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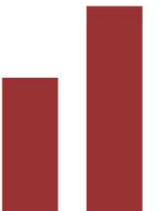
Presentation to Indiana State and Local Tax Review Task Force

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Institute on Taxation and Economic Policy

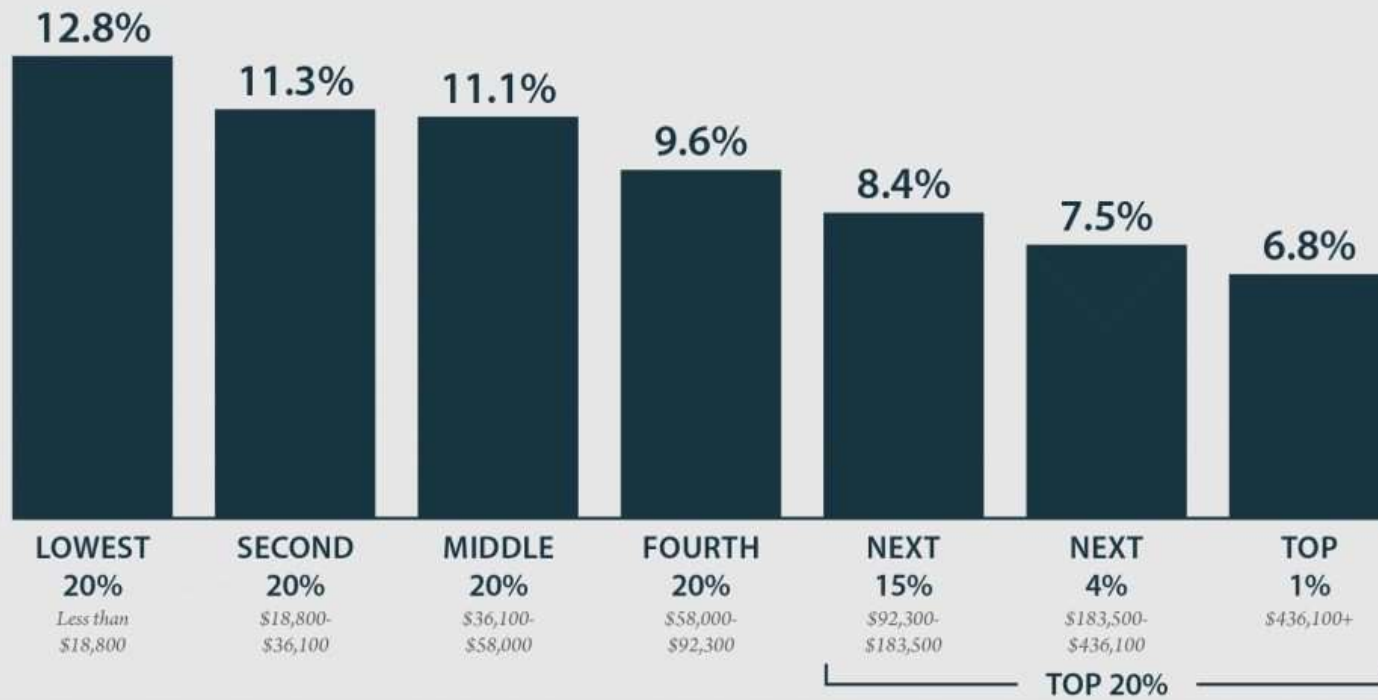
Neva@itep.org



TOTAL STATE AND LOCAL TAXES IN INDIANA

Share of Family Income

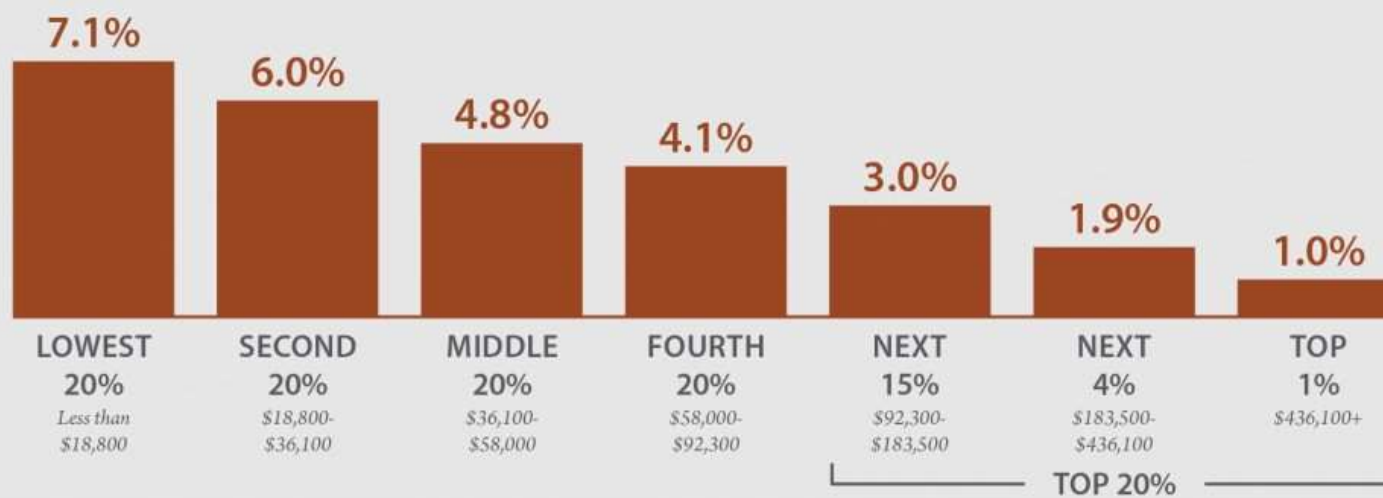
REGRESSIVE





SALES & EXCISE TAXES IN INDIANA

Share of Family Income





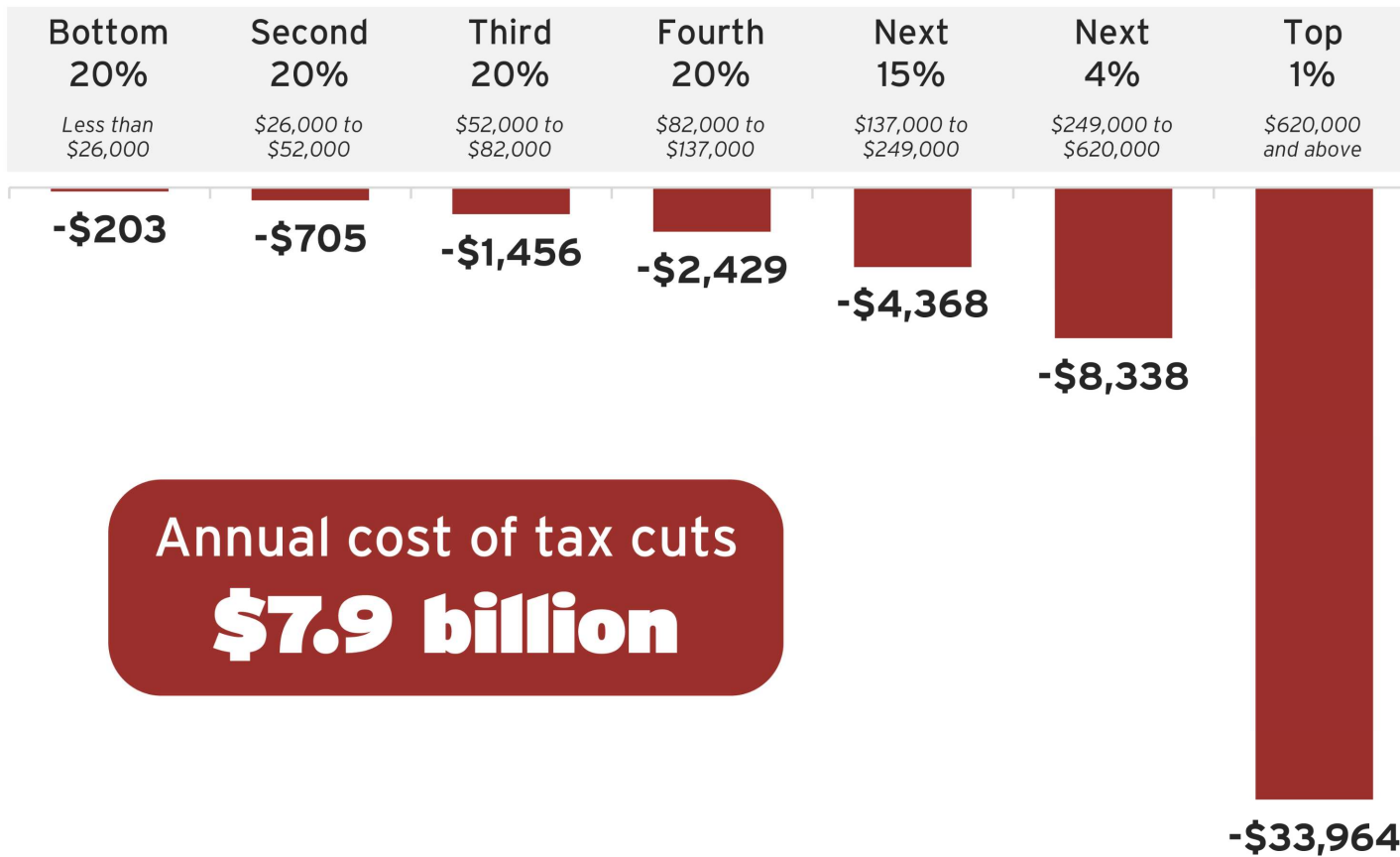
PERSONAL INCOME TAX IN INDIANA

Share of Family Income



Impact of Eliminating State Personal Income Tax

Average tax cut by income group



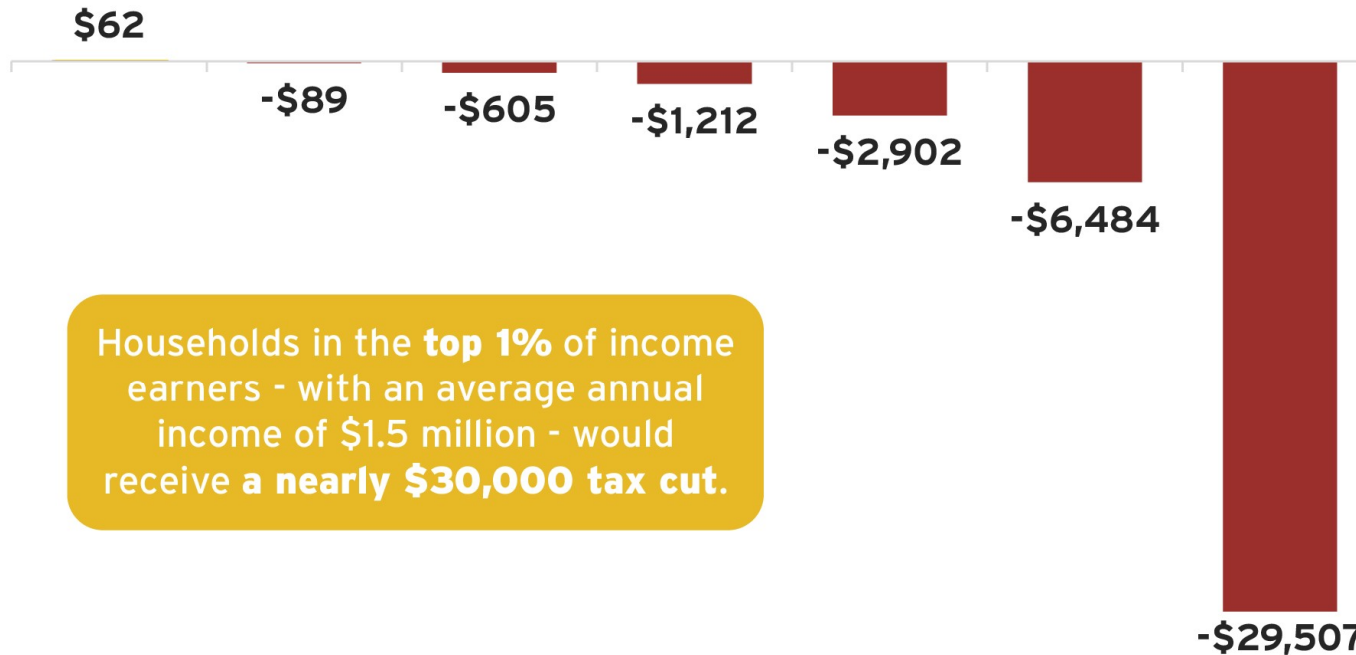
Note: Analysis assumes full elimination of the refundable Earned Income Tax Credit and Unified Tax Credit for the Elderly.

Source: *Institute on Taxation and Economic Policy analysis, October 2023*

Impact of Replacing Half of State Personal Income Tax With 9.5% Sales Tax Rate

Average tax change by income group

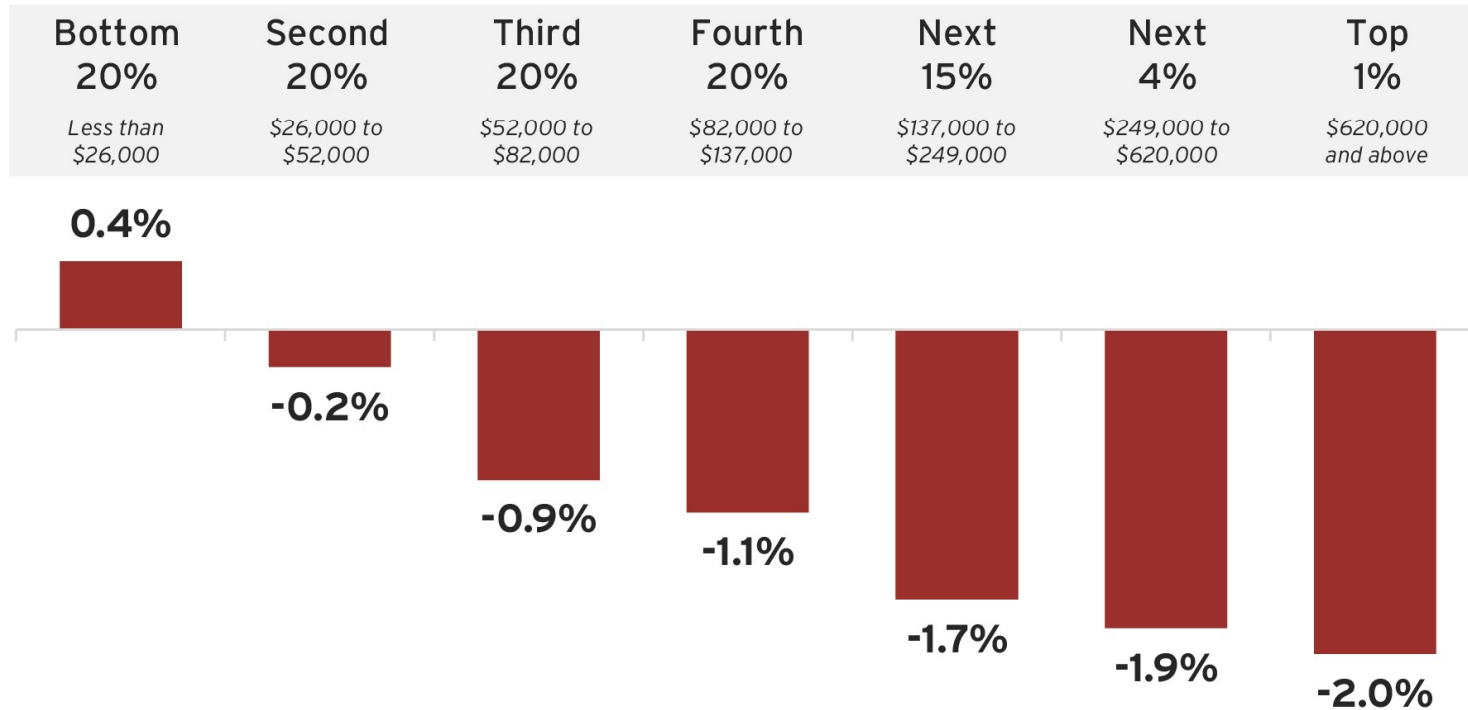
Bottom 20%	Second 20%	Third 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
<i>Less than \$26,000</i>	<i>\$26,000 to \$52,000</i>	<i>\$52,000 to \$82,000</i>	<i>\$82,000 to \$137,000</i>	<i>\$137,000 to \$249,000</i>	<i>\$249,000 to \$620,000</i>	<i>\$620,000 and above</i>



Households in the **top 1%** of income earners - with an average annual income of \$1.5 million - would receive a **nearly \$30,000 tax cut.**

Impact of Replacing Half of State Personal Income Tax With 9.5% Sales Tax Rate

Tax change as a percentage of income



Source: Institute on Taxation and Economic Policy analysis, October 2023

Tax policies that would improve equity



Close corporate tax loopholes



Enact estate or inheritance taxes



Enact a graduated income tax structure



Tax capital gains at a higher rate than wage income



Create and expand targeted, refundable tax credits for families

Learn more at [ITEP.org](https://www.itep.org)





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