



INDIANA
COMMUNITY ACTION
POVERTY INSTITUTE
Research and Public Policy

Tax Policy Explained

How we support Hoosier children through the tax code,
and how we can do better

December 19, 2024

About the Institute

We believe:

when families are financially stable, they can achieve their full potential and better contribute to their communities. We understand that racial and economic inequities have contributed to economic insecurity for Hoosier families. Policy plays an important role in dismantling inequities and in building families' economic well-being.

The Indiana Community Action Poverty Institute promotes public policies to help Hoosier families achieve financial well-being. We value, gather, and translate quantitative and qualitative data to communicate the opportunities and challenges that Hoosiers experience. We advance well-being by promoting evidence-based solutions and building coalitions to engage in direct and strategic conversations with policymakers and the public.

Who Am I?

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Tax and Budget Policy Analyst
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INDIANA COMMUNITY ACTION AGENCIES

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or (800) 654-9421
WWW.AREAFIVE.COM

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660 N. 36th St.
Lafayette, IN 47903
(765) 447-7683
or (800) 382-7556
WWW.AREAIVAGENCY.ORG

3 BRIGHTPOINT
227 E. Washington Blvd.
Fort Wayne, IN 46802
(260) 423-3546
or (800) 589-2264
WWW.MYBRIGHTPOINT.ORG

4 CENTRAL INDIANA COMMUNITY ACTION PROGRAM (CICAP) JOBSOURCE
222 E. 10th St., Suite C
Anderson, IN 46016
(765) 641-6501
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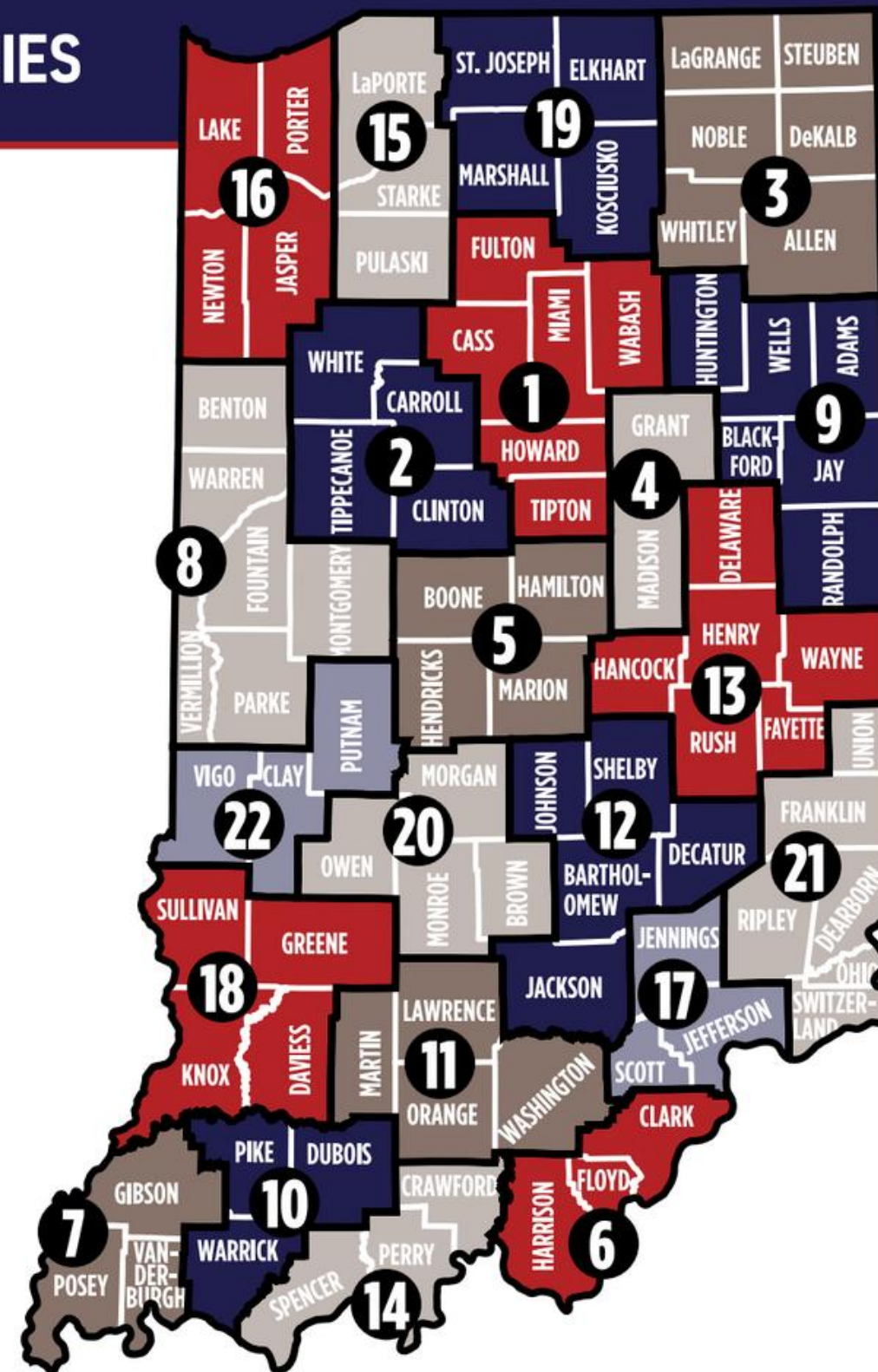
5 COMMUNITY ACTION OF GREATER INDIANAPOLIS (CAGI)
3266 N. Meridian St.
Indianapolis, IN 46208
(317) 396-1800
WWW.CAGI-IN.ORG

6 COMMUNITY ACTION OF SOUTHERN INDIANA, INC. (CASI)
1613 E. 8th St.
Jeffersonville, IN 47130
(812) 288-6451
WWW.CASII.ORG

7 COMMUNITY ACTION PROGRAM OF EVANSVILLE AND VANDERBURGH COUNTY, INC. (CAPE)
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Evansville, IN 47713
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8 COMMUNITY ACTION PROGRAM, INC. OF WESTERN INDIANA (CAPWI)
418 Washington St.
Covington, IN 47932
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WWW.CAPWI.ORG

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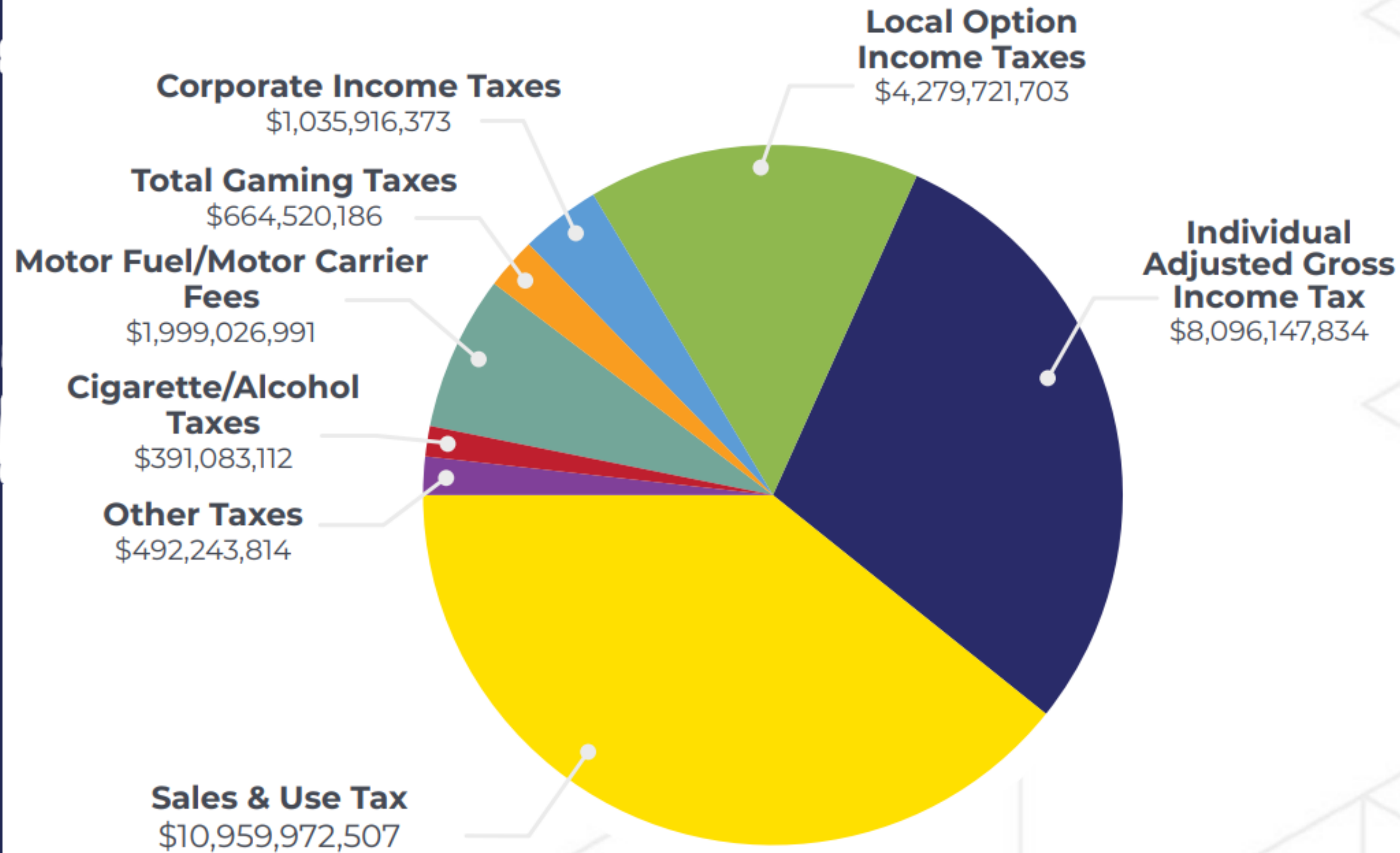


Indiana
Community Action
Association works
to strengthen the
capacity of
**Indiana's
Community Action
Agencies** to
address
community needs
and poverty.

Agenda

- Indiana Tax and Budget 101
- How we currently support children through the tax code– and how we can do better
- Upcoming Opportunities to Get Involved

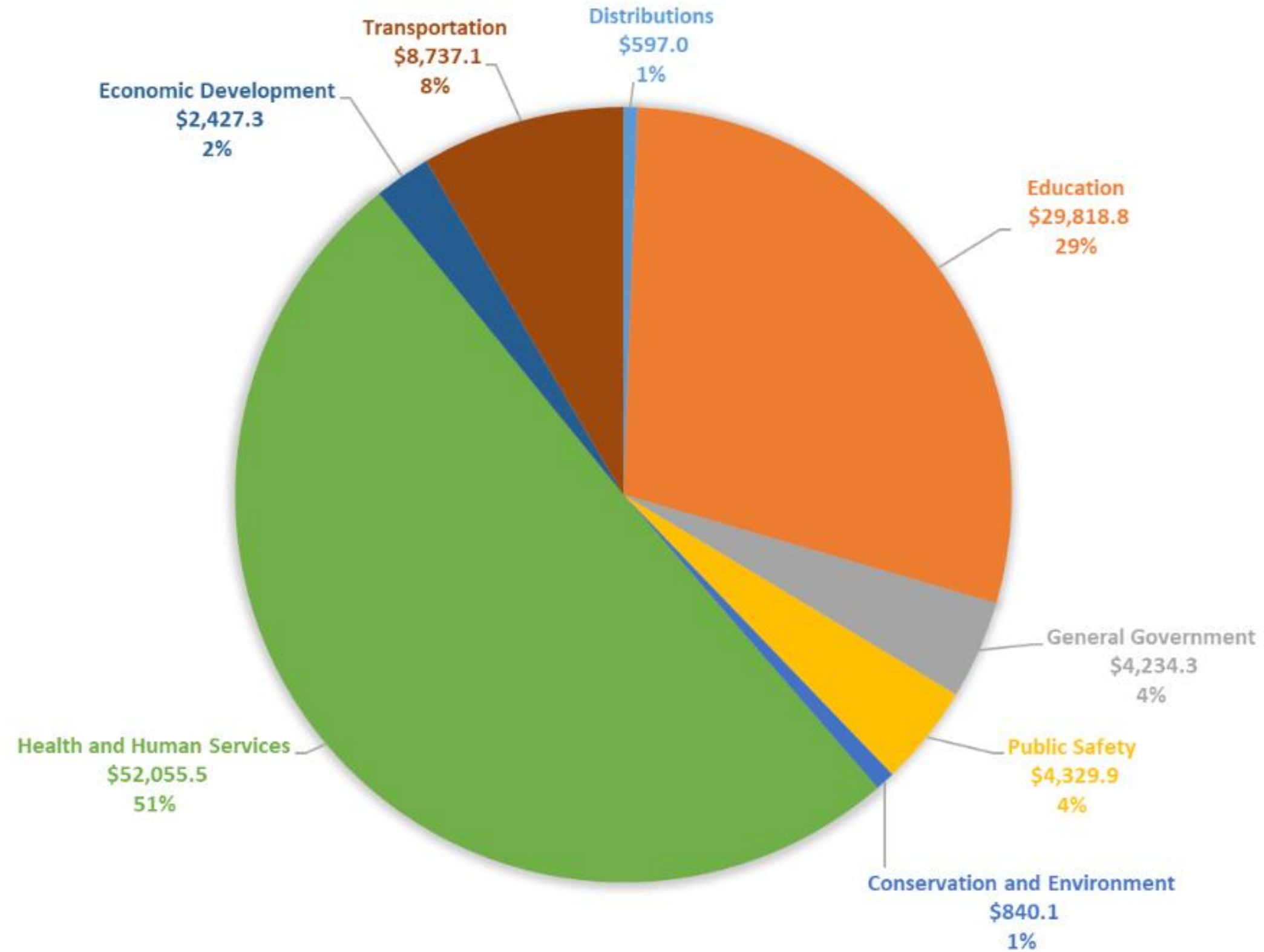
SUMMARY OF FY24 TAX RECEIPTS



Indiana
Department
of Revenue
collected
over \$29.9
billion in tax
revenue in
FY 2024

TOTAL APPROPRIATION BY FUNCTIONAL CATEGORY (IN MILLION DOLLARS)
2023- 2025 BIENNIUM

TOTAL APPROPRIATIONS: \$103.0 BILLION



Tax Tools: Credits, Deductions, and Exemptions

Deductions and exemptions reduce the total amount of your income that is taxable.

Credits are dollar-for-dollar tax relief applied to the amount of tax you owe.

Indiana Child Exemptions

Currently, a taxpayer is permitted:

- A \$1,000 exemption for dependents; and
- A \$1,500 exemption for children, or an enhanced \$3,000 exemption for each child who is being claimed for the first time.

Examples for a family in St. Joseph County	State Tax Relief (2024)	Local Tax Relief
A family raising a newborn	\$122.00	\$70.00
A family raising a preschooler	\$76.25	\$43.75

OPPORTUNITY TAX CREDITS



EARNED INCOME TAX CREDIT

The federal and state EITCs are available to many low- to moderate-income working families and individuals, acting as a wage subsidy by boosting earnings as workers increase their hours. These credits lift millions out of poverty and improve child well-being.



CHILD TAX CREDIT

Similarly, child tax credits are available to families with children at the federal level and in some states – but not Indiana. CTCs mitigate the income volatility parents experience and help to offset the costs of raising a child.



529 TAX CREDIT

State-level 529 Tax Credits reward saving for K-12 and higher education. Indiana offers a credit of 20% of the amount saved with a maximum credit of \$1500.

Indiana Newborn Tax Credit

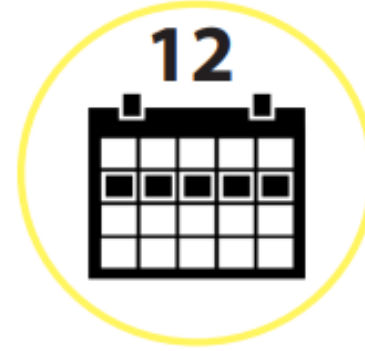
- **Fully refundable income tax credit in the amount of:**
 - **\$500 credit for married filing jointly**
 - **\$250 for single filers**
- **Income cap on eligibility to claim:**
 - **Household income below 720% of FPL**
- **Eliminates additional \$1,500 newborn exemption to offset cost, since this credit is an enhancement of that same concept**

IMPACT: Most families would receive about \$400 more in tax relief per newborn child than under current law.

HOW PAID FAMILY & MEDICAL LEAVE PROGRAMS WORK



Small payroll deductions go into a state fund (the equivalent of a cup of coffee a week).



An employee can take twelve weeks of leave, where they are paid through the state fund.



Employees can take leave to care for themselves or a sick loved one, or welcome a new family member.



Employers can use the money they would have paid to that employee to cover overtime or to make a temporary hire.



All employees qualify, regardless of where they work, so small businesses who otherwise would not be able to offer paid leave.

Paid Family & Medical Leave

How is this different from the Family and Medical Leave Act (FMLA)?

FMLA provides 12 weeks of unpaid, job-protected leave, but only 60% of employees nationally qualify for FMLA.

Even among eligible employees, many low- and middle-income workers are unable to use their FMLA benefits because they simply can't afford to go three months without their income.

Get all the details on our blog!

[To Build a Budget](#)

The Road Ahead

- Biennial budgeting process has already begun!
- Revenue Forecast released December 17th
- Legislative Session begins January 8th

Upcoming opportunities

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Press Conference
Thursday, January 16th
9:30 am

Questions?

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or

Email me!

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