ECONOMIC INDICATORS

PER CAPITA PERSONAL INCOME
- 2012: $36,902
- Percent of National Average: 86.0 percent
- Percent Change from 2011: 4.3 percent
- 2002-2012 Compound Annual Growth Rate: 2.6 percent

CURRENT DOLLAR GDP
- 2011: $278.1 billion
- U.S. Rank: 17

REAL GDP
- 2011 Growth Rate: 1.1 percent
- 2001-2011 Compound Annual Growth Rate: 1.0 percent

LARGEST INDUSTRY CONTRIBUTORS TO GDP IN 2011
Durable goods manufacturing (15 percent); nondurable goods manufacturing (11.7 percent)

LARGEST INDUSTRY DETRACTORS TO GDP GROWTH, 2010-11
Durable goods manufacturing (0.72 percentage points); professional, scientific and technical services (0.21 percentage points)

KEY TAX RATES

STATE INDIVIDUAL INCOME TAXES
- Tax Rate Range (percent)
  - Low: 3.4
  - High: --
- Income Brackets*
  - Lowest: Flat rate
  - Highest: Flat rate
- Number of Tax Brackets: 1

CORPORATE INCOME TAX RATES
- Tax Rate: 8 percent*
- Lowest Tax Bracket: Flat rate
- Highest Tax Bracket: Flat rate
- Number of Tax Brackets: 1

EXCISE TAX RATES
- General Sales and Gross Receipts Tax: 7 percent
- Cigarettes: $1.98 per pack
- Distilled spirits: $2.69 per gallon**
- Motor Fuel Tax Rates (cents per gallon)**
  - Gasoline: 18
  - Diesel: 18
  - Gasohol: 18

* The corporate income tax rate fell to 7.5 percent July 1, 2013.
** An additional tax of 47 cents per gallon if under 15 percent alcohol content.
*** Carriers pay an additional surcharge equal to 11 cents, sales tax additional.
The Economic Development for a Growing Economy Tax Credit—Corporations can receive a refundable corporate income tax credit based on newly created jobs.

The Hoosier Alternative Fuel Vehicle Manufacturer Tax Credit—Each qualified investment for the manufacture of alternative fuel vehicles can receive a credit up to 15 percent.

The Hoosier Business Investment Tax Credit—This non-refundable corporate income tax credit is calculated as a percentage of the eligible capital investment to support a project.

The Headquarters Relocation Tax Credit—Corporations that relocate their headquarters to Indiana are eligible to receive this tax credit, which equals half the moving costs and is assessed against the corporation’s state tax liability.

The Industrial Recovery Tax Credit—Companies may be eligible for this tax credit calculated as a percentage of the qualified rehabilitation or remodeling expense in facilities requiring significant rehabilitation.

The Research and Development Tax Credit—Company research expenses may qualify for this credit against state tax liabilities.

The Venture Capital Investment Tax Credit—This program encourages investment in early-stage companies by providing a tax credit for taxpayers who invest in qualified Indiana businesses.

The Patent Income Exemption—Taxpayers and companies with 500 or fewer employees are exempt from certain income derived from qualified utility and plant patents. Qualified taxpayers are eligible for an exemption of 50 percent of patent income for each of the first five years, decreasing over the next five years to 10 percent in the 10th year.

Research and Development—Two tax incentives targeted at encouraging investments in research and development are available, including a credit applied against a taxpayer’s state income tax liability calculated as a percentage of qualified research expenses and a refund for sales tax paid on purchases of qualified research and development equipment.

Sales and Use Tax Exemptions—Raw materials, equipment, power, electricity and utilities used in manufacturing are exempt from the sales tax along with wholesale sales and items used directly in production, sales made in interstate commerce, and the purchase of research and development equipment.

The Skills Enhancement Fund—Businesses committed to training Indiana residents for their workforce can receive financial assistance through this fund.

Incentives are performance-based in Indiana. The state’s statutory scheme calls for annual reporting of all grant, loan and tax credit programs, including goals for company employment, training and investment. This report is used as a basis to evaluate effectiveness of state dollars used in incentive programs. The Indiana Economic Development Corporation regularly screens incoming deals and conducts due diligence reviews. The corporation also monitors long-term contractual obligations to ensure performance goals are reached and makes appropriate recapture determinations in alignment with statutory frameworks. The corporation maintains a website providing up-to-date data for projects, including the

The Indiana legislature in 2013 enacted legislation that repealed the inheritance tax and reduced the personal income tax rate from 3.4 percent to 3.3 percent for taxable years 2015-16 and to 3.23 percent for taxable years 2017 and beyond. In addition, the legislature modified the Headquarters Relocation Tax Credit to expand the scope of eligibility to include divisional headquarters as well as research and development centers. The legislature created the Indiana Career Council and regional Indiana Works Councils to align the state’s education, job skills development and career training systems in order to achieve a better matchup between the supply of workers with the workforce needs of the business community.