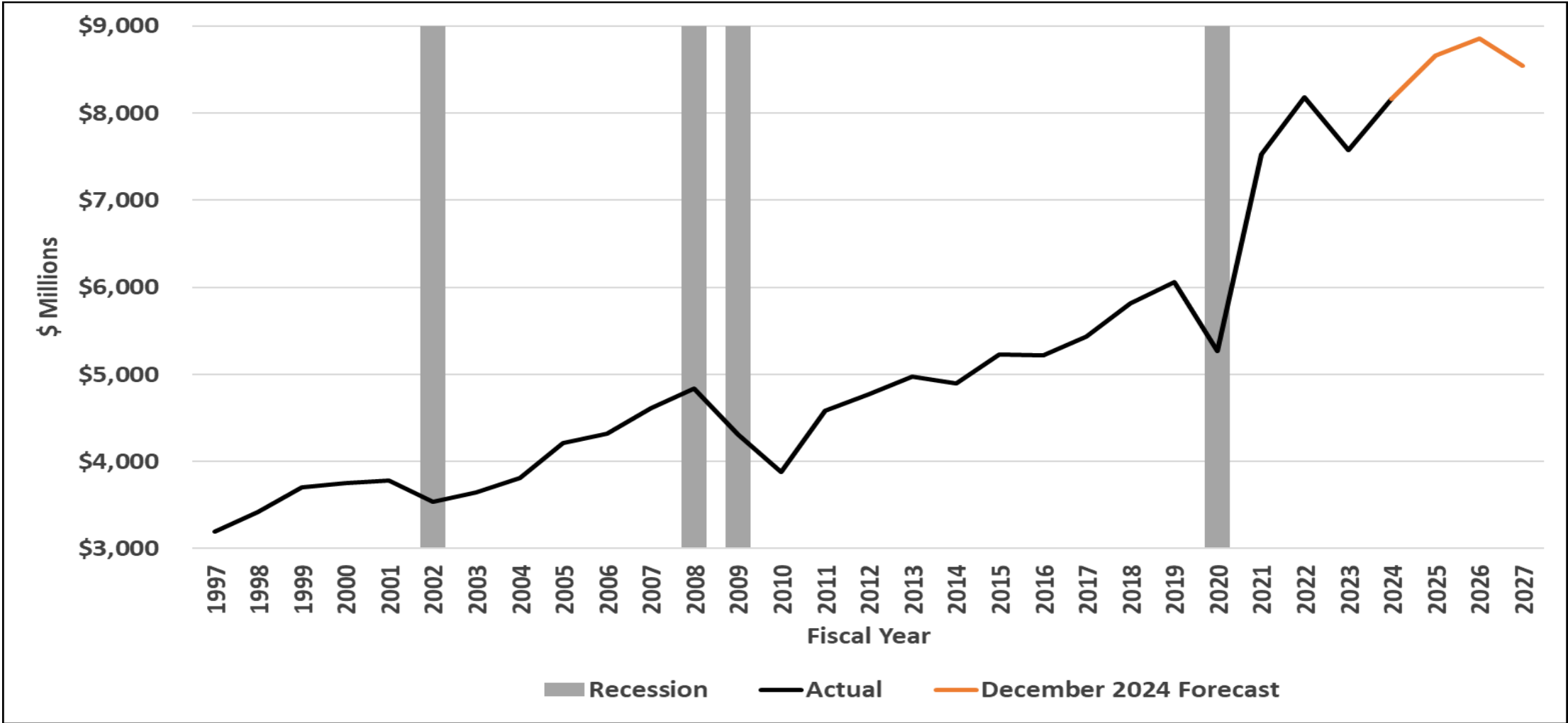
Interest Revenue



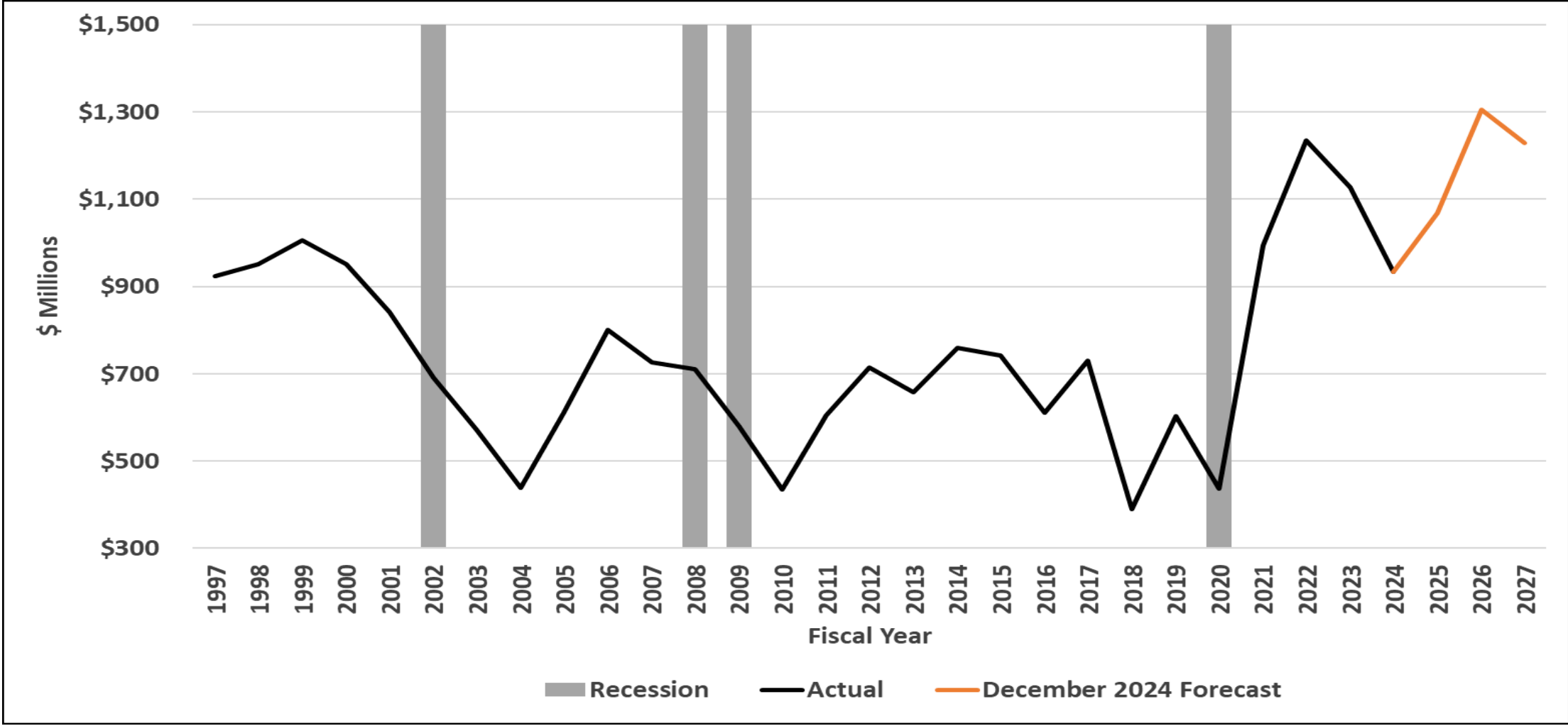
Revenue Trend and Forecast Adjusted Sales Net of GUT Tax



Revenue Trend and Forecast Adjusted Individual Income Tax



Revenue Trend and Forecast – Adjusted Corporate Income Tax



Revenue Trend and Forecast

Total General Fund

