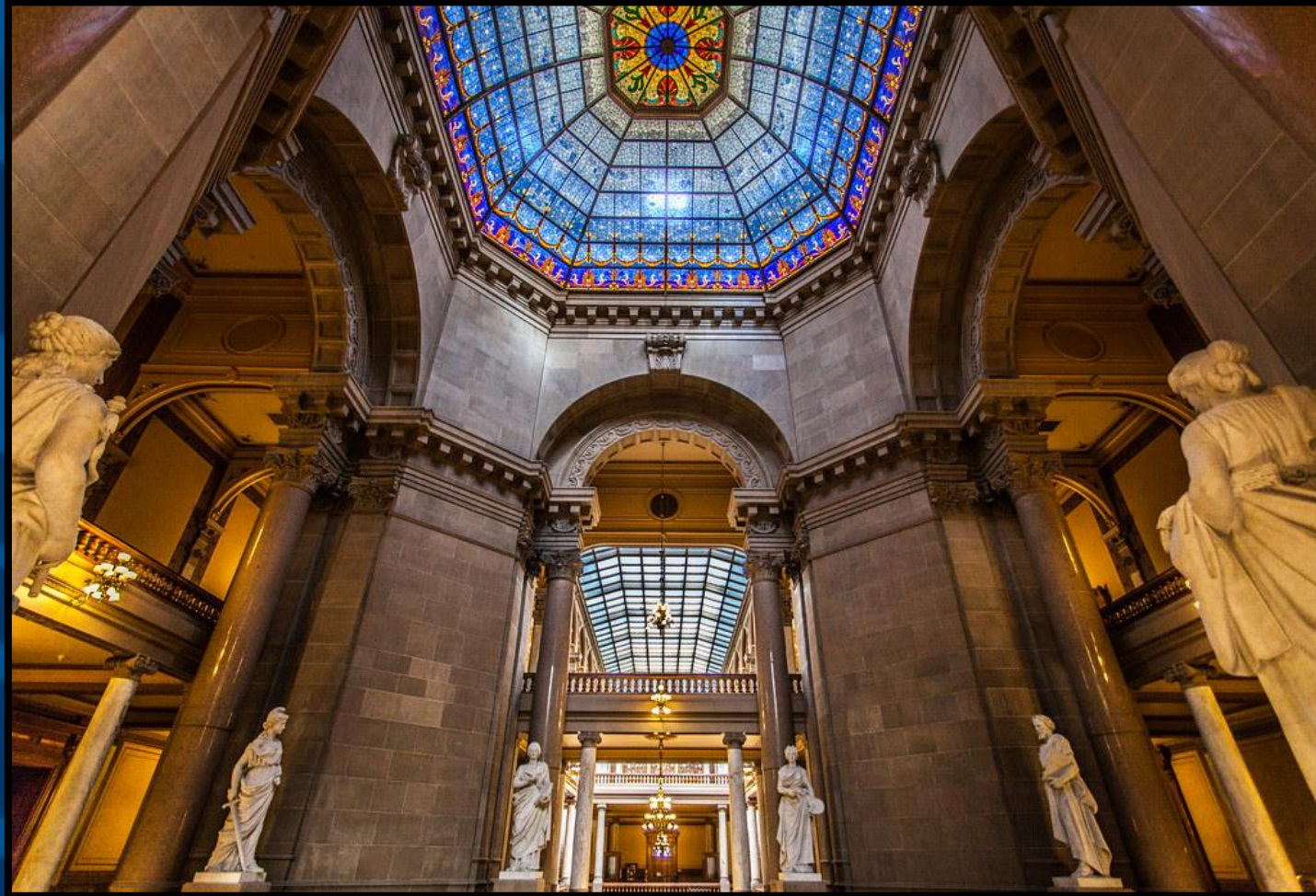


Indiana Economic and Revenue Forecast Overview



FY2025 - FY2027

US Economy Predicted Growth Rate

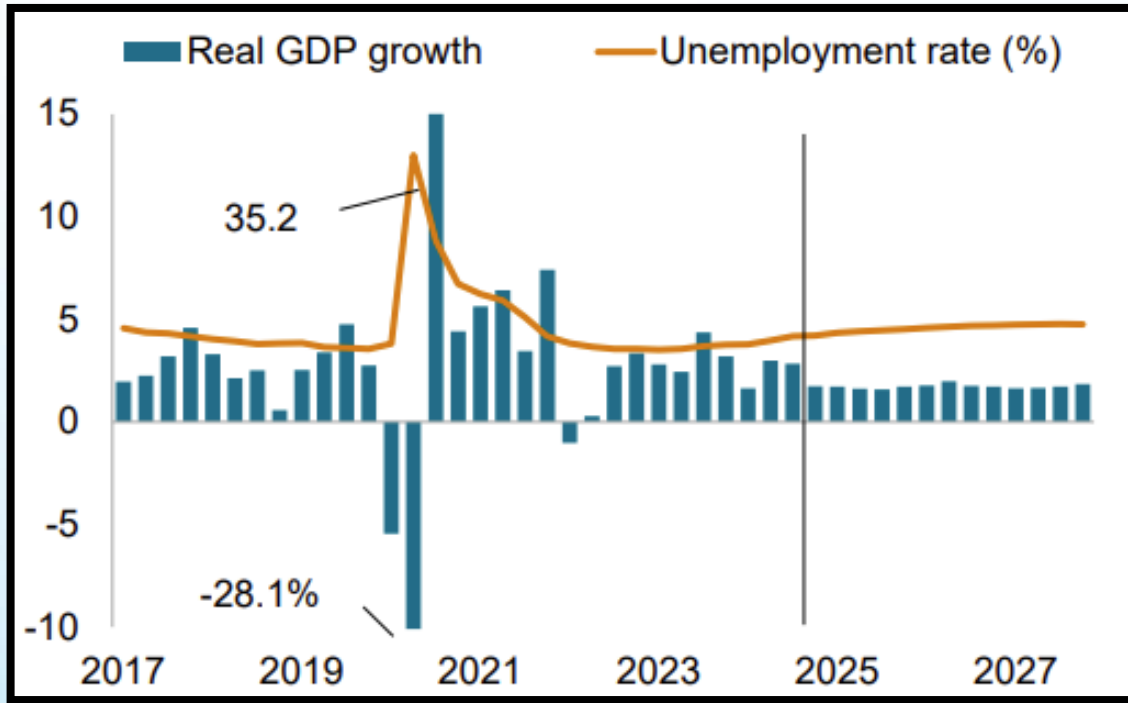
- United States economy is transitioning from above-potential to below-potential growth.
- Factors that contribute to slowdown include:
 - Ongoing effects of past Fed tightening.
 - Tightening bank lending standard on loans to businesses and consumers.
 - Diminished tailwinds that had been boosting growth in 2023.
 - Less investment in infrastructure and manufacturing facilities via Federal spending.
 - Strong dollar weighing on net exports.
- Initial assessment of expected policies to be enacted by the incoming Presidential administration.
 - Supply-tightening effects of higher tariffs, reduced immigration, and resulting increase in inflation partly offset by stimulative effects of tax cuts and deregulation.
 - Potential for reduced Federal spending a major unknown.

Key Policy Assumptions

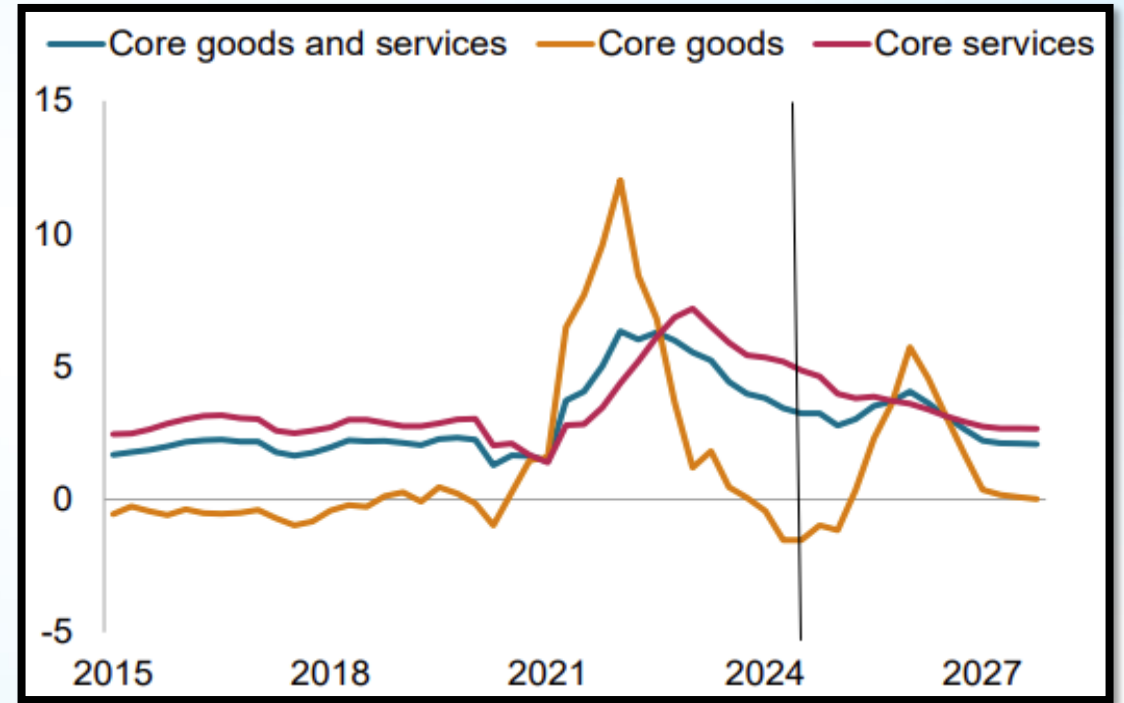
- Implementation of a 10% universal tariff and a 30% tariff on imports from China
 - Tariff hikes commence in second quarter of 2025 and ramp up over four quarters.
 - Trading partners likely to respond with tariffs of their own on US exports.
- Reduced inflow of immigrants with some degree of deportations will reduce net immigration.
 - Reduced aggregate supply via reduced labor availability.
 - Reduced domestic consumption due to lower population.
- Interest rate cuts by the Federal Reserve will still occur, but at a slower rate.
 - Long-term interest rates will be higher due to elevated inflation expectations.
- Department of Government Efficiency (DOGE)
 - Long Term - Reduced government spending would reduce budget deficits, which could help to boost economic growth.
 - Short Term - would be a net negative for GDP growth.

Key Economic Indicators

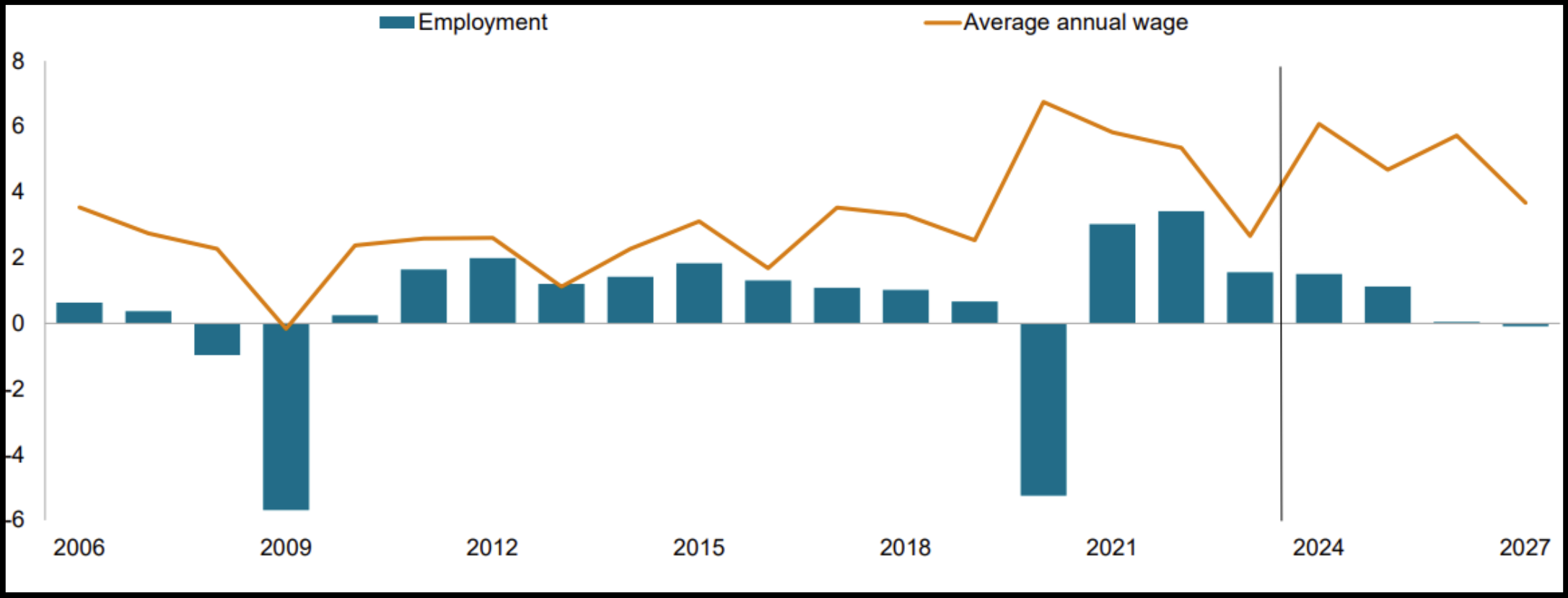
Unemployment Rate and Real GDP Growth



Consumer Price Index Excluding Food and Energy



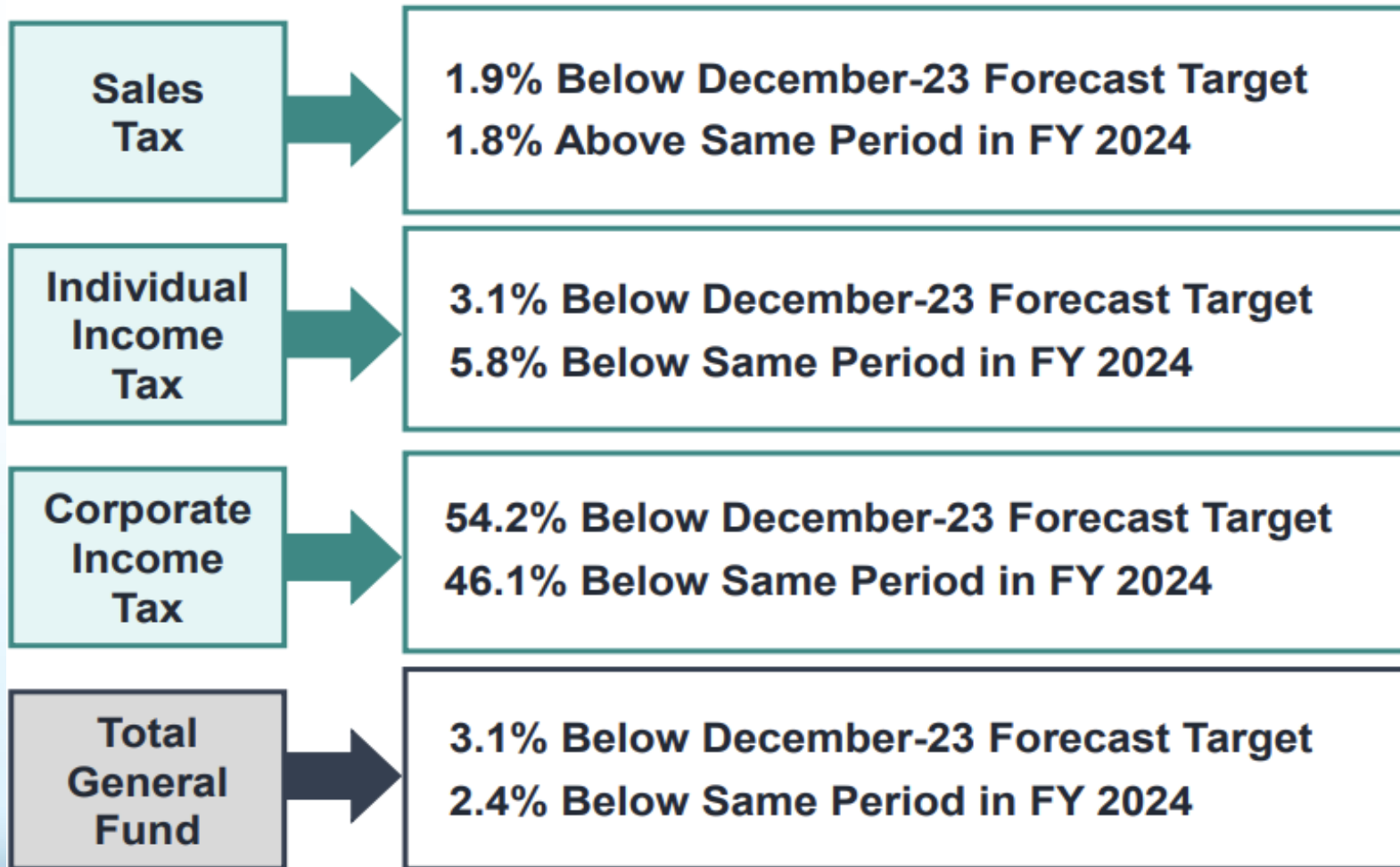
Indiana Employment and Wage Growth



Indiana Economic Summary

- The Indiana economy remains favorable.
 - Labor force gains have helped meet demand for more workers.
 - Research and development resources, along with its manufacturing experience, are generating and attracting new industry opportunities.
- Possible higher tariffs would impact major goods-producing industries.
- Limits on immigration and potential deportations would impact certain industries in the state.
- Risks to the state economy mirror issues at the national level.
 - Downside - disruption to capital and energy markets due to global turmoil pull down growth.
 - Upside - higher consumer spending and productivity gains would boost growth.
- Longer-term issues – labor force must continue to improve in size and skill level to allow existing business to expand and to attract new business.

Performance of Revenue Sources



Indiana Legislative Impacts

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

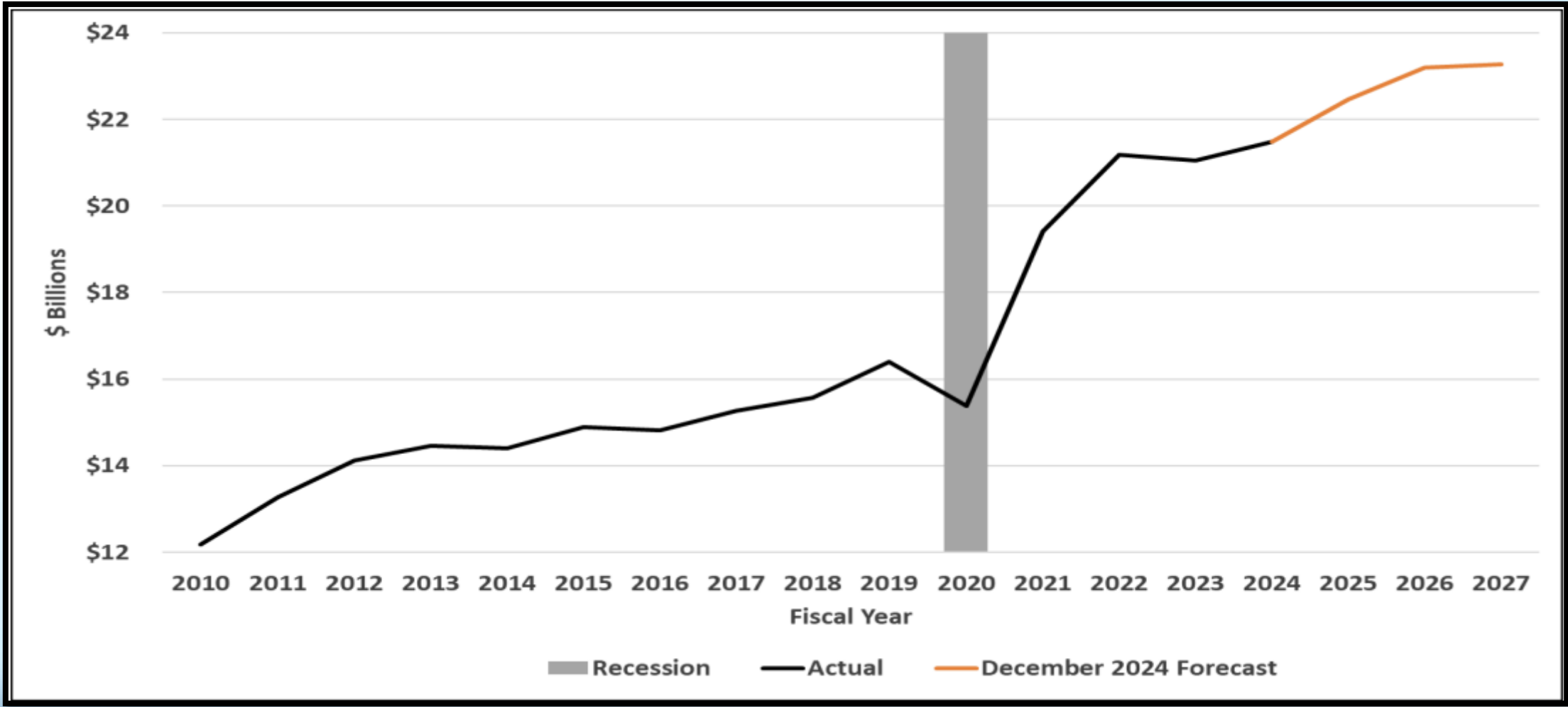
Total Tax Revenue Estimates

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

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%		

Revenue Trend and Forecast



Total General Fund Forecast

	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%

Total Tax Revenue Estimates

	Actual FY 2024	Estimated FY 2025	
Beginning Balance	\$2,926.2	\$2,551.3	(In Millions)
Total Year Revenues	\$21,911.6	\$22,848.6	
<i>Growth Rate</i>	1.5%	4.3%	
Total Year Expenses	\$21,490.2	\$22,271.2	
<i>Growth Rate</i>	19.4%	3.6%	
Annual Surplus	\$421.4	\$577.4	
Total Combined Balances	\$2,551.3	\$2,611.2	
<i>Net Balance as Percent of Expenditures</i>	11.9%	11.7%	

Thank You!



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