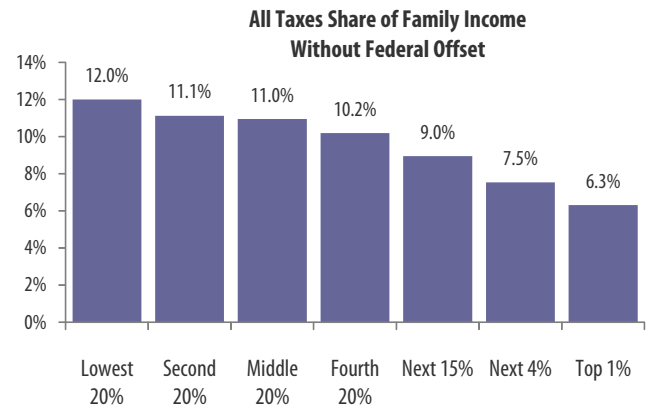
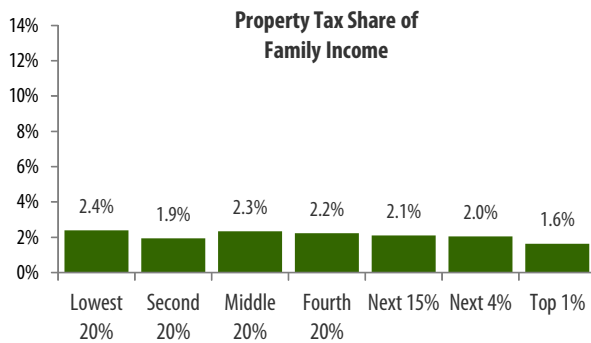
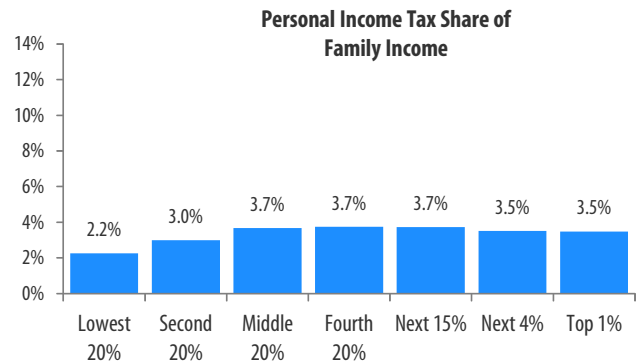
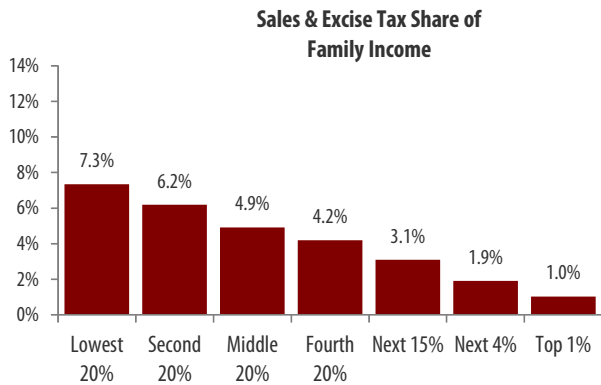
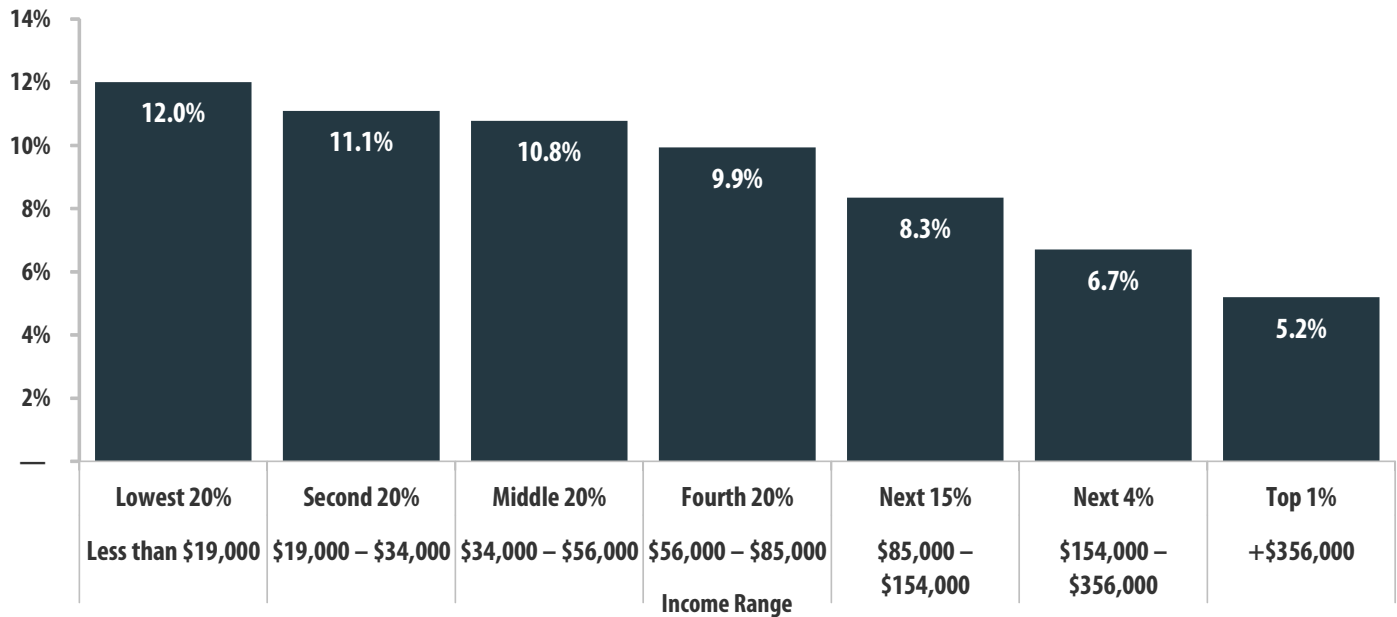


Indiana State & Local Taxes in 2015

#10 of the Terrible 10

Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in Indiana enacted through December 31, 2014 at 2012 income levels. Top figure represents total state and local taxes as a share of income, post-federal offset.

Indiana State & Local Taxes in 2015

#10 of the Terrible 10

Details, Tax Code Features, & Tax Code Changes Enacted in 2013 & 2014

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$34,000	\$34,000 – \$56,000	\$56,000 – \$85,000	\$85,000 – \$154,000	\$154,000 – \$356,000	\$356,000 or more
Average Income in Group	\$10,900	\$26,700	\$44,500	\$68,500	\$108,500	\$212,500	\$945,000
Sales & Excise Taxes	7.3%	6.2%	4.9%	4.2%	3.1%	1.9%	1.0%
General Sales—Individuals	4.3%	3.8%	3.1%	2.8%	2.0%	1.3%	0.7%
Other Sales & Excise—Ind.	1.5%	1.0%	0.7%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.3%	1.1%	0.9%	0.7%	0.4%	0.3%
Property Taxes	2.4%	1.9%	2.3%	2.2%	2.1%	2.0%	1.6%
Property Taxes on Families	2.1%	1.7%	2.0%	1.9%	1.8%	1.5%	0.7%
Other Property Taxes	0.3%	0.2%	0.3%	0.3%	0.3%	0.6%	1.0%
Income Taxes	2.3%	3.0%	3.7%	3.8%	3.8%	3.6%	3.6%
Personal Income Tax (State and Local)	2.2%	3.0%	3.7%	3.7%	3.7%	3.5%	3.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Total Taxes	12.0%	11.1%	11.0%	10.2%	9.0%	7.5%	6.3%
Federal Deduction Offset	-0.0%	-0.0%	-0.2%	-0.3%	-0.6%	-0.8%	-1.1%
OVERALL TOTAL	12.0%	11.1%	10.8%	9.9%	8.3%	6.7%	5.2%

Note: Table shows detailed breakout of data on previous page.

Indiana Tax Code Features

Progressive Features

- Provides a 9 percent refundable Earned Income Tax Credit (EITC)
- Sales tax base excludes groceries

Regressive Features

- Personal income tax uses a flat rate
- Comparatively low income tax exemptions
- EITC is not fully coupled to recent enhancements in the federal credit
- Fails to provide a property tax “circuit breaker” credit for low-income non-elderly taxpayers
- Fails to provide refundable child tax credits
- Fails to use combined reporting as part of its corporate income tax

Tax Changes Enacted in 2013 & 2014

- Reduced personal income tax rate (will fall from 3.4 to 3.23 percent by 2017)
- Reduced corporate income tax rate (will fall from 7.5 to 4.9 percent by 2017)
- Granted localities the power to eliminate business personal property taxes

ITEP Tax Inequality Index

According to ITEP’s Tax Inequality Index, Indiana has the **10th** most unfair state and local tax system in the country. States with regressive tax structures have negative tax inequality indexes, meaning that incomes are less equal in those states after state and local taxes than before (See Appendix B for state-by-state rankings and more details).