

LESSONS LEARNED ANALYZING INDIANA'S INCOME TAX CREDITS

Heath Holloway
Indiana Legislative Services Agency

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- 8 credits were repealed.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>
- ▣ “Income Tax Credit Review – 2012”

Please feel free to contact me at:

(317) 232-9867

Heath.Holloway@iga.in.gov