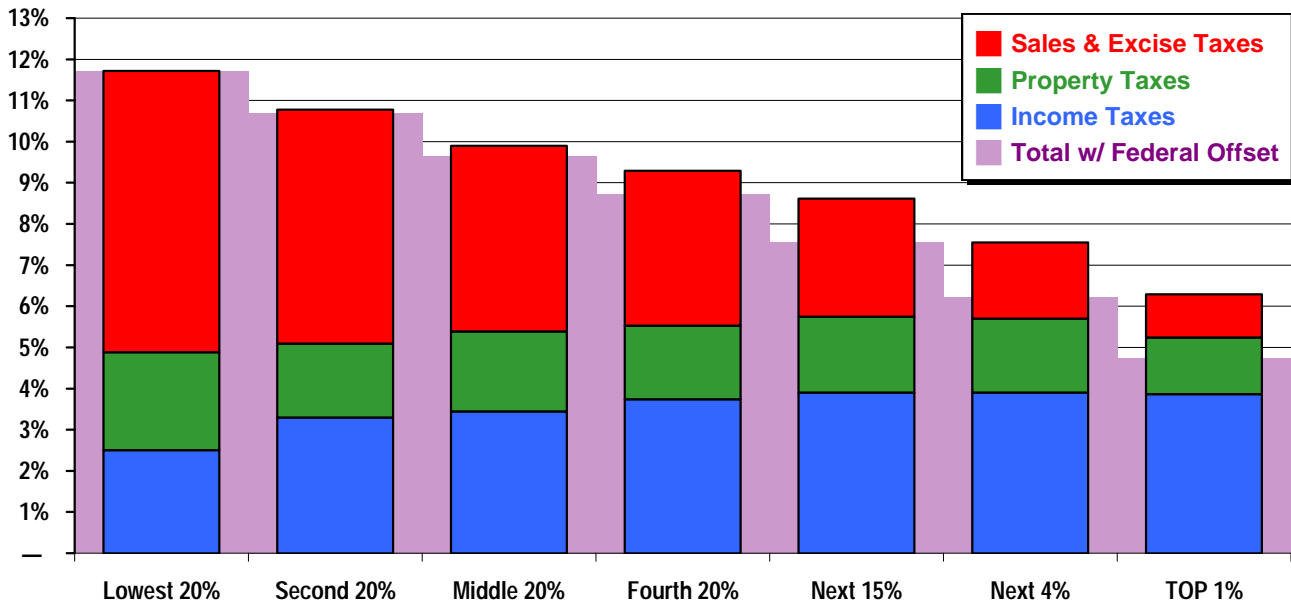


Indiana

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$16,000	\$16,000 – \$28,000	\$28,000 – \$45,000	\$45,000 – \$69,000	\$69,000 – \$122,000	\$122,000 – \$279,000	\$279,000 or more
Average Income in Group	\$9,700	\$21,900	\$36,200	\$55,500	\$87,400	\$159,100	\$733,800
Sales & Excise Taxes	6.8%	5.7%	4.5%	3.8%	2.9%	1.8%	1.0%
General Sales—Individuals	3.8%	3.4%	2.9%	2.4%	1.9%	1.2%	0.7%
Other Sales & Excise—Ind.	1.7%	1.2%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.3%	1.1%	0.9%	0.7%	0.6%	0.4%	0.3%
Property Taxes	2.4%	1.8%	1.9%	1.8%	1.8%	1.8%	1.4%
Property Taxes on Families	2.2%	1.6%	1.7%	1.6%	1.5%	1.2%	0.5%
Other Property Taxes	0.2%	0.2%	0.2%	0.2%	0.4%	0.6%	0.9%
Income Taxes	2.5%	3.3%	3.4%	3.7%	3.9%	3.9%	3.9%
Personal Income Tax	2.5%	3.3%	3.4%	3.7%	3.9%	3.8%	3.7%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	11.7%	10.8%	9.9%	9.3%	8.6%	7.5%	6.3%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.1%	-1.3%	-1.6%
TOTAL AFTER OFFSET	11.7%	10.7%	9.7%	8.7%	7.6%	6.2%	4.7%

Note: Table shows 2002 tax law at 2000 income levels.

Indiana Details

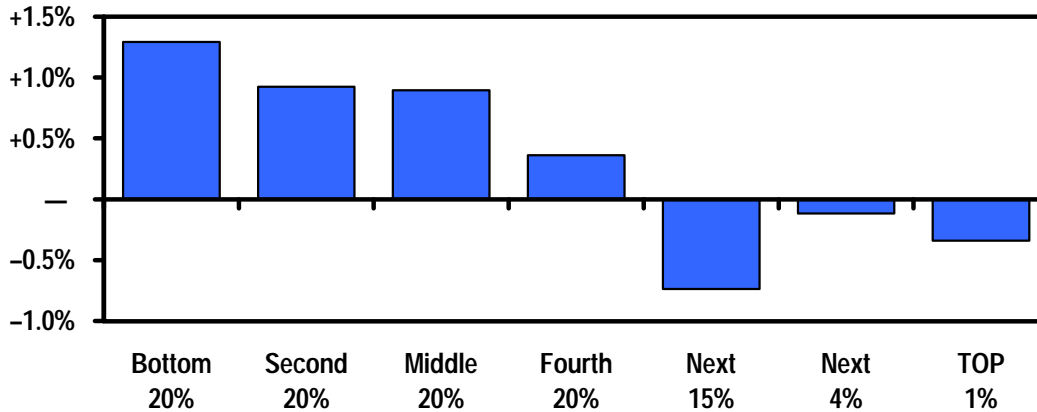
Progressive Features

- ✓ Sales tax exempts food
- ✓ Homestead exemption
- ✓ Refundable EITC

Regressive Features

- ✗ Flat-rate income tax
- ✗ Exemptions not indexed
- ✗ Tax on utilities

Changes in Tax as Share of Income, 1989 - 2002

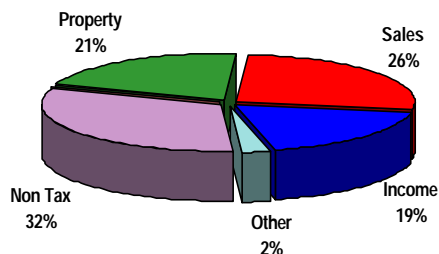


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+0.8%	+0.4%	+0.3%	+0.2%	+0.1%	+0.1%	-0.0%
Property	+0.6%	+0.3%	+0.6%	+0.2%	-0.8%	-0.1%	-0.0%
Income	-0.0%	+0.2%	+0.1%	+0.2%	+0.2%	+0.2%	+0.2%
Federal Offset	-0.0%	-0.0%	-0.1%	-0.2%	-0.3%	-0.3%	-0.5%
Overall Change	+1.3%	+0.9%	+0.9%	+0.4%	-0.7%	-0.1%	-0.3%

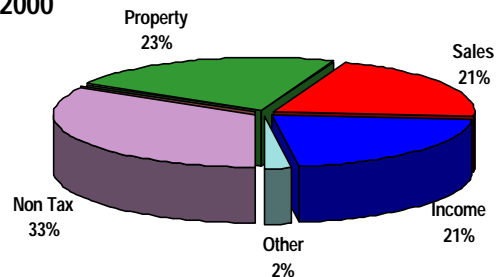
Implicit inflationary tax hikes due to the lack of indexing were offset for the bottom 20% by the adoption of an EITC. But the impact of these changes was small compared to regressive hikes of 1% in the general sales tax and 40 cents in the cigarette tax.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census