

Indiana Business Review

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For the Record:

In the last issue of the IBR (Summer 2004), we exulted that the American Community Survey (ACS) would begin full implementation nationwide and throughout all Indiana counties this fall. Well, we spoke too soon. The ACS is in jeopardy. Full funding for implementing this long-awaited and congressionally (and budget) driven method of providing consistent and more frequent long-form data to Americans is being siphoned away for other causes, the worthiness of which I am not judging. However, if America is to embrace the knowledge economy, it also needs to support the very knowledge we need for our communities to stay relevant and plan strategically.

Some may say it is "just data." But it isn't. It is the foundation for thousands of daily business, government and education decisions. It is the basis on which we evaluate the effectiveness of our government spending, determine the most needy of our citizens or communities, and target resources rather than shooting at them with blinders on. Data—and census data in particular—are the keystone of our knowledge economy. That keystone may be unwittingly yanked out. Further information on this issue can be found at www.sdcbidc.iupui.edu.

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Business Income Taxes in Indiana: Who Pays?

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Corporate income tax revenues as a share of total tax revenues at the national level have declined over the past decade, as evidenced by a recent report by the federal General Accounting Office, which found that a majority of corporations reported no federal corporate income tax liability during the 1996–2000 period.¹ The large portion of corporations with no federal income tax liability has raised questions about business income taxes at the state level. A comprehensive analysis of business income taxes includes analyzing not only corporate income tax systems but also business income taxed through the individual income tax system.²

The examination of business income taxed through the individual income tax systems is particularly pertinent since new forms of business organization, such as limited liability companies (LLCs), and differential tax rates between corporate and individual tax systems have led an increasing number of businesses to be taxed under the individual rather than corporate tax system. In many states, business income taxes—just one of the taxes that businesses pay—are receiving greater scrutiny.

Under Indiana's current system, which was restructured in 2002, businesses paying taxes through the individual tax system face a 3.4 percent income tax rate while those paying through the corporate tax system face an 8.5 percent tax rate.

The following discussion examines business income from 2001 returns in both the corporate and individual income tax systems. (Bear

in mind that the impact of Indiana's 2002 corporate income tax restructuring will first be reflected in the 2003 tax data, but this will not be available for analysis until the fall of 2005.)

The decrease in the corporate share of total tax collections at the state level has been linked to four causes:

1. Cyclical declines in profits
2. Erosion of the federal corporate tax base
3. State policy decisions to decrease corporate tax burdens, including an increased use of deductions and exemptions
4. Aggressive corporate tax planning and increased use of tax shelters³

Corporate Income Taxes in Indiana

Traditionally, discussions of Indiana corporate income taxes refer to the gross income tax, corporate adjusted gross income tax, and the supplemental net income tax (SNIT). This narrow definition of corporate taxes (collected from C corporations, special corporations,⁴ and utilities) shows that the share of corporate tax collections has decreased substantially over the past several years (see **Figure 1**).

However, when using a broader definition of corporate income that also includes financial institutions and insurance, the decline in the corporate share of total tax collections is less dramatic. Moreover, if one adds in the riverboat taxes that took effect in 1996, the corporate share of state tax collections is relatively stable.

Distribution of Corporate Tax Liability

In 2001, approximately 39,450 Indiana corporate income tax returns were filed: about 580 returns from financial institutions, 21,600 returns from C corporations, and 17,250 returns from special corporations.⁵

Just over 44 percent of these corporations had no income tax liability in 2001 (see **Table 1**). Almost 88 percent paid \$10,000 or less in income tax; meanwhile, approximately 2.5 percent (1,000 corporations) paid almost 80 percent of the total corporate income tax liability (see **Figure 2**).

Multistate Corporations

While multistate corporations⁶ represented about 35 percent of tax returns filed, these corporations paid about 83 percent of the total corporate income tax. As shown in **Figure 3**,

Figure 1
Corporate Income Taxes as a Percent of Total Indiana Tax Collections, 1990 to 2003

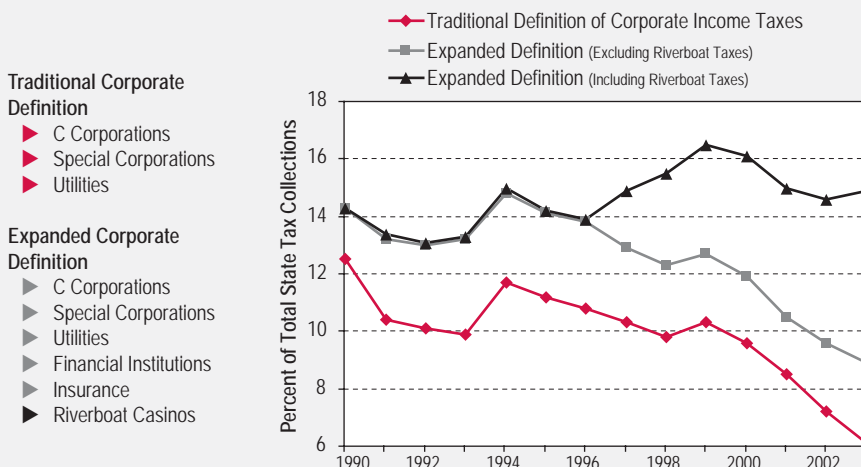


Table 1
Distribution of Corporate Income Tax Liability, 2001

| Income Tax Liability | All Corporate Entities | | | | Multistate Corporations | | | | Indiana Only Corporations | | | |
|--------------------------|------------------------|------------|--------------------|------------|-------------------------|------------|--------------------|------------|---------------------------|------------|--------------------|------------|
| | Returns | | Tax Liability | | Returns | | Tax Liability | | Returns | | Tax Liability | |
| | Number | Percent | Amount (\$) | Percent | Number | Percent | Amount (\$) | Percent | Number | Percent | Amount (\$) | Percent |
| None (No Tax Liability) | 17,471 | 44.3 | 0 | 0 | 3,471 | 24.9 | 0 | 0 | 14,000 | 54.8 | 0 | 0 |
| \$1 to \$5,000 | 15,212 | 38.6 | 17,342,396 | 2.3 | 5,814 | 41.8 | 7,025,394 | 1.1 | 9,398 | 36.8 | 10,317,003 | 8.3 |
| \$5,000 to \$10,000 | 2,003 | 5.1 | 14,254,076 | 1.9 | 1,074 | 7.7 | 7,729,793 | 1.2 | 929 | 3.6 | 6,524,283 | 5.2 |
| \$10,000 to \$25,000 | 1,954 | 5 | 30,726,070 | 4.1 | 1,327 | 9.5 | 21,174,062 | 3.4 | 627 | 2.5 | 9,552,008 | 7.7 |
| \$25,000 to \$50,000 | 1,053 | 2.7 | 37,276,970 | 5 | 787 | 5.7 | 28,039,221 | 4.5 | 266 | 1 | 9,237,749 | 7.4 |
| \$50,000 to \$100,000 | 755 | 1.9 | 54,081,322 | 7.2 | 613 | 4.4 | 43,807,359 | 7 | 142 | 0.6 | 10,273,963 | 8.2 |
| \$100,000 to \$250,000 | 567 | 1.4 | 88,566,390 | 11.8 | 447 | 3.2 | 69,992,906 | 11.2 | 120 | 0.5 | 18,573,484 | 14.9 |
| \$250,000 to \$500,000 | 220 | 0.6 | 76,413,540 | 10.2 | 191 | 1.4 | 66,812,869 | 10.7 | 29 | 0.1 | 9,600,670 | 7.7 |
| \$500,000 to \$1 Million | 123 | 0.3 | 82,954,798 | 11.1 | 115 | 0.8 | 77,550,289 | 12.4 | 8 | 0 | 5,404,508 | 4.3 |
| Over \$1 Million | 91 | 0.2 | 347,086,130 | 46.4 | 79 | 0.6 | 301,872,649 | 48.4 | 12 | 0 | 45,213,481 | 36.3 |
| Total | 39,449 | 100 | 748,701,692 | 100 | 13,918 | 100 | 624,004,542 | 100 | 25,531 | 100 | 124,697,149 | 100 |

Calculating Tax Liability

Corporate Income Tax System

The calculation of corporate income tax liability in most states (including Indiana) begins with federal corporate taxable income and then allows for some additions and subtractions. A decrease in the federal corporate tax base, either as a result of federal policy changes, tax planning by corporations, or increased use of tax shelters will decrease state corporate tax bases and state corporate tax revenue.

Individual Income Tax System

When looking at business income in the individual income tax system, various sources of business income are documented on the federal return (Form 1040) and its various schedules as components of federal adjusted gross income (FAGI). In twenty-six states, including Indiana, the starting point for computing the state individual income tax is FAGI.⁷ Components of FAGI reported on Form 1040 include net income and net losses (gross receipts less total expenses) from sole proprietorships, farms, partnerships, S corporations, real estate mortgage investment conduits (REMICs), rental real estate, royalties, capital gains, and dividends.

Taxable income includes not only business income from the sources described above but also wage and salary income, interest income, and Social Security. Indiana taxable income is equal to FAGI plus addbacks of federal deductions not allowed by Indiana, minus Indiana deductions and exemptions. The taxpayer's gross tax liability is computed on taxable income and then tax credits are applied.

more than twice as many corporations with only Indiana locations (54.8 percent) had no tax liability relative to multistate corporations (24.9 percent).

In both cases, a small number of corporations paid the bulk of corporate income taxes. For multistate corporations, 385 corporations paid just over 70 percent of the total corporate income tax liability. For corporations with only Indiana locations, 311 corporations paid approximately 70 percent of total corporate income tax liability.

Business Income on Individual Returns⁸

Over one million Hoosier individual income tax returns included at least one type of business

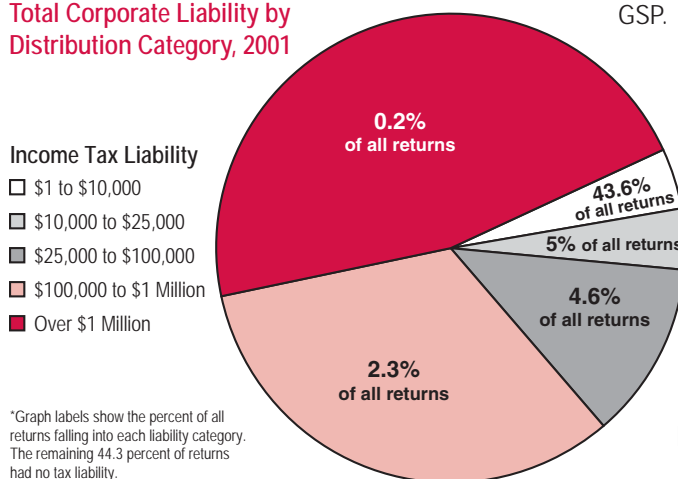
income, representing about 33 percent of all individual income tax returns filed in the state for 2001. (Note: many returns report more than one form of business income.) Returns with dividend income were most numerous at 574,008, followed by returns with capital gains or losses, totaling over 504,000 (see **Figure 4**).

Net income from sole proprietorships, partnerships, S corporations, rent, and royalties totaled about \$10 billion in 2001, or about 5.3 percent of gross state product (GSP).⁹ Over half (about \$5.5 billion) was generated by partnerships and S corporations, with sole proprietorships generating approximately \$3.7 billion. Net income from capital gains and dividends totaled \$5.6 billion, or 2.9 percent of GSP.

The average net income from these businesses is quite different (see **Figure 5**). Partnerships and S corporations generated an average of about \$63,000 in net income per return, while dividends generated just \$2,800 per return.

For each type of business activity, the frequency of returns reporting a

Figure 2
Total Corporate Liability by Distribution Category, 2001



net loss, as well as the absolute magnitude of total net losses reported, were substantially lower than for returns reporting net income. Net capital losses totaled around \$283 million, while net losses from sole proprietorships, partnerships, S corporations, rent, and royalties totaled about \$1.4 billion. Over half of that amount (about \$739.4 million) was generated by partnerships and S corporations.

As would be expected, the proportion of returns containing net income and net losses from farming is fairly small. Farm income was the only category in which the number of returns containing net losses exceeded the number containing net income (33,028 to 22,482). Net income and net losses reported from farming were almost equal at \$318.7 million and \$304.9 million, respectively.

Share of Individual Income Tax Revenue Attributable to Business

Indiana's taxable income was approximately \$105.8 billion for 2001. **Figure 6** shows the share of taxable income attributable to each business category. Taxable income from partnerships and S corporations were the largest portion of Indiana taxable income at 5.2 percent for 2001. In comparison, taxable income from capital gains comprised the largest share at 5.9 percent in 1999—not surprising considering the economy was still expanding.

Individual adjusted gross income tax revenue was approximately \$3.58 billion in 2001, so the share of tax revenue paid by business was approximately \$540 million (or 15 percent). This represents less than one percent of GSP and about 6 percent of state operating revenue for the 2001 fiscal year.

Income Distribution of Tax Filers Reporting Business Income

The distribution of Indiana taxable income for returns that include at least one form of business income for 2001 is positively skewed, with the preponderance of returns falling at or below \$50,000 in taxable income. The amount of taxable income on the average tax return was \$58,000 in 2001. Of the one million returns with business income filed in that year, 61.1 percent had taxable income of \$50,000 or less, 88.7 percent had taxable income of \$100,000 or less, and 98 percent had taxable income of \$250,000 or less.

Figure 3
Distribution of Income Tax Liability for Multistate and Hoosier Corporations, 2001

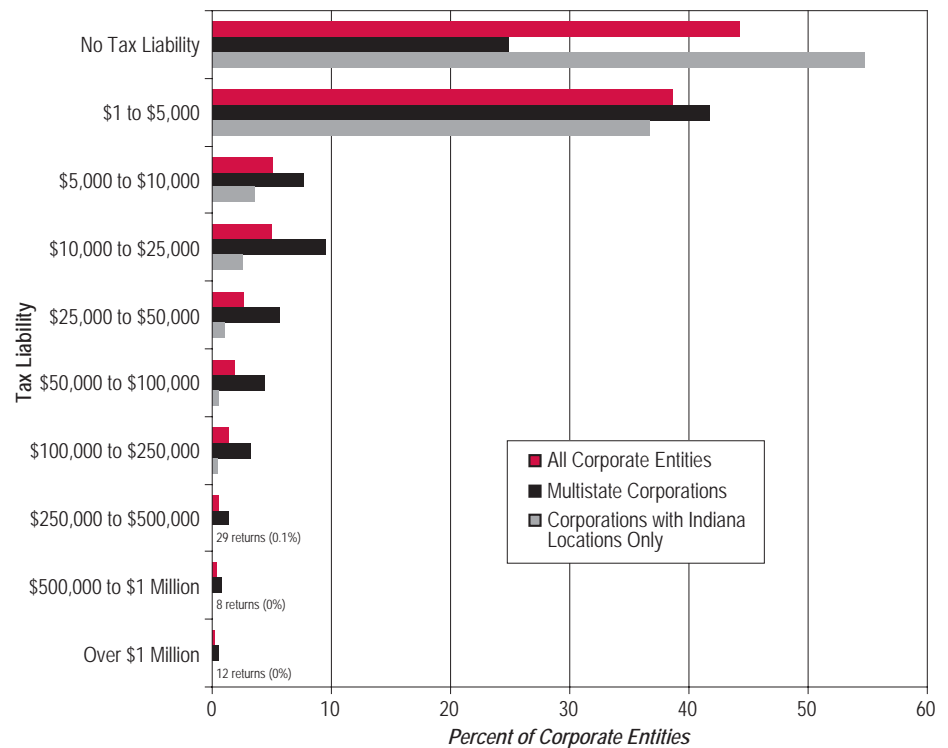
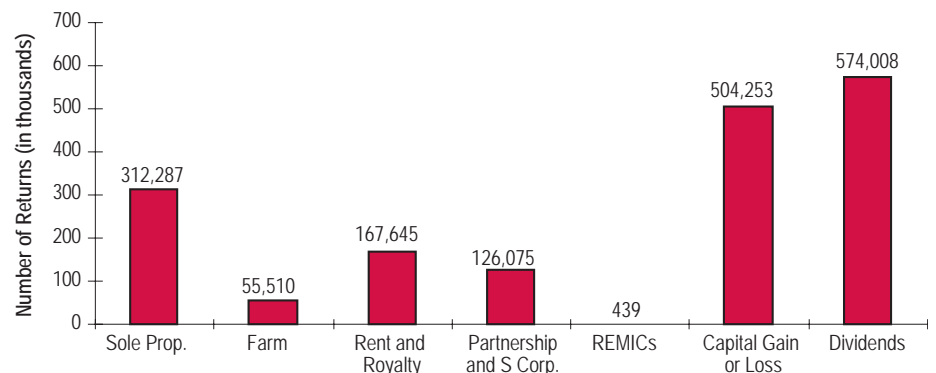
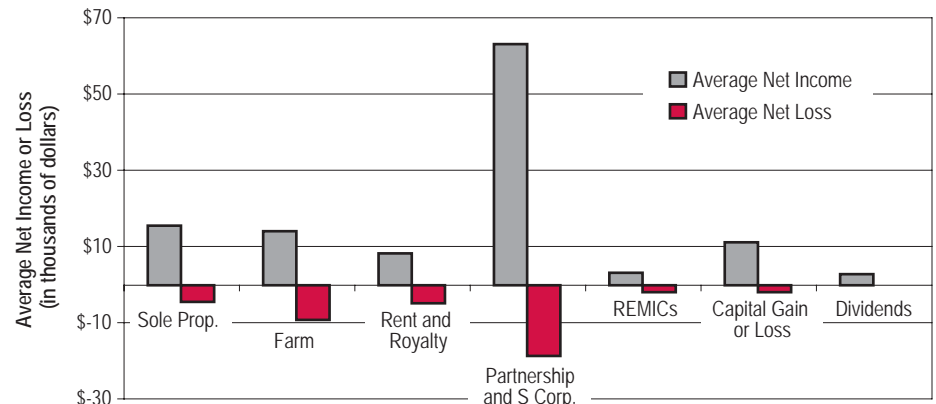


Figure 4
Individual Income Tax Returns with Either Business Income or Loss, 2001*



* Returns reporting more than one type of income are shown in the totals for each type of income they reported.

Figure 5
Average Net Income and Loss by Type of Business Income, 2001



Summary

Three questions are commonly asked regarding state business income taxes:

1. How much business income is taxed through the individual income tax system?
2. What portion of corporations have no state corporate income tax liability?
3. What is the distribution of corporate income tax liability among corporations?

This analysis has sought to address each of these questions and a few closely related issues using data from 2001. Approximately 15 percent of the income taxed through the individual income tax system is business income. Just over 44 percent of corporate income tax returns have no corporate income tax liability, while 2.5 percent of corporations pay approximately 80 percent of the corporate income tax collections. Finally, multistate corporations pay the bulk (approximately 83 percent) of corporate income tax collections. ◀

Endnotes

1. General Accounting Office, *Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1996-2000*. GAO 04-358 (February 2004).
2. Forms of business organization taxed under individual rather than corporate income tax systems include sole proprietorships, partnerships, and S corporations (corporations where income and expenses are divided among, and passed through to, their shareholders. The shareholder reports the income and expenses on their own income tax returns).
3. For a more detailed analysis, see: LeAnn Luna and William F. Fox, "State Corporate Tax Revenue Trends: Causes and Possible Solutions," *National Tax Journal* (September 2002): 491-508.
4. C corporations pay taxes on their earnings, then each shareholder pays taxes separately on his or her share of the dividends. Special corporations could file as S corporations through the individual income tax system but choose to file through Indiana's corporate tax system because of certain tax advantages. Special corporations were eliminated during the 2002 tax restructuring.
5. Corporate income tax returns in Indiana are IT-20 for C corporations, FIT-20 for financial institutions and IT-20SC for special corporations. In addition, over 124,000 information returns were filed for partnerships and S corporations using IT-65 and IT-20S returns and are not included in the analysis. Analysis of tax liability among Indiana corporate income tax returns is based on the number of corporate returns available in Legislative Services Agency (LSA) databases as of May 2004.
6. Corporations that apportion income are considered multistate corporations.
7. See the Federation of Tax Administrators' website: www.taxadmin.org.
8. All calculations used in this analysis are based on data available in LSA databases through December 2003.
9. Gross state product is the value added in production by the labor and property located in a state. It is often considered the state counterpart to the nation's gross domestic product.

Indiana's Tax Restructuring of 2002

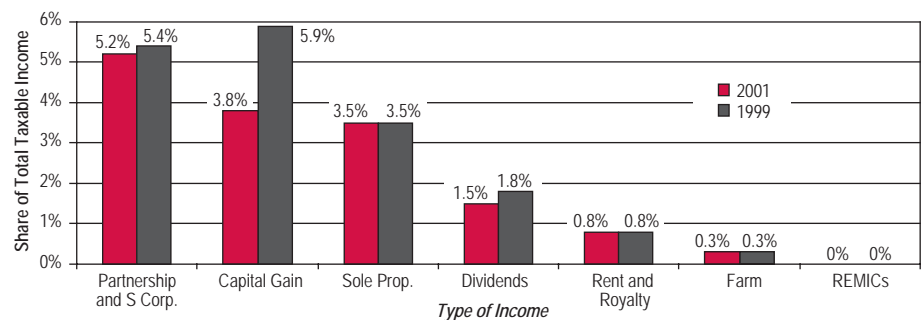
Corporate income tax data for 2003, which will begin to reflect the changes from tax restructuring, will not be available for analysis until the fall of 2005. With the 2002 tax restructuring, the gross income tax and the supplemental net income tax (SNIT) were repealed, and beginning in 2003, a corporate adjusted gross income tax (AGI) was put in effect with a tax rate of 8.5 percent. The individual AGI tax rate is 3.4 percent, so businesses that pay taxes through the individual income tax system (sole proprietorships, partnerships, and S corporations) pay a lower tax rate than corporations. The following table shows the 2001 and current tax rates for various types of businesses in Indiana:

| Type | 2001 | Current |
|--|---|--|
| Corporations | Gross income tax rate: 0.3% or 1.2% depending on industry | AGI tax rate: 8.5% |
| | AGI tax rate: 3.4% | |
| | SNIT rate: 4.5% | |
| Financial Institutions | AGI tax rate: 8.5% | AGI tax rate: 8.5% |
| Insurance | Premium tax: 1.9% of net premiums* | Premium tax: 1.7% of net premiums* |
| | Fire insurance tax: 0.5% of net premiums | Fire insurance tax: 0.5% of net premiums |
| Utility Receipts | Gross income tax rate: 1.2% | Gross receipts rate: 1.4% |
| Riverboat Taxes | Admission tax: \$3 per admission | Admission tax: \$3 per admission |
| | Wagering tax: 20% of adjusted gross receipts | Wagering tax: 22.5% of adjusted gross receipts -OR- A graduated rate schedule ranging from 15% to 35% if the boat implements flexible scheduling |
| Businesses in the Individual Income Tax System | AGI tax rate: 3.4% | AGI tax rate: 3.4% |

* In 2000, an incremental decrease in the insurance premium tax began from its former level of 2 percent to 1.3 percent in 2005. Source: *Indiana Handbook of Taxes, Revenues, and Appropriations*, 2001 and 2003.

Figure 6

Business' Share of Taxable Income in the Individual Income Tax System, 1999 and 2001



For a more detailed analysis of these issues, see the Legislative Services Agency briefs, *The Corporate Income Tax in Indiana* and *Business Income Subject to Indiana's Individual Income Tax*, available at www.in.gov/legislative/.

What Is the Economic Base of This Place?

What is the economic base of your county? "Manufacturing," some will insist. Others, with equal vigor, will proclaim, "Farming." Fortunately, both can be right if they pick their numbers selectively.

The concept of economic base is very important in the theory and practice of economic development. We think of the economic base as the engine that drives the economy of the community. It is the sector or sectors providing exports from the local area to the rest of the world.

Without an economic base, that is, without an export sector, it is presumed that a community will die, unable to survive "by taking in each others' washing." Growth in the export sector is seen as the route to greater income and wealth for residents of the community.

Hence, we find most communities now devoting resources to attract "export industries," firms that will produce for people who live outside the community. This is no longer limited to "smokestack chasing," but has evolved into a sophisticated model where economic development professionals focus on activities such as tourism, health care, retirement, and education.

Location Quotients

How do we know what is the economic base of a community? For decades, economists and economic developers have used location quotients as a quick and dirty means of identifying dominant or prominent industries in an area. It is certainly a dirty means, filled with traps.

A location quotient (LQ) is very easy to compute. Take an industry (retail trade), find out what percent of employment (or earnings) that industry represents of total employment (or earnings) in Indiana (or the nation). Then do the same for retail trade in your county. Divide the county percent by the state (or national) percent and, behold, you have a location quotient.

For example, retail trade accounted for 6.95 percent of all earnings in Indiana. Down on the Ohio River across from Louisville, retail trade equaled 9.51 percent of all earnings generated in Clark County. This yields an LQ of 1.37. In the language of LQs, this indicates that Clark County is an exporter of retail services. If you know the area, it makes sense. People from Floyd, Scott, Jefferson, Washington, Harrison, and other counties do come to Clark to do some of their shopping.

The more an LQ is above one, the greater the strength we have in our belief that this sector is an exporter for the local area. The closer the LQ drops toward zero, the more likely people in that county are importing goods or services in that sector from somewhere else.

It's a nice measure. Not a guaranteed indicator, but one that is easy to use and easy to understand; thus, it is very popular.

Export Base and Location Quotients

Figure 1 shows the export base for each Indiana county. Here we see that thirty-two of the state's ninety-two counties have farming as their leading export sector. That is, the LQ for farming was the highest of any of the twenty-

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Figure 1
Leading Export Sectors based on Location Quotients, 2002

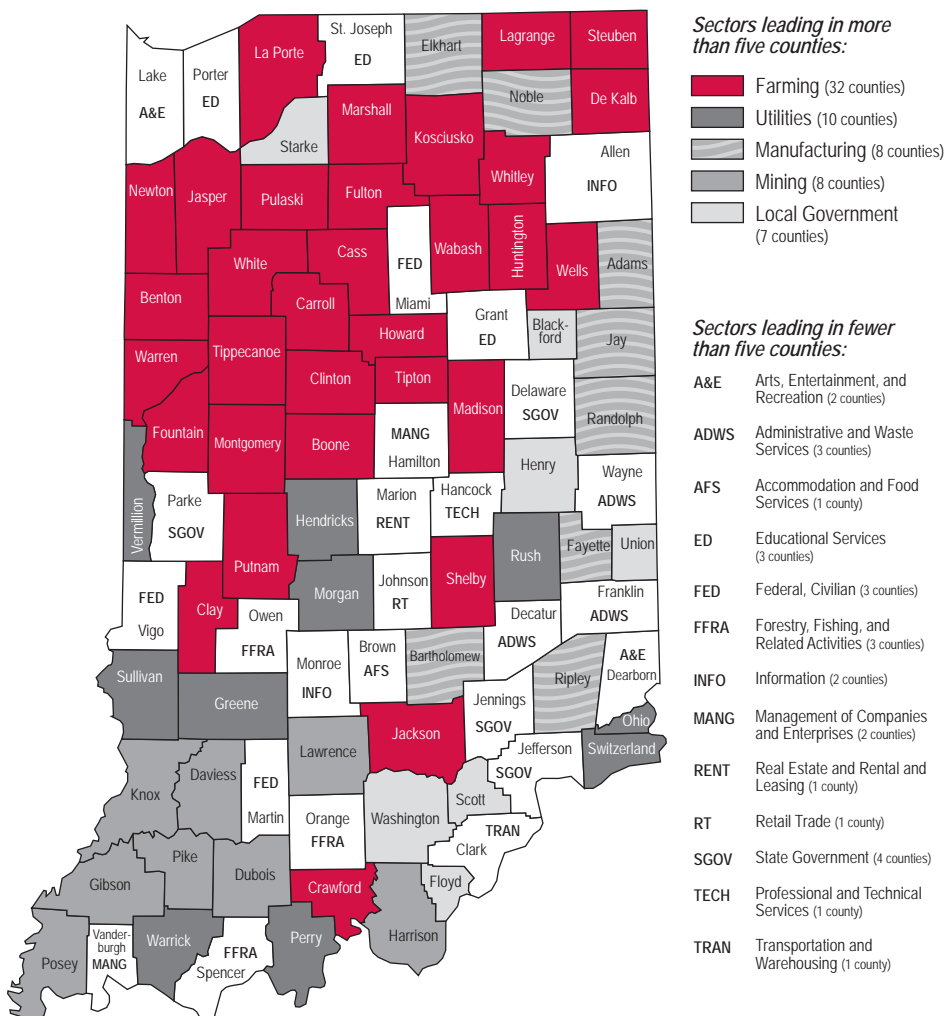
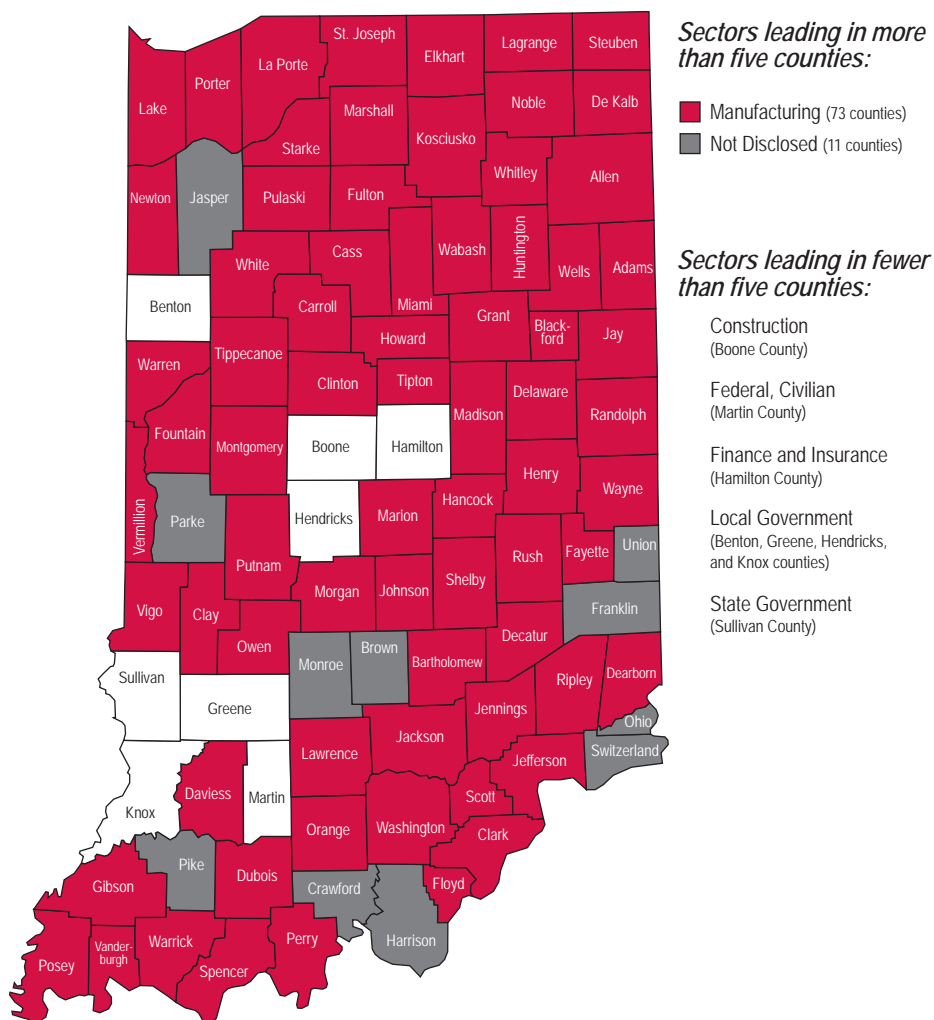


Figure 2
Leading Sectors in Percent of Earnings, 2002



The Disclosure Problem

Nondisclosure distorts our data in many cases. In manufacturing, it is of little concern, occurring in just two counties (see **Figure 3**). But in some counties, it represents major portions of all earnings, as seen in **Figure 4**. Twenty-three counties have 15 percent or more of their earnings not reported because of disclosure issues. Only eight counties are fully reported.

Why are the data for state and local governments in Monroe and Tippecanoe counties withheld? The U.S. Bureau of Economic Analysis and Labor Statistics have established disclosure rules designed to prevent information on a specific firm being revealed by their data. This may be fine for the private sector, but why withhold data for public institutions? Even the private sector rules make no sense in a world of annual reports and complex filings with the Securities and Exchange Commission.

Much of the data withheld because of disclosure fears are in sectors and counties where there are few firms. Therefore, we find no disclosure problems in farming. But farming, because of its distinctive accounting practices, is not comparable to other industries.

Farmers often report losses, even in good years (see **Figure 5**). In 2002, total farm earnings (income of farm proprietors and their workers) were negative in forty-three counties and not reported in one county. This can occur as farmers transform income to wealth by buying equipment, land, or supplies and charging depreciation or expenses against income. Most workers are not in a position to take these deductions or charges. Capital expenditures are taken by corporations in most firms and do not adversely affect the earnings data.

Where Does That Leave Us?

The economic base of a community may be calculated using location quotients or by considering the portion of income generated by specific sectors. The LQ relates the earnings percentage to a common base—the state or nation—but can lead to findings that suggest minor sectors, in terms of actual income, are of greater importance than reason would dictate. For example, in **Figure 1**, farm earnings were less than 3 percent of total earnings in thirty of the thirty-two counties shown as having

five sectors on which we have earnings data from the U.S. Bureau of Economic Analysis for 2002. Earnings are the payments received by persons who work for themselves or for someone else. They include salaries, wages, bonuses, and the value of benefits such as health insurance.

Eighteen of our twenty-five sectors are represented in **Figure 1**. Some may be surprised that arts, entertainment, and recreation lead the economic base in two counties—Dearborn and Lake. But, then you think of the casinos and you understand. In Lake County, that sector represents just 4.6 percent of the earnings, but statewide the sector accounts for just 1.3 percent of all earnings. Hence, Lake County gets a big 3.5 LQ in arts, entertainment, and recreation, higher than any other sector in the county.

But what happened to manufacturing? Isn't it a major factor in Lake and other Indiana

counties? Of course, but it shows up in **Figure 1** as the dominant export sector only eight times.

Alternative View: Percent of Earnings

If we look at our data differently, manufacturing clearly dominates in contributing to earnings. Statewide, manufacturing accounts for 26.4 percent of all earnings. It is the dominant sector, well ahead of number two, health care and social assistance, which comes in at 9.7 percent.

As seen in **Figure 2**, manufacturing dominates in seventy-three of the ninety-two counties. But there are some problems to be considered. Note that "not disclosed" is the dominant category for eleven counties. Don't we know the dominant activity in Monroe County? Aren't there more than thirty-thousand students, a football team, and other activities that suggest a major state university in Monroe County?

farming as their leading economic base activity. Are we to believe that the economic base is a pyramid balanced on its point?

What are we to do with such a conundrum? When one number won't do the job, try two. This may sound cynical, but it is what we do in most cases. We do not rely on temperature alone to tell us how to dress; we want to know the probability of precipitation. We do not rely on blood pressure alone to judge a person's health; doctors use an array of data to make assessments.

The share of earnings or employment within the county tells us how important a sector is to that economy. It is a measure of *internal* relevance. The location quotient compares that measure to other places (the state or nation) and is a metric of *external* relevance. A high internal share and a high LQ tells us that a given sector is locally important and more important than in other places.

In Madison and La Porte counties, farming ranks twenty-first in importance as a percent of earnings, but first in location quotients. We can conclude that farming is not especially important here. In Martin County, federal civilian employment (Crane Naval Surface Warfare Center) ranks first in both categories. Clearly, this is a dominant sector. In eight counties, manufacturing holds the number one position in each measure. In no Indiana county does farming lead as the source of earnings *and* have the highest LQ. Thus, as seen in Figure 5, we would have to be careful about declaring farming the dominant force in any county, regardless of its LQ.

When two measures are used, some will be confused. Others will appreciate the benefits of binocular vision. ◀

Figure 3
Percent of Earnings Derived from Manufacturing, 2002

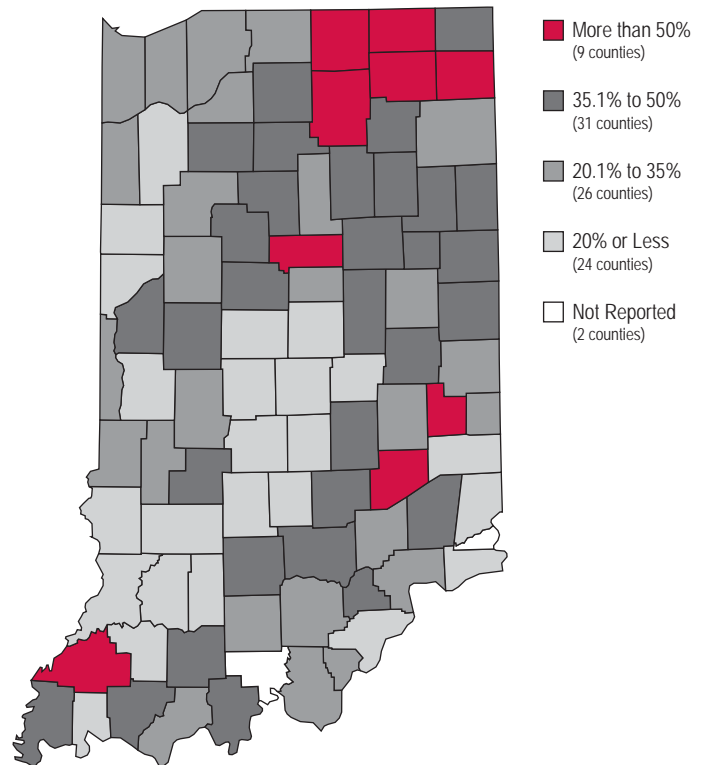


Figure 4
Percent of Earnings Not Reported Due to Disclosure Problems, 2002

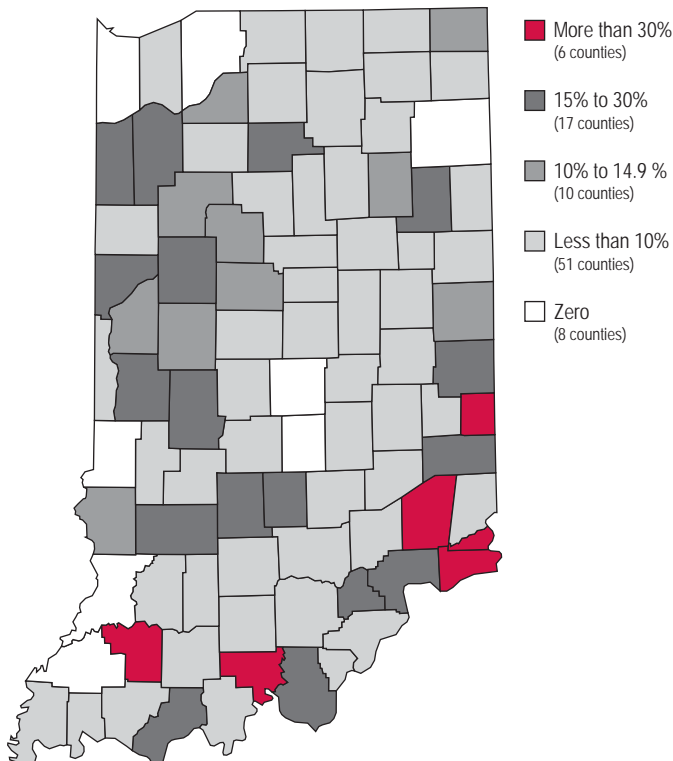
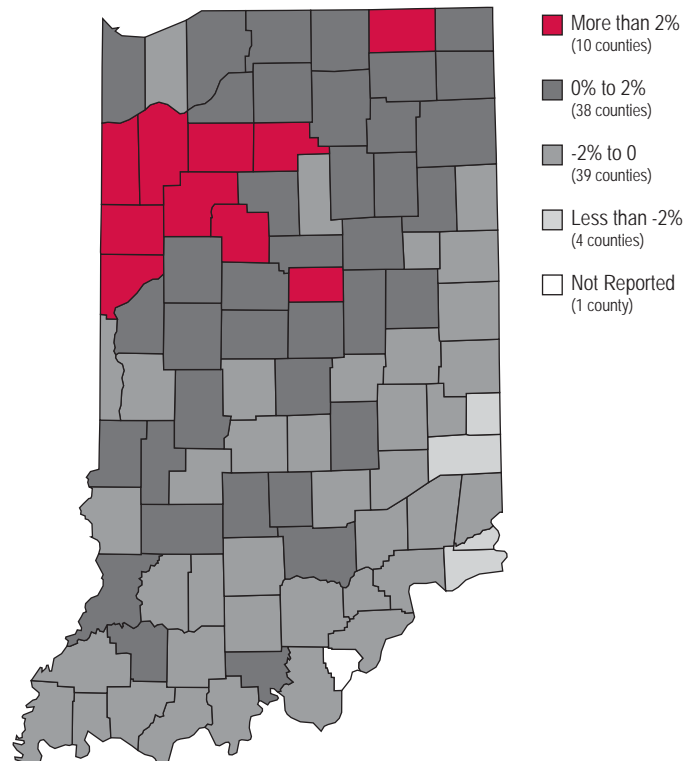


Figure 5
Farm Earnings as a Percent of Total Earnings, 2002



Suburbs Diversify: Population Change in Racial and Hispanic Composition

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Diversity is an attribute often sought for both social and economic reasons. As Indiana continues to diversify its economy, recognizing its strength in manufacturing while seeking to expand life sciences, logistics, and technology, Indiana's counties have been quietly undergoing their own population diversification. The Census in 1990 marked the first time people of color were counted in each of our ninety-two counties. Since Census 2000, estimates of our population by race and Hispanic ethnicity continue to show significant growth in a number of our counties, not all of them urban.

Eleven Indiana counties saw their African American populations grow by more than 50 percent between 2000 and 2003. (Note: 2000 figures based on the adjusted census base and 2003 figures as of July 1.) Many of these were suburban counties: Hancock, Hendricks, Morgan, and Hamilton counties surrounding Indianapolis and Porter County, nestled between Lake and La Porte counties in the Gary metro area. The largest numbers of African Americans (218,149) live in Marion County, where 25 percent of the population is estimated as being African American. Lake County also has 25 percent of its population identified as part of this racial group. Sixty of ninety-two counties now have at least one hundred or more African Americans, compared to fifty-seven counties in 2000 and forty-nine counties in 1990.

Several counties in the Indianapolis metro area saw the largest increases in the number of blacks. Howard, Tippecanoe, Clark, and Warrick counties also saw large increases in

the number of African Americans, likely due in part to the high-paying manufacturing jobs now available in those areas.

The rate of increase in the Hispanic population (which can be of any race) was slower than that for the black population. Only three counties exceeded a 50 percent growth in the Hispanic population between 2000 and 2003: Shelby (63.2 percent), Hendricks (62.9 percent), and Warrick (52.6 percent).

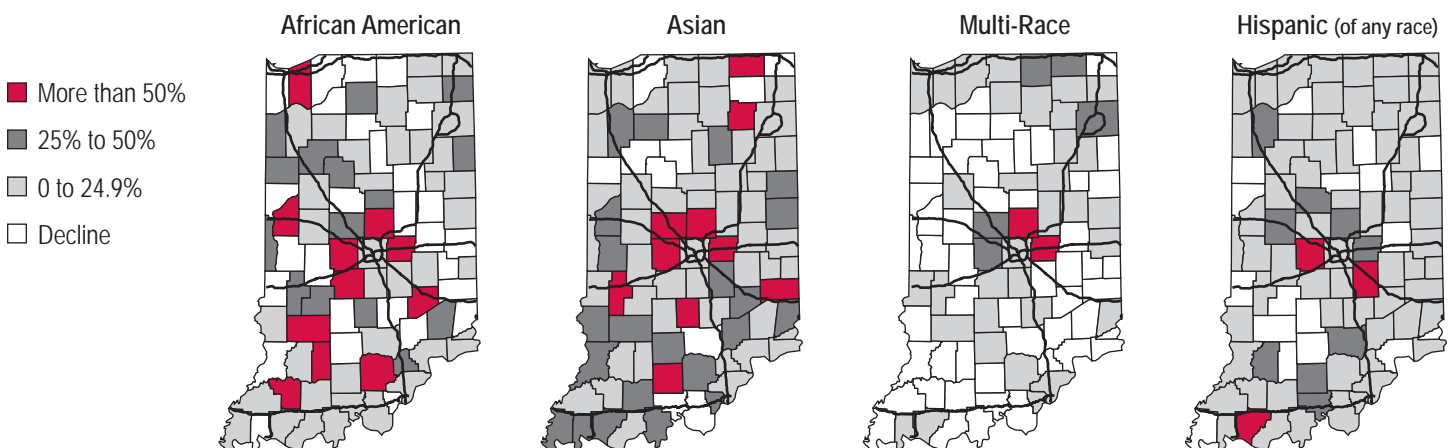
People identified as Asian now live in every county in Indiana, with the largest Asian populations in Hamilton, Tippecanoe, and Marion counties. Tippecanoe County likely has a significant proportion of its Asian population attending college in that county.

Census 2000 allowed the option of choosing multiple races for the first time, and since then, we have seen the multi-racial component of our population increase. Between 2000 and 2003, eight counties had increases of more than 250 multi-racial persons. The counties differ somewhat from those with the large African American or Asian populations and include St. Joseph, Elkhart, and Vanderburgh counties.

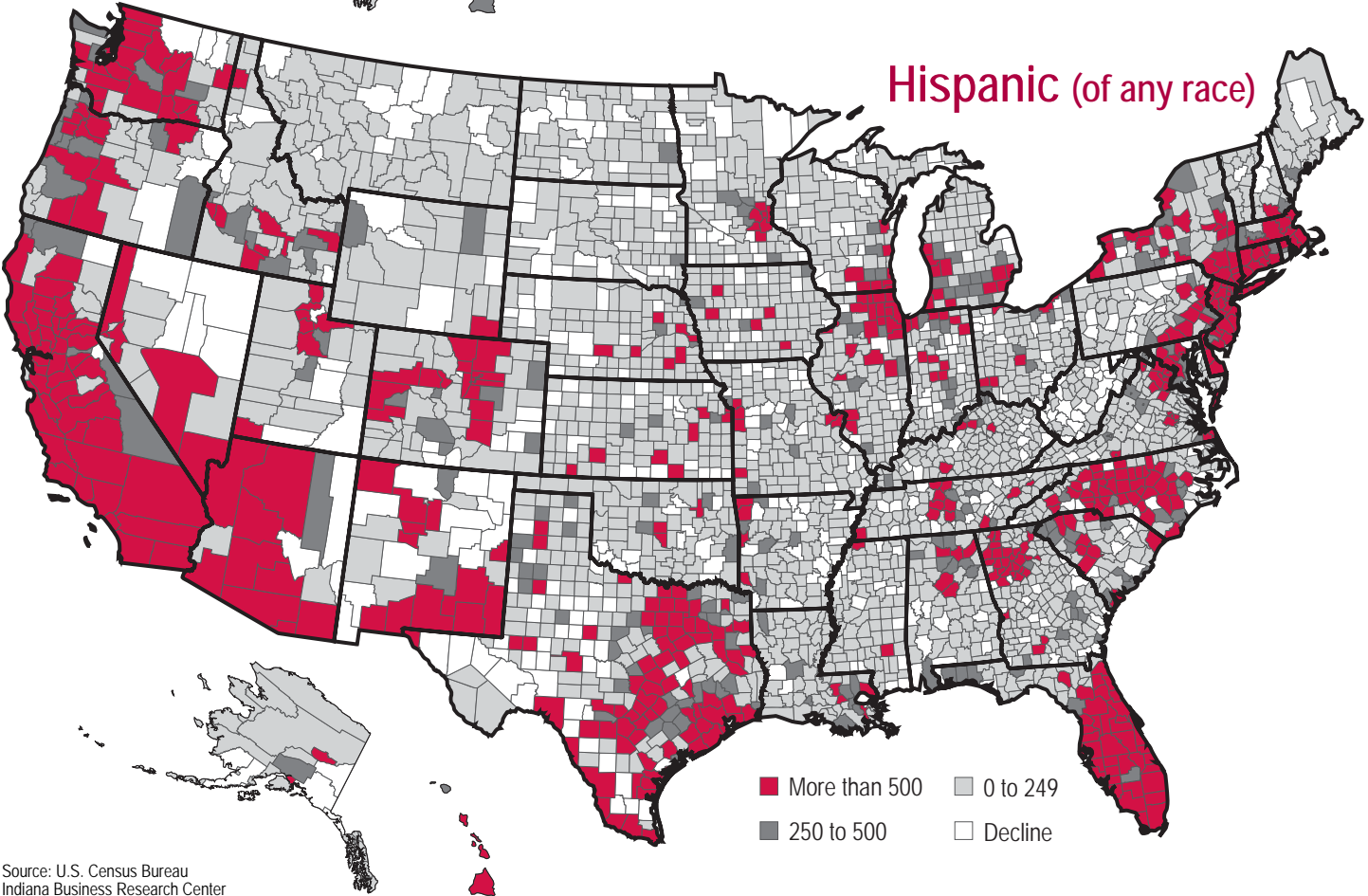
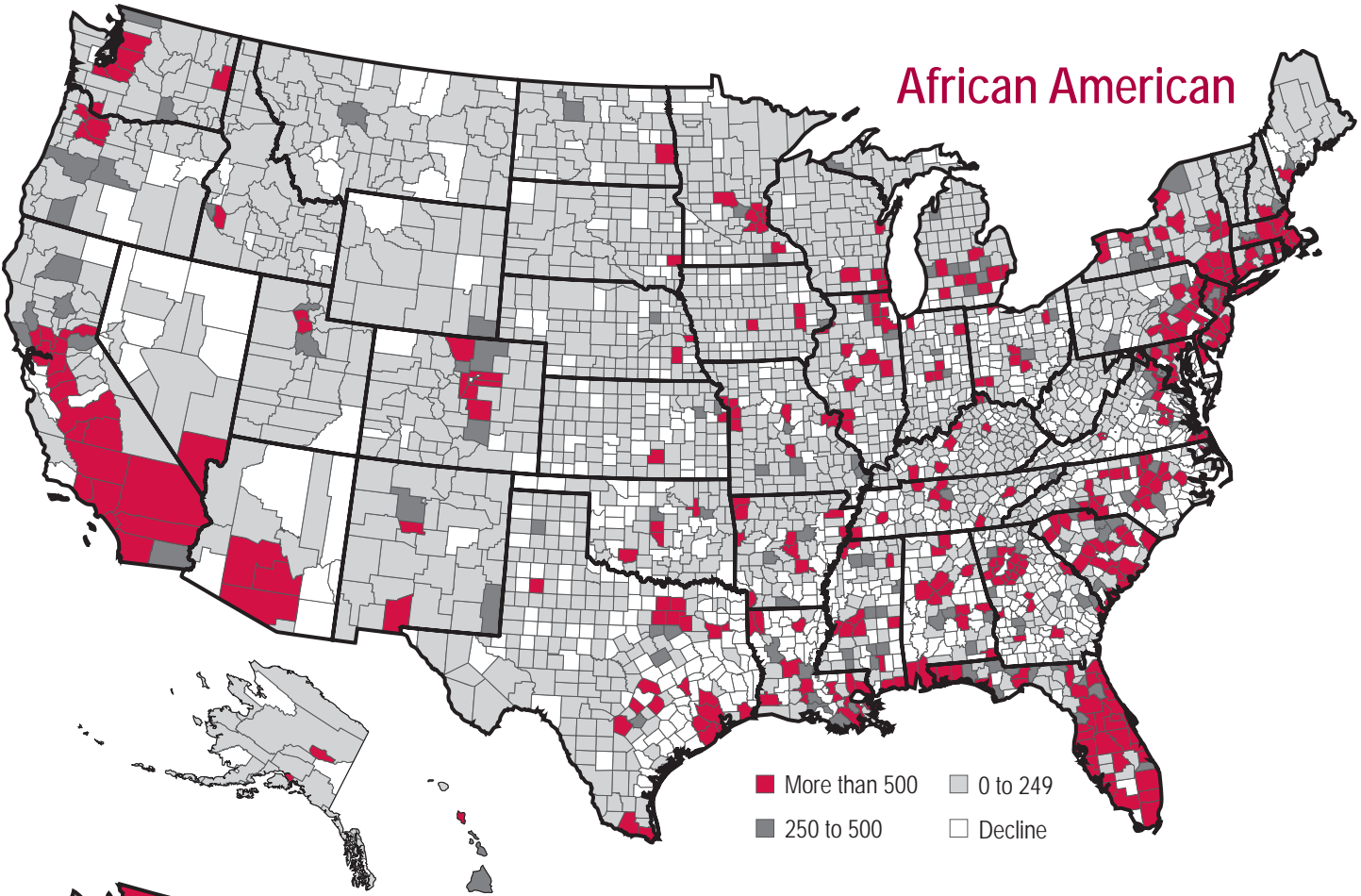
Indiana's complexion is changing. It is more and more likely for Hoosiers to see people of various racial or ethnic backgrounds during their work or leisure times. Change happens and this author will leave it to social scientists to discuss the ramifications of such change.

Much more information on the latest race, Hispanic, and age estimates are available on STATS Indiana (www.stats.indiana.edu), Indiana's information utility. Detailed data and methodology can be found at www.census.gov (click on *Estimates*). ◀

Figure 1
Percent Change in Population by Race and Ethnicity, 2000 to 2003



Diversity by the Numbers: Population Growth by County, April 2000 to July 2003



Source: U.S. Census Bureau
Indiana Business Research Center

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