

?State Sen. Lewis responds to new state revenue forecast

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?? ? According to the economic forecast presented recently to the State Budget Committee, Indiana's revenue will be much lower for the current year than previously projected.

The state's revenue for the current fiscal year is now expected to be at least \$720 million less than was forecast one year ago. The state is currently in the middle of fiscal year 2009, which runs from July 1, 2008, to June 30, 2009.

Analysts expect little improvement in the state's revenue forecast over the next two years, as well as a continued rise in the unemployment rate. The state may see unemployment levels reach as high as 8% in 2010 before the employment market improves, according to the recent forecast.

"We must work together to follow through with our obligation to fully fund Indiana's public schools," said State Senator James Lewis. "Although the revenue forecast is lower than expected, we must meet the needs of Hoosiers who rely on state services."

Property tax reforms enacted in 2008 were based on revenue growth projections for the next two years that are now lower than previously anticipated. Those reforms brought new expense obligations to the state, including shifting the school general, the child welfare levy and other levies from local property tax revenues to the state.

Lawmakers balanced those reforms and additional property tax relief with shifts in tax revenues from local collections and in a one cent increase in the state sales tax. Even with that additional revenue, the state is expecting a 2.3% growth next year instead of the 4% growth expected to fund the property tax relief to homeowners.

"I had strong thoughts that this is what we would hear," Lewis added. "We must now work together to make ends meet."

For more information on Sen. Lewis, his legislative agenda or other State Senate business call 1-800-382-9467 or visit the website at www.senatedemocrats.in.gov.