



August 2024

The Indiana Legislature is embarking on a major, two-year review of state and local tax systems with a declared goal to consider significant changes. The potential impacts—the opportunities and the risks—are huge for our state’s business and economic system, local communities and the path Indiana sets forth for the future.

Recognizing what’s at stake, the Indiana Chamber Foundation commissioned EY to conduct important research to inform advocacy for a strong, competitive and growth-oriented tax structure to drive prosperity for Hoosier businesses and citizens. This report is the first of two reports that will be issued by the Indiana Chamber Foundation analyzing Indiana’s state tax system and will complement the state’s review, providing legislators with essential data to guide their deliberations.

The Indiana Chamber Foundation is well-known for its practical public policy research and long-range economic vision planning in the state, acting as a catalyst for positive change that strengthens Indiana’s economic landscape and enhances the quality of life for all Hoosiers. Our past research work—including such policy topics as energy resources, K-12 education, venture capital, business climate competitiveness and more—has significantly impacted public policy reforms in this state.

The study explores the state’s current tax structure, investigating its fairness, competitiveness, and efficacy. The second report will identify potential areas of improvement and provide insights into alternative tax scenarios and their fiscal and economic impacts.

The analysis compares Indiana’s tax system with those in neighboring states and other key competitor states. Further, we develop a dynamic forecasting tool to predict fiscal, economic and industry cluster impacts based on different tax structures. This comprehensive approach will provide policymakers with the data and tools necessary to make informed decisions that have long-term implications for our state.

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