



# Lets talk taxes!

The lowest-income 20 percent of taxpayers face a state and local tax rate that is **115 percent higher** than the top 1 percent of households.

The average effective state and local tax rate is:  
**13.3 percent for the lowest-income 20 percent** of individuals and families,  
10.4 percent for the middle 20 percent, and  
6.2 percent for the top 1 percent.

Indiana has the 14th most regressive tax system in the nation.

• Monroe County Local Income Taxes

Shares	Public Safety	ED	JAIL	PT Ref	Special	Emer. Medical	
0.9482%	0.2500%	0.6900%	0.0000%	0.0518%	0.0950%	0.0000%	
IC 6-3.6-6-10	IC 6-3.6-6-8	IC 6-3.6-6-9	IC 6-3.6-6-2.7	IC 6-3.6-5	IC 6-3.6-7	IC 6-3.6-6-2.8	
\$40,228,332	\$10,606,500	\$29,273,939	\$0	\$2,197,667	\$4,030,470	\$0	

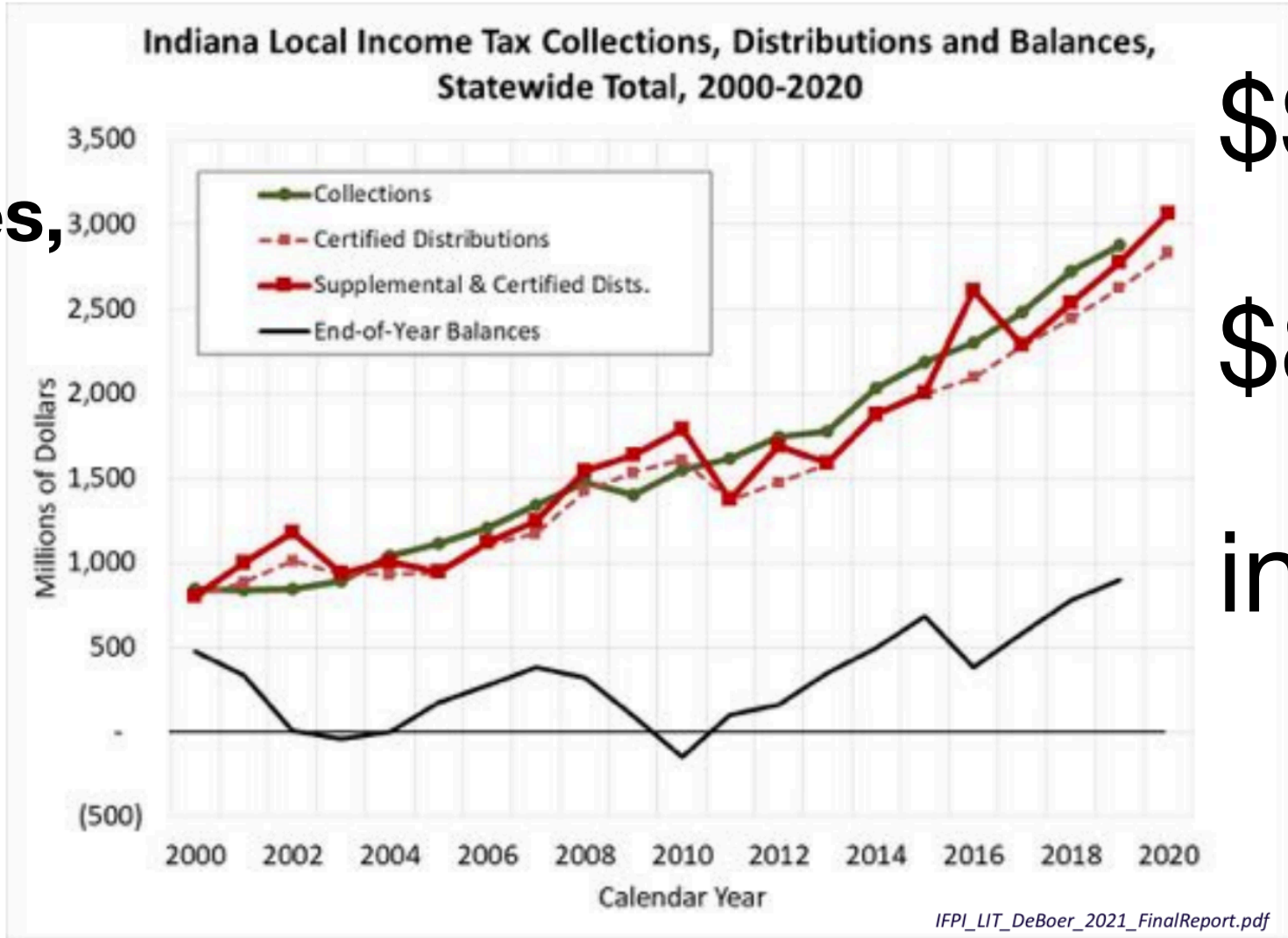
Total \$86,336,908 2.0350%

2.0350%

LIT is a FLAT RATE TAX  
LIT applies only to labor (earned) income

Figure 1 shows state total collections, certified and supplemental distributions and end-of-year balances, from the Local Income Tax Balance Reports. Collections grow in most years, because taxable income grows with the growing economy and with inflation, and because counties adopt the taxes and raise their rates. Collections were flat after the 2000 recession, and declined in 2009 during the Great Recession.

Figure 1.



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\$86 Million  
in 2024

<https://www.prosperityindiana.org/Policy-News/13298714#:~:text=The%20average%20effective%20state%20and,most%2Dregressive%20in%20the%20Midwest.>  
<https://www.in.gov/sba/files/2024-Certification-Calculations.pdf>