

INDIANA'S NEXT INVESTMENT

What's at Stake in the 2027 Budget Session

By Rebecca Patrick

Indiana enters its next budget-writing cycle with a strong record of fiscal discipline and a reputation as a strong destination for business investment. Maintaining that position, however, will require more than preserving past successes.

The 2027 state budget will give lawmakers an opportunity to make targeted investments in infrastructure, workforce development and community growth, the benefits of which will be felt even beyond the next two-year budget cycle. For the Indiana Chamber of Commerce, those decisions are closely connected to *Indiana Prosperity 2035 (IP35)*, its statewide vision for making the state a top destination for businesses and talent within the next decade.

The Indiana Chamber's budget priorities span four interrelated areas that support the goals of IP35: a competitive tax climate, sustainable infrastructure funding, continued economic development and stronger communities. Together, they align with a broader premise reflected in IP35: Employers are most likely to invest and grow where they can find skilled workers, move people and products efficiently and offer the quality of life needed to attract talent.

"The 2027 budget session is an opportunity to build on Indiana's fiscal strengths while making the strategic investments needed to keep our state competitive," says Indiana Chamber President and CEO Vanessa Green Sinders. "These priorities support the long-term vision of *Indiana Prosperity 2035* by strengthening the conditions that allow businesses, workers and communities to thrive."

Protecting a competitive advantage

Indiana's tax climate has long been central to its economic development strategy. As lawmakers consider the next budget, the Indiana Chamber is calling for the state to preserve its nationally competitive tax structure, maintain the business personal property tax reforms enacted in Senate Enrolled Act 1 of 2025 and avoid expanding the sales tax on services.

Indiana businesses contributed $15.5B in state and local taxes in FY 2024 and were liable for 31.7% of state taxes and 49.3% of local taxes, according to a December 2025 Council on State Taxation study. About 40% of local property taxes are paid by the Hoosier business community.

For employers, these positions are about predictability as much as tax rates. Companies making multi-year decisions about equipment, facilities and hiring weigh whether a state's tax policy will remain stable as they grow. Preserving the reforms already enacted, while resisting new taxes on services, would help Indiana protect an advantage it has built over time.

Building the foundation for growth

Reliable roads and bridges are essential to Indiana's manufacturing, logistics and distribution economy. The Indiana Chamber supports sustainable transportation funding streams and replacement of the dedicated road revenues suspended in 2026.

The need extends beyond maintenance. Transportation capacity affects how efficiently companies can receive materials, reach customers and connect workers with jobs. A durable funding approach ensures state and local leaders greater certainty as they plan projects and helps Indiana maintain an infrastructure system that supports commerce statewide.

Advancing regional momentum

Regional development is another part of the budget discussion. The Indiana Chamber supports an additional round of Regional Economic Acceleration and Development Initiative (READI) funding, restoration of Manufacturing Readiness Grants and an increase in the Indiana Economic Development Corporation's global aggregate tax credit limit.

Each tool addresses a different piece of the community-growth equation. READI is designed to help regions advance projects that strengthen their appeal to residents and employers. Manufacturing Readiness Grants support technology adoption and modernization, while the tax credit limit affects the state's capacity to compete for business investment.

Viewed together, the priorities are intended to sustain momentum at both the community and company levels. The ultimate measure will be whether public investment helps generate private investment, productivity gains and opportunities that regions can build on.

Developing talent at every stage

The Indiana Chamber's priorities extend across the talent pipeline, from childcare capacity and K-12 education to reskilling the current workforce. They also include continued funding for local public health, reflecting the connection between healthy communities, labor force participation and economic vitality.

The issues are closely linked for employers. Access to childcare can determine the viability of the workforce pipeline. Schools and work-based

learning programs influence whether young people develop the skills employers need. Reskilling gives current workers a path to adapt as technology and occupations change.

Expanding work-based learning

The Indiana Chamber also supports increased state investment in Employment Aid Readiness Network (EARN) Indiana, a work-study program administered by its Institute for Workforce Excellence. Additional funding would expand work-based learning opportunities, giving more students experience in the workplace while helping employers build stronger connections to prospective talent. These experiences can ease the transition from education to employment, expose students to career opportunities in Indiana and give employers a more direct role in developing the skills they need.



For these students, the classroom becomes a window into the workplace.

A budget with a longer horizon

"Indiana's disciplined approach to fiscal policy remains one of its greatest advantages, and we should protect it," Sinders affirms. "At the same time, carefully targeted investments in infrastructure, talent and communities can deliver long-term returns and help position Indiana for continued growth."

The state budget is more than a spending plan. It signals how Indiana intends to compete and which foundations it is prepared to strengthen for the future. The Indiana Chamber's priorities ask lawmakers to view tax policy, infrastructure, regional development, talent and public health not as separate line items, but as interconnected parts of the state's economic strategy.

RESOURCE: Vanessa Green Sinders and *Indiana Prosperity 2035*, Indiana Chamber of Commerce, at www.indianachamber.com/2035

