LESSONS LEARNED ANALYZING INDIANA’S INCOME TAX CREDITS

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FTA Revenue Estimation and Tax Research Conference
Springfield, IL
October 8, 2013
Our Charge

- Within two years, study all Income Tax Credits
  - Scope and purpose of the credit.
  - Parameters of the credit.
  - Description of the qualifying taxpayers.
  - How effective the credit assists those taxpayers.
  - Types of activities the credit promotes.
  - How effective the credit promotes those activities.
So Far….

- Phase 1 reviewed 20 credits.
  - Economic Development
  - Earned Income Tax Credit

- Phase 2 covers 24 credits.
  - Charitable Giving
  - Energy Incentives
  - Community Development
FOCUS ON THE CREDIT, NOT THE POLICY
Similar Credits

- One example: Investment Tax Credits:
  - Airport Development Zone Investment Cost
  - Enterprise Zone Investment Cost
  - Military Base Investment Cost
  - Hoosier Business Investment Credit
  - Industrial Recovery Credit
  - Military Base Recovery Credit
  - Along with six other credits
BE FLEXIBLE
The Big Picture

- Compare the credit related activity to the total activity occurring within the state.
  - Investment
  - Employment
  - Charitable Giving
ADMINISTRATION MATTERS
Actions from Phase 1 ....

- 3 credits were modified.
  - Headquarter Relocation
  - Industrial Recovery
  - Venture Capital Investment

- 8 credits were repealed.
Thank You

The complete study can found on the Indiana General Assembly website:

- [http://www.in.gov/legislative/2502.htm](http://www.in.gov/legislative/2502.htm)
- “Income Tax Credit Review – 2012”

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