

## INDIANA TAX REFUND TRIGGER

### Structure of Tax Refund Trigger

By July 31, the Office of Management and Budget calculates the total amount of state reserves as of the end of the fiscal year. There are two (2) conditions that have to be met for the revenue transfer to be triggered:

- The total amount of state reserves must exceed the following amount of general revenue appropriations for the current state fiscal year:
  - Ten percent (10%) for calendar years before 2016;
  - Eleven and five-tenths percent (11.5%) for calendar year 2016; and
  - Twelve and five-tenths percent (12.5%) for odd-numbered years after 2016; and
- The accounts payable by the state at the end of the preceding fiscal year are not unusually large as a percentage of the total amount of state reserves, as compared to recent history.

If the conditions are met, by September 30 the Governor presents to the Budget Committee regarding the disposition of excess state reserves. The disposition of the excess state reserves is as follows:

- Before calendar year 2013, fifty percent (50% ) was to be transferred to the Pension Stabilization Trust Fund and fifty percent (50%) was to be used to provide an automatic taxpayer refund;
- For any other calendar year except 2016, if the amount of excess reserves is at least fifty million dollars (\$50,000,000):
  - For 2013, transfer one hundred percent (100%) of the excess reserves to the Pension Stabilization Trust Fund; and
  - For 2014 and odd-numbered years after 2016, transfer fifty percent (50%) of excess reserves to the Pension Stabilization Trust Fund and use fifty percent (50%) to provide an automatic taxpayer refund; and
- For calendar year 2016, transfer fifty-five percent (55%) to the State Highway Fund and forty-five percent (45%) to the Local Road and Bridge Matching Grant Fund.

### Automatic Taxpayer Refund

#### Eligibility

- Filed an Indiana resident return for the calendar year preceding the year in which the determination is made; and
- Have tax liability for the year in which determination made (claim on return)

#### Amount

- Divide the amount of excess reserves available for the refund by the number of taxpayers eligible for the refund and round to the nearest dollar
- Doubled for married filing jointly
- Refundable

Credit in 2012: \$111 per taxpayer (\$222 for married filing jointly)

Has not been triggered since 2012