

On Local Government

The Indiana State Budget 2015–2017

February 2015

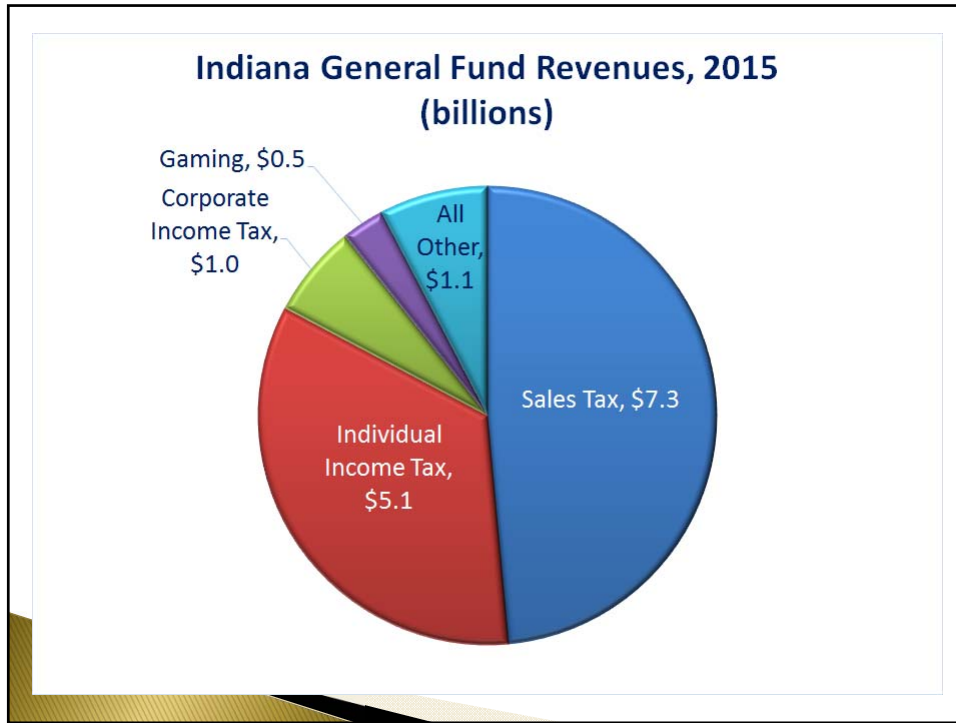
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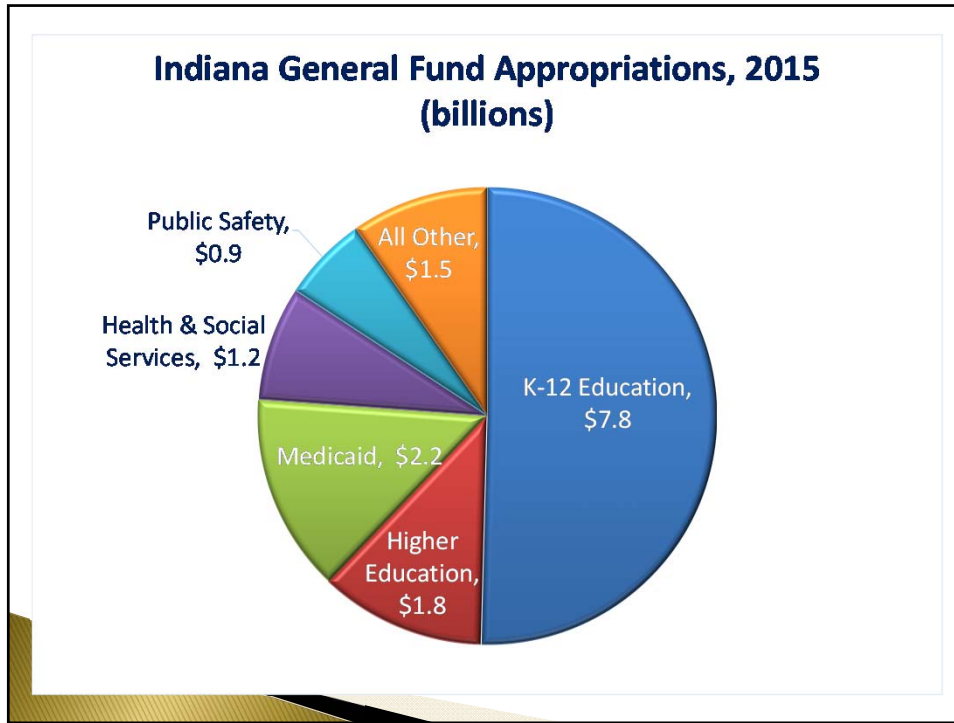
Indiana State Budget Summary, FY 2015–17

	Budget 2015	Budget 2016	Budget 2017	Avg Chng 2015-17
Revenues	14,954	15,360	15,792	2.8%
Sales Tax	7,257	7,551	7,905	4.4%
Ind. Income Tax	5,121	5,173	5,315	1.9%
Corp. Income Tax	978	1,009	993	0.7%
Gaming	452	432	429	-2.6%
All Other	1,147	1,194	1,151	0.2%



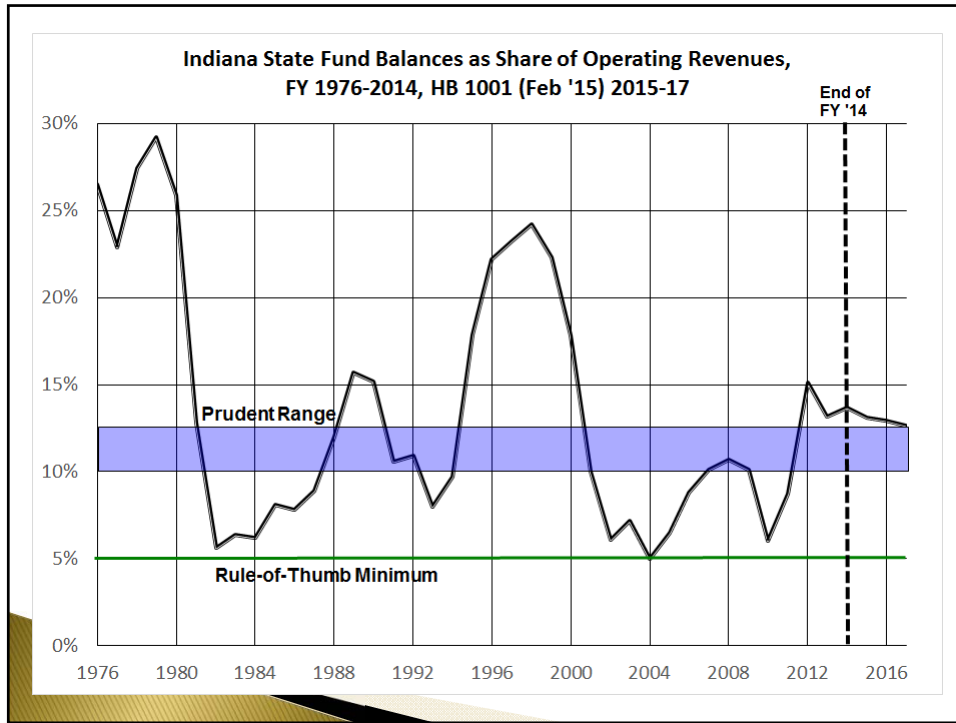
Indiana State Budget Summary, FY 2015-17

	Budget 2015	HB1001 Budget 2016	HB1001 Budget 2017	Avg Chng 2015-17
Appropriations	15,420	15,618	15,944	1.7%
K-12 Education	7,774	7,917	8,136	2.3%
Higher Education	1,805	1,880	1,910	2.9%
Medicaid	2,162	2,165	2,227	1.5%
Health/Social Svcs	1,247	1,248	1,244	-0.1%
Public Safety	933	967	949	0.8%
All Other	1,499	1,441	1,479	-0.7%



Indiana State Budget Summary, FY 2015-17

	Budget 2015	Budget 2016	Budget 2017	Avg Chng 2015-17
Start of Year Balances	2,005	1,959	1,858	
Revenues	14,954	15,360	15,792	2.8%
Appropriations	15,420	15,618	15,944	1.7%
Surplus/Deficit	-465	-259	-153	
Reversions/Transfers	420	158	158	
End of Year Balances	1959	1858	1864	
Balances % of Revenue	13.1%	12.1%	11.8%	



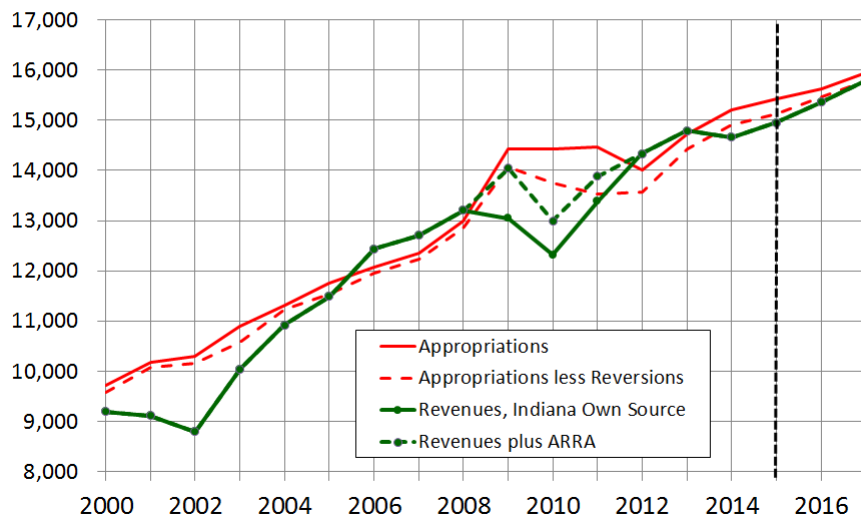
Indiana State Budget Summary, FY 2015-17 HB 1001 compared to Governor's proposal

	HB1001 Budget 2016	HB1001 Budget 2017	Avg Chng 2015-17
Appropriations	128	3	0.01%
K-12 Education	-4	120	0.8%
Higher Education	48	60	1.6%
Medicaid	1	1	0.0%
Health/Social Svcs	3	1	0.0%
Public Safety	-1	-5	-0.3%
All Other	81	-173	-5.7%

Indiana State Budget Summary, FY 2015-17 HB 1001 compared to Governor's proposal

	HB1001 Budget 2016	HB1001 Budget 2017	Avg Chng 2015-17
Start of Year Balances	0	-128	
Revenues	0	0	0.0%
Appropriations	128	3	0.01%
Surplus/Deficit	-128	-3	
Reversions/Transfers	0	0	
End of Year Balances	-128	-131	
Balances % of Revenue	-0.8%	-0.8%	

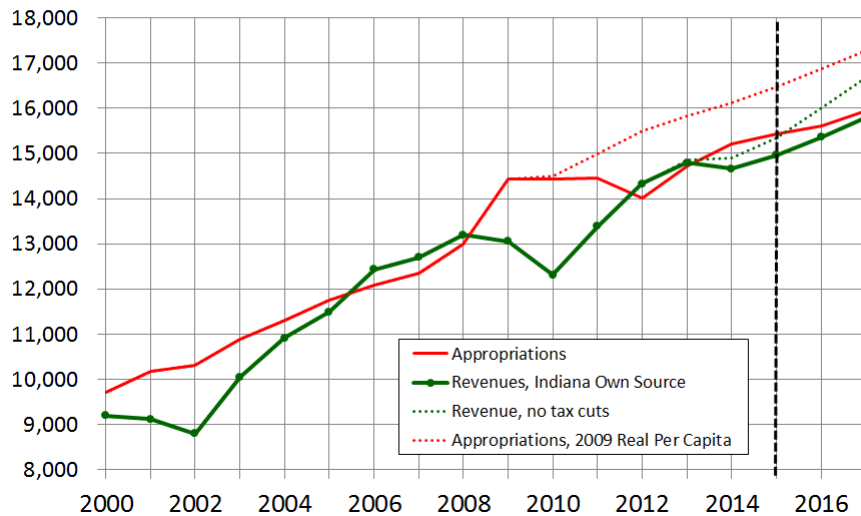
Indiana State Budget Revenues and Appropriations,
Actual 2000-14 and 2015-17 from Dec. '14 Forecast
and February '15 HB 1001 Budget Proposal
(fiscal years, millions of dollars)

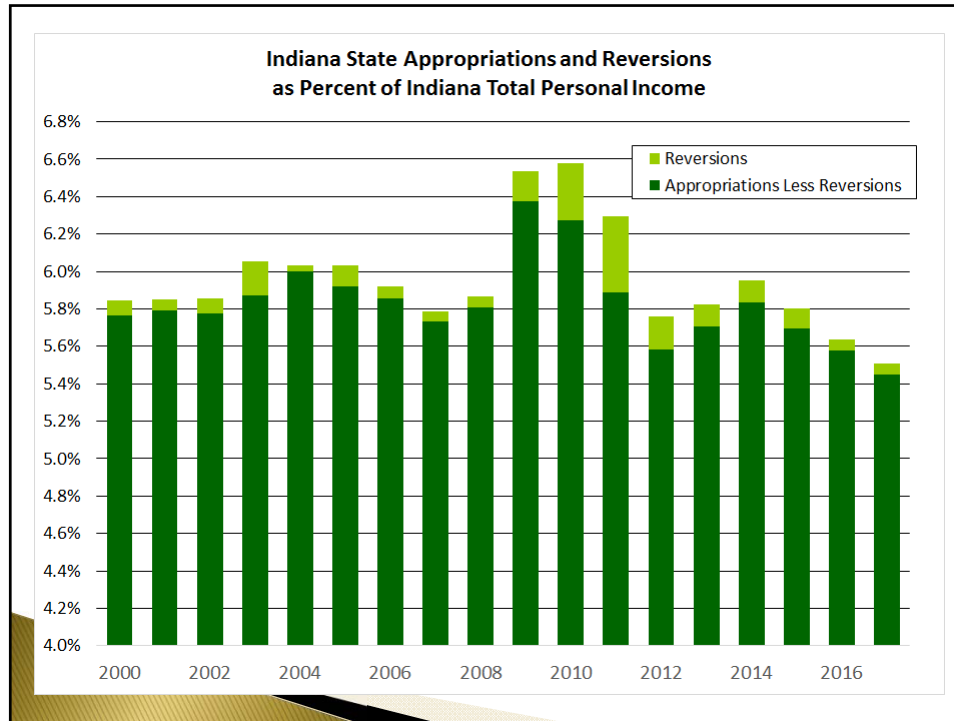


Tax Reductions, 2014-17

Biennium Tax Reductions, 2014-17	Reduction	Millions
Corporate Income Tax	8% to 6.25%	\$ 190
Financial Institutions Tax	8.5% to 6.5%	\$ 14
Individual Income Tax	3.4% to 3.23%	\$ 298
Inheritance Tax	Full elimination	\$ 129
Total		\$ 631

**Indiana State Budget Revenues and Appropriations,
Dec. '14 Forecast and Feb. '15 HB1001 Budget Proposal
Revenue w/o Tax Cuts, Appropriations to Maintain 2009 Real Per Capita
(fiscal years, millions of dollars)**





Indiana Constitution: Article 10, Section 5.

State debt

Section 5. No law shall authorize any debt to be contracted, on behalf of the State, except in the following cases: to meet casual deficits in the revenue; to pay the interest on the State Debt; to repel invasion, suppress insurrection, or, if hostilities be threatened, provide for the public defense.

(49 words)



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NCSL FISCAL BRIEF: STATE BALANCED BUDGET PROVISIONS

October 2010

www.ncsl.org/documents/fiscal/StateBalancedBudgetProvisions2010.pdf

NCSL FISCAL BRIEF: STATE BALANCED BUDGET PROVISIONS

October 2010

	Indiana	All States, Constitutional
Governor Must Submit Balanced Budget	No	34
Legislature Must Pass Balanced Budget	No	33
Cannot Carry Over Deficit	Yes	38
At Least One Constitutional Restriction	Yes	49

www.ncsl.org/documents/fiscal/StateBalancedBudgetProvisions2010.pdf

NCSL FISCAL BRIEF: STATE BALANCED BUDGET PROVISIONS

October 2010

“Prohibitions against carrying deficits into the next fiscal year are a way of enforcing the principle of a balanced budget.” (p.5)

“For the majority of states . . . it is the *tradition* of balancing the budget that has created a forceful political rule to do so.” (p.9)

SJR-19: Balanced Budget Amendment

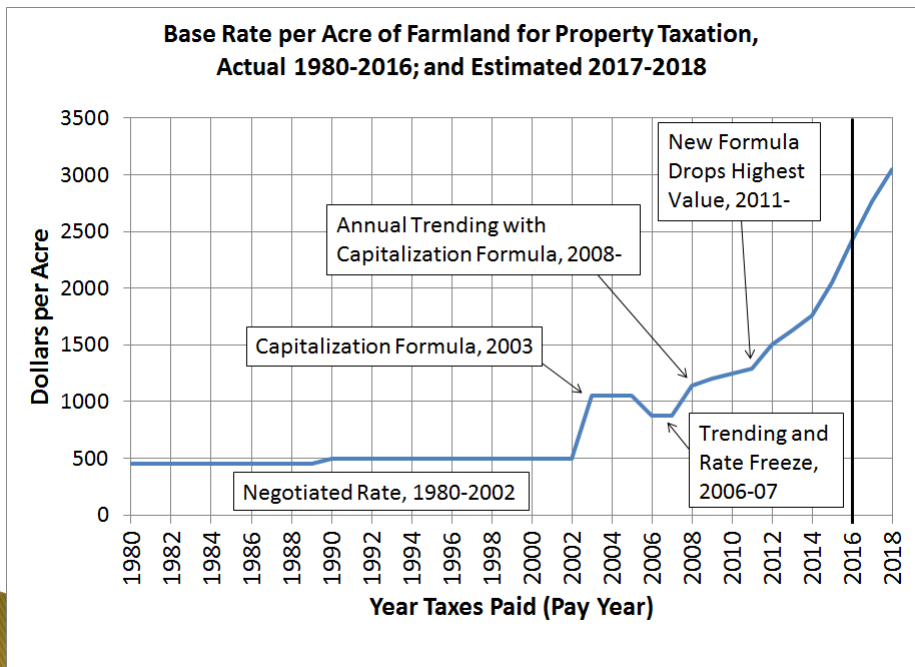
- Total ordinary operating appropriations for a budget period may not exceed the estimated revenue of the state
- Requirement may be suspended by two-thirds vote of both houses
- If revenues fall short of estimates, difference must be made up in following budget period
- Must appropriate money to actuarially fund accrued liability of state's pension funds

(Actual text: 470 words)

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Can we still do this?



Calculation of the Base Rate for an Acre of Farmland

Assessment Year 2013; Tax Year 2014

Year	<u>NET INCOMES</u>			<u>MARKET VALUE IN USE</u>		
	Cash Rent	Operating	Cap. Rate	Cash Rent	Operating	Average
2005	110	59	7.22%	1,524	817	1,170
2006	110	74	8.18%	1,345	905	1,125
2007	122	184	7.94%	1,537	2,317	1,927
2008	140	189	6.56%	2,134	2,881	2,508
2009	139	116	6.17%	2,253	1,880	2,066
2010	141	172	5.97%	2,362	2,881	2,621
Average Market Value in Use						\$1,760

Calculation of the Base Rate for an Acre of Farmland

Assessment Year 2014; Tax Year 2015

Year	<u>NET INCOMES</u>			<u>MARKET VALUE IN USE</u>		
	Cash Rent	Operating	Cap. Rate	Cash Rent	Operating	Average
2006	110	74	8.18%	1,345	905	1,125
2007	122	184	7.94%	1,537	2,317	1,927
2008	140	189	6.56%	2,134	2,881	2,508
2009	139	116	6.17%	2,253	1,880	2,066
2010	141	172	5.97%	2,362	2,881	2,621
2011	161	254	5.61%	2,870	4,528	3,699
Average Market Value in Use						\$2,050

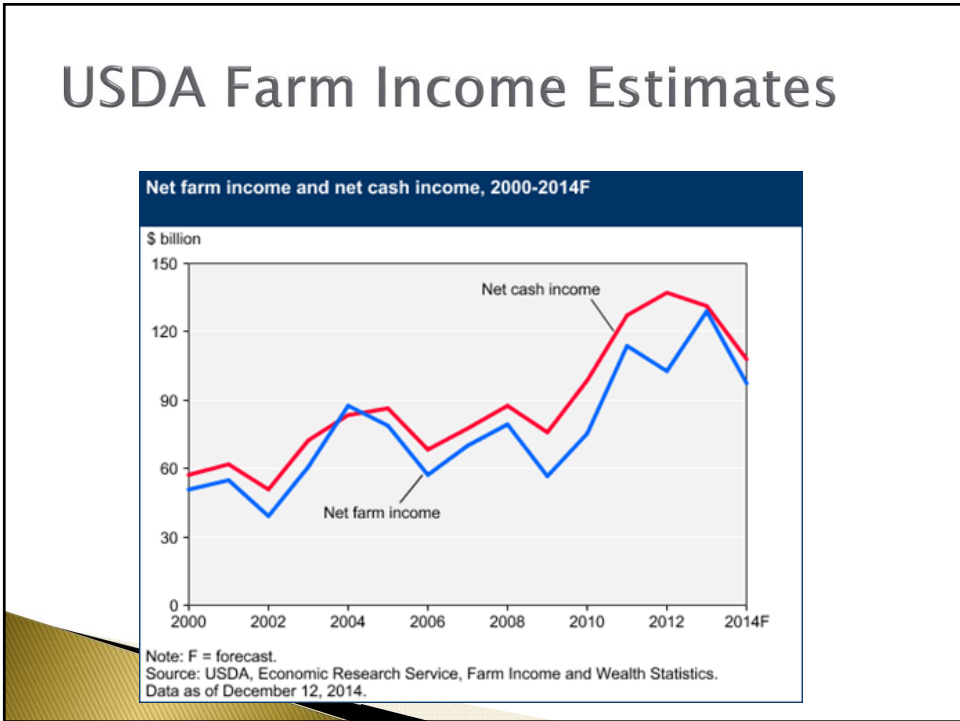
+16.5%

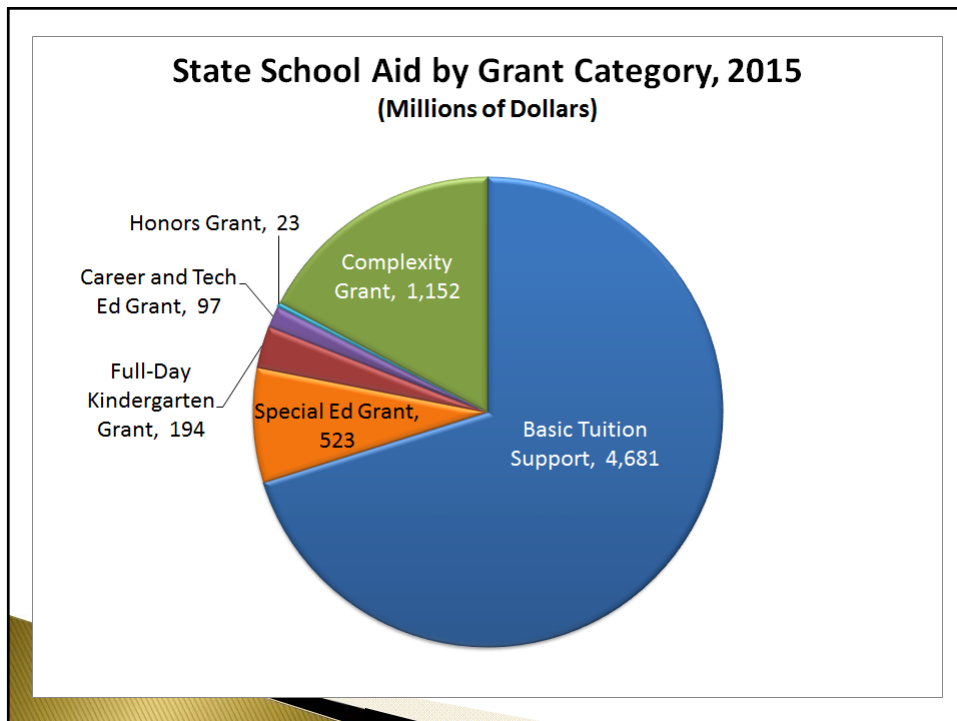
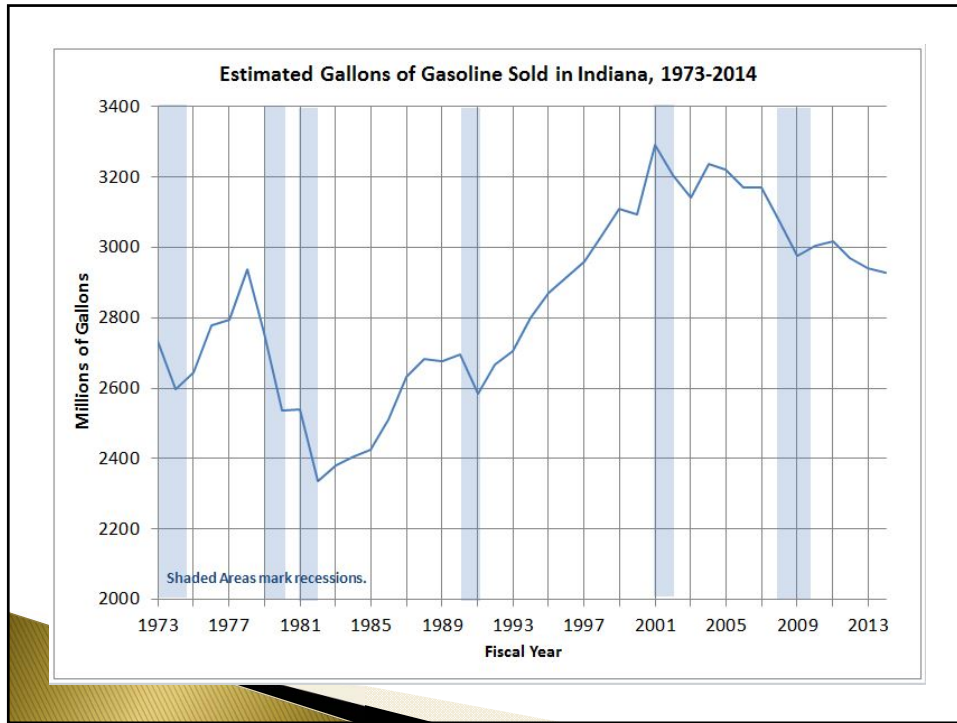
Calculation of the Base Rate for an Acre of Farmland

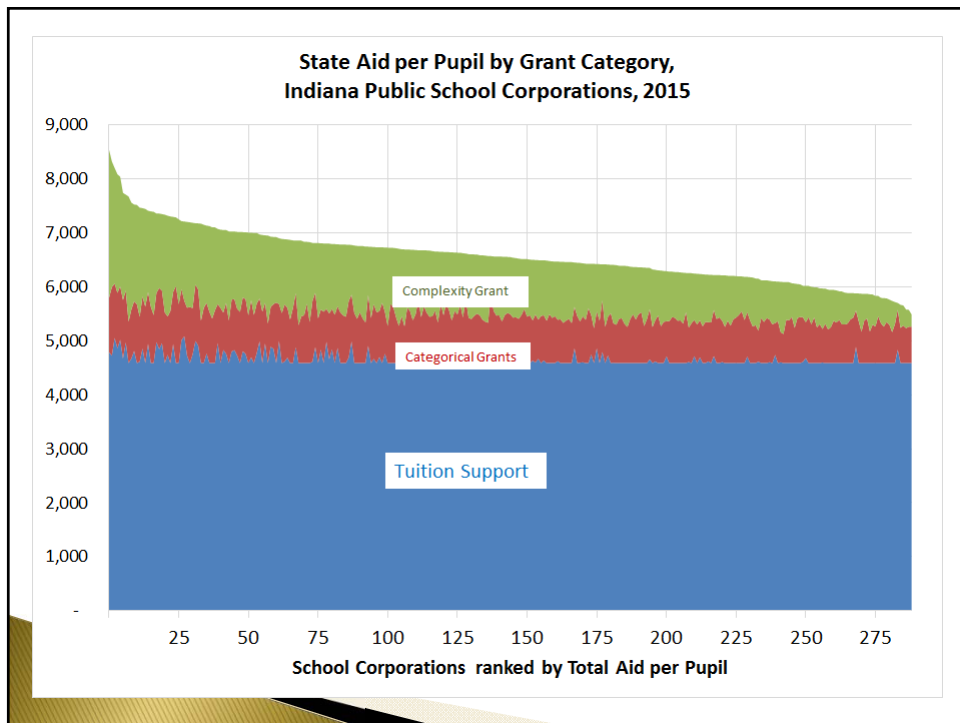
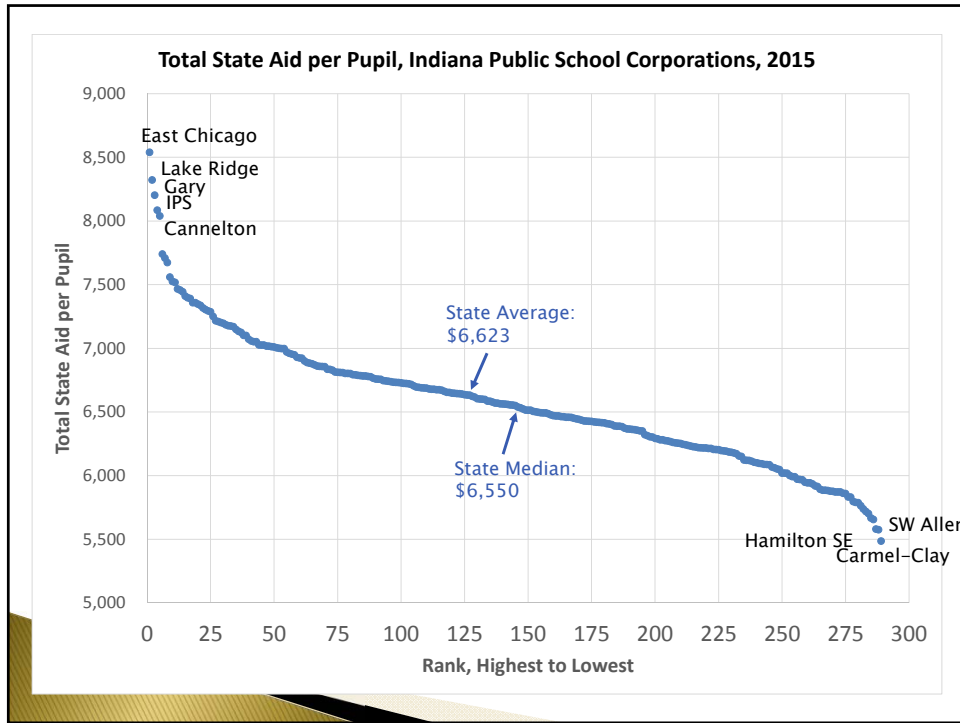
Assessment Year 2015; Tax Year 2016

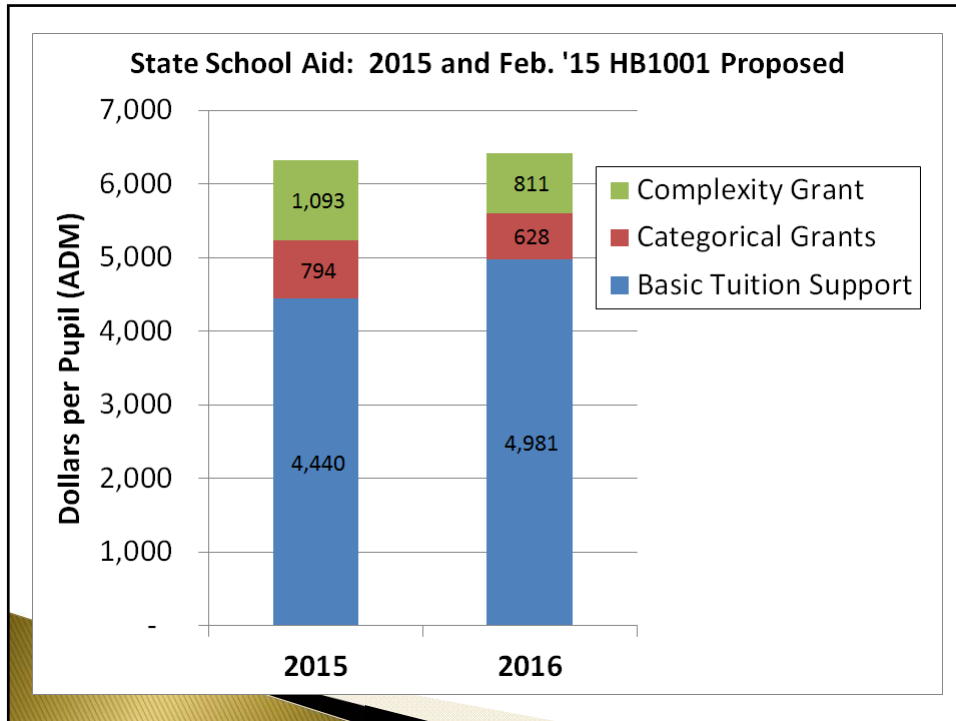
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	Cash Rent	Operating	Cap. Rate	Cash Rent	Operating	Average
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2009	139	116	6.17%	2,253	1,880	2,066
2010	141	172	5.97%	2,362	2,881	2,621
2011	161	254	5.61%	2,870	4,528	3,699
2012	185	116	5.06%	3,656	2,292	2,974
Average Market Value in Use						\$2,420

+18.0%









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