

A CLOSER LOOK

Here is an example breakdown of the impact a homeowner will face with a decrease in property taxes, an increase in sales tax and a likely increase in income tax:

Income: \$55,634
Home value: \$120,700
Property tax before: \$1,326
Property tax after: \$910
Decrease: \$416; 31 percent
Sales tax 6 percent: \$1,200
Sales tax 7 percent: \$1,392
Increase: \$192; 16 percent
Income tax before: \$2,192
Income tax after: \$2,210
Increase: \$18; 1 percent
Federal income tax before: \$3,149
Federal income tax after: \$3,208
Increase: \$59; 2 percent
Bottom line: Savings of \$146

More examples

- **Income, \$42,500; home value, \$60,000; bottom line,** paying an extra \$10
- **Income, \$42,500; home value, \$75,000; bottom line,** savings of \$28
- **Income, \$62,500; home value, \$95,000; bottom line,** savings of \$22
- **Income, \$62,500; home value, \$150,000; bottom line,** savings of \$262
- **Income, \$87,500; home value, \$150,000; bottom line,** savings of \$222
- **Income, \$87,500; home value, \$225,000; bottom line,** savings of \$577
- **Income, \$150,000; home value, \$375,000; bottom line,** savings of \$1,314

WHERE IT GOES

The state estimates that in 2006, the most recent figures available, \$77.8 million in sales tax came from Johnson County. But that estimate could be high or low because businesses that have more than one location can file their returns in one county, even if they have locations in other counties, meaning their sales tax collections would be filed under the county they file in.

With the increased sales tax to 7 percent, the state is expecting to collect an additional \$930 million per year.

Most of the money will go to the state's general fund, with less than 1 percent going to the public mass transit fund, industrial rail service fund and commuter rail service fund.

SOURCES: Studies by fiscal analyst Larry DeBoer and the U.S. Bureau of Labor Statistics and the Indiana Department of Revenue and State Budget Office

HOW WE SPEND

According to a study, here's how people spend their money and where they would pay the sales tax:

Income: \$73,244

Expenses: \$55,748

Breakdown

- **Food at home:** \$3,967; most groceries are not taxed
- **Food away from home:** \$3,173; taxpayers would pay both the sales tax and the additional food and beverage tax
- **Alcoholic beverages:** \$511; sales tax is charged on alcohol
- **Tobacco products:** \$392; sales tax and additional taxes are charged on tobacco
- **Shelter:** \$10,397; rent and mortgages are not taxed
- **Utilities, fuel, public services:** \$3,858; utilities are not taxed, though motorists pay a tax on fuel
- **Household supplies, furnishings:** \$3,864; furniture and most other supplies are taxed
- **Apparel and services:** \$2,380; sales tax is charged on clothing, but not on services
- **Transportation:** \$10,455; vehicle purchases are taxed along with other items for maintenance
- **Health care:** \$2,841; health care is not taxed
- **Entertainment:** \$2,598; movie purchases and cable services are taxed
- **Personal care products, services:** \$664; products would be taxed, most services would not
- **Reading:** \$117; book purchases are taxed
- **Education:** \$1,262; school supplies would be taxed