



Fiscal Policy

BRIEF

November 12, 1990

Corporate Taxes In Indiana Highest of 19 Comparison States Results of Wisconsin Department of Revenue Study

Among the better periodic interstate comparisons of business taxes is that of the Wisconsin Department of Revenue. First done in 1973, it has been updated several times. The latest edition was released in early November and is a comparison of state and local taxes that would have been paid by six hypothetical corporations in 19 states in calendar 1988.

The new study¹ concludes that overall

¹ Wisconsin Department of Revenue, Division of Research and Analysis, *Corporate Tax Climate, A Comparison of Nineteen States*, Madison, WI, November 1990

corporate state-local tax liability is highest in Indiana and highest for three of the six industries compared. Although corporate income taxes in Indiana were determined to be relatively high, the principal reason for the high ranking was the property tax, largely because all personal property, including inventory, is subject to the tax in Indiana.

It should be noted that the Wisconsin study does not include unemployment compensation or worker's

Source of Tables 1 and 2: Wisconsin Department of Revenue

compensation taxes in the comparison, two areas considered to be relatively competitive for Indiana. The study also focuses on industries with a heavy presence in Wisconsin.

Nevertheless, the new Wisconsin study reaffirms similar findings of the Pennsylvania Economy League² in 1987 and provides substantial evidence of the relatively high tax burden on Indiana corporations.

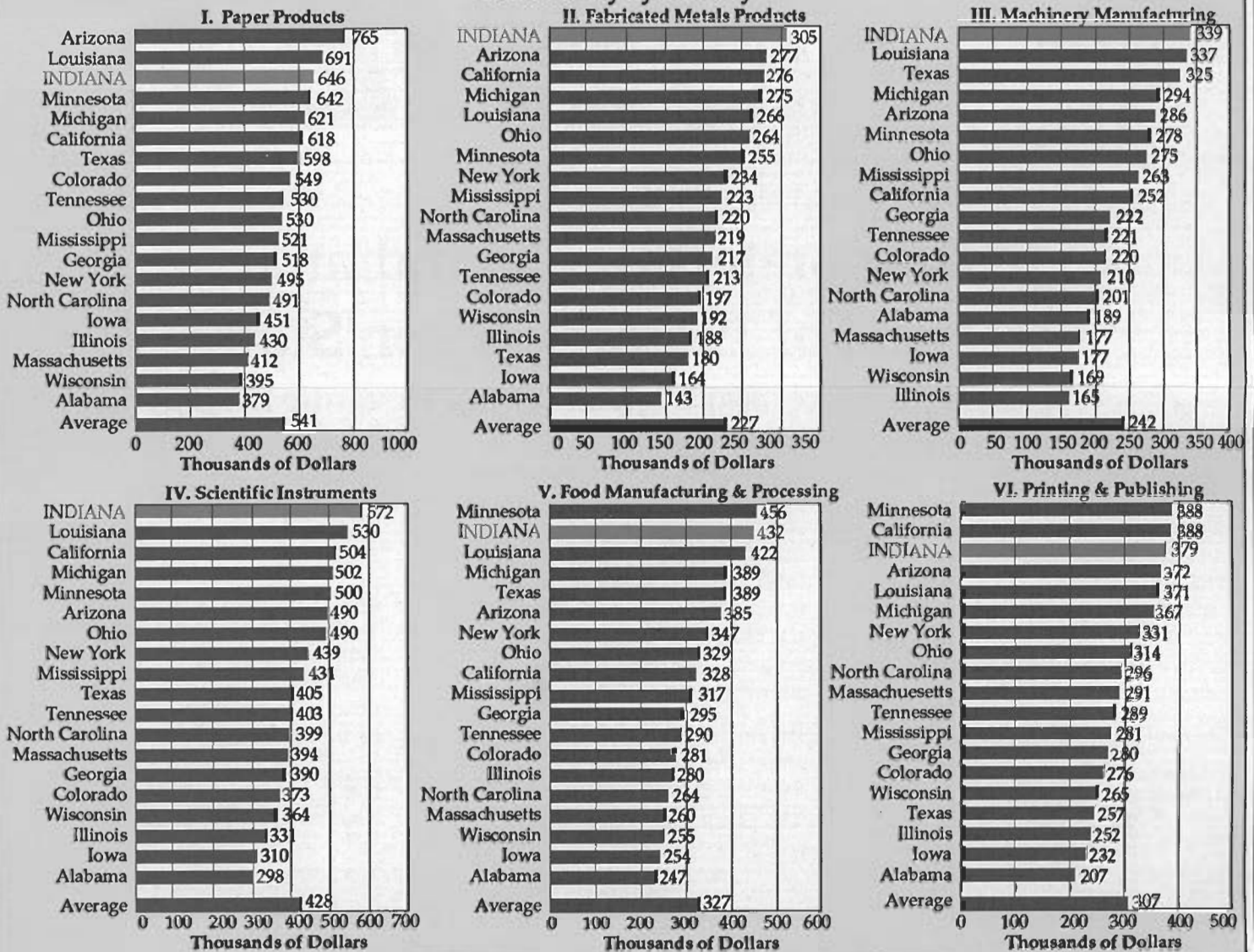
² Pennsylvania Economy League, *Taxes Paid by Industry, 1987*, Prepared for the Pennsylvania MILRITE Council, Harrisburg, PA, January 1987

Table 1
Summary Comparison:
Taxes on Six Hypothetical Corporations, Calendar 1988

	Total	Property	Income	Sales	Franchise or Filing
Indiana	\$2,671,716	\$1,582,956	\$1,017,356	\$ 71,314	\$ 90
Louisiana	2,616,786	910,677	595,684	861,133	249,292
Arizona	2,575,498	1,473,623	828,826	272,869	180
Minnesota	2,519,040	1,220,403	760,683	537,954	0
Michigan	2,446,567	1,244,413	1,145,012	57,052	90
California	2,364,778	554,241	1,158,079	652,428	30
Ohio	2,201,787	1,402,744	714,180	84,863	0
Texas	2,154,488	1,204,247	0	766,344	183,897
New York	2,055,623	1,011,964	935,262	108,397	0
Mississippi	2,036,398	1,009,300	594,017	259,677	173,404
Tennessee	1,945,356	857,256	723,147	138,352	226,601
Georgia	1,921,956	801,872	693,758	406,986	19,340
Colorado	1,896,695	1,181,271	616,244	99,126	54
North Carolina	1,870,502	685,072	853,739	192,504	139,187
Massachusetts	1,752,836	508,391	1,008,663	71,314	164,468
Illinois	1,645,633	672,699	674,776	285,902	12,256
Wisconsin	1,639,089	730,560	701,225	207,214	90
Iowa	1,587,688	1,048,426	475,671	62,045	1,546
Alabama	1,461,466	521,620	406,429	320,647	212,770
19-state average	\$2,071,784	\$ 980,091	\$ 731,724	\$287,164	\$ 72,805
Indiana as % of average	129.0%	161.5%	139.0%	24.8%	0.1%

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Table 2
Tax Liability by Industry



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