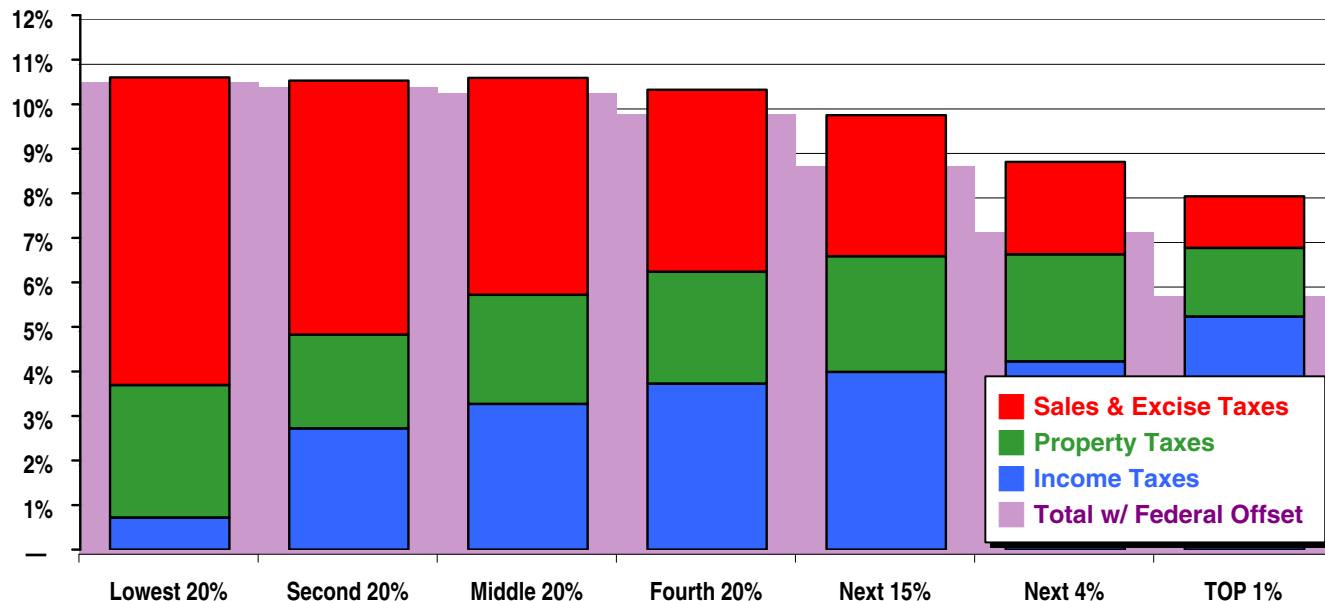


# Iowa

## State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$14,000	\$14,000 – \$28,000	\$28,000 – \$44,000	\$44,000 – \$65,000	\$65,000 – \$110,000	\$110,000 – \$257,000	\$257,000 or more
Average Income in Group	\$7,900	\$20,800	\$34,600	\$53,700	\$82,100	\$149,000	\$640,100
<b>Sales &amp; Excise Taxes</b>	<b>6.9%</b>	<b>5.7%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>3.2%</b>	<b>2.1%</b>	<b>1.2%</b>
General Sales—Individuals	4.1%	3.6%	3.2%	2.8%	2.2%	1.5%	0.8%
Other Sales & Excise—Ind.	1.2%	0.8%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.3%	1.0%	0.8%	0.6%	0.4%	0.2%
<b>Property Taxes</b>	<b>3.0%</b>	<b>2.1%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>1.5%</b>
Property Taxes on Families	2.8%	1.9%	2.3%	2.3%	2.2%	1.9%	0.8%
Other Property Taxes	0.2%	0.2%	0.2%	0.2%	0.4%	0.5%	0.8%
<b>Income Taxes</b>	<b>0.7%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>3.7%</b>	<b>4.0%</b>	<b>4.2%</b>	<b>5.2%</b>
Personal Income Tax	0.7%	2.7%	3.2%	3.7%	4.0%	4.2%	5.1%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>TOTAL TAXES</b>	<b>10.6%</b>	<b>10.5%</b>	<b>10.6%</b>	<b>10.3%</b>	<b>9.8%</b>	<b>8.7%</b>	<b>7.9%</b>
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.4%	-1.0%	-1.5%	-2.1%
<b>TOTAL AFTER OFFSET</b>	<b>10.6%</b>	<b>10.5%</b>	<b>10.4%</b>	<b>9.9%</b>	<b>8.7%</b>	<b>7.2%</b>	<b>5.8%</b>

Note: Table shows 2002 tax law at 2000 income levels.

# Iowa Details

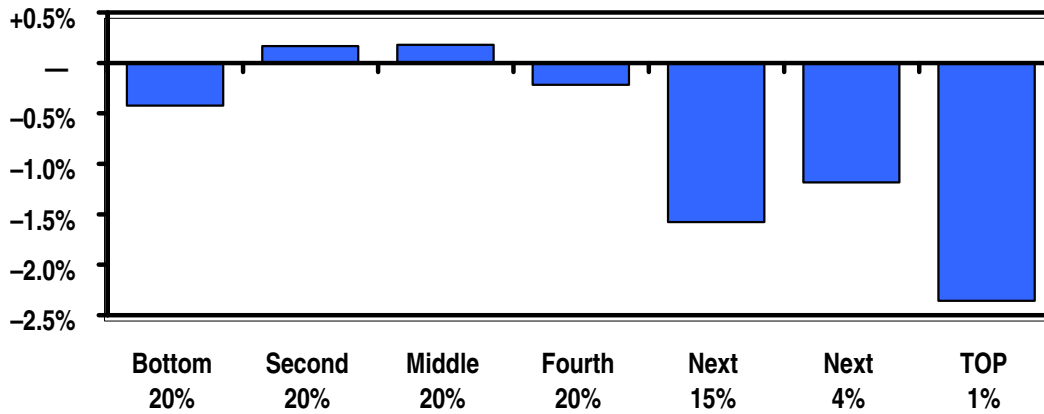
## Progressive Features

- ✓ Earned income tax credit
- ✓ Tax brackets and standard deduction indexed
- ✓ Homestead exemption
- ✓ Sales tax exempts food

## Regressive Features

- ✗ Deduction for federal income taxes paid

Changes in Tax as Share of Income, 1989 - 2002

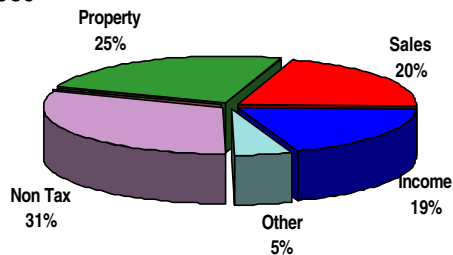


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
<b>Sales &amp; Excise</b>	-0.1%	-0.1%	-0.0%	-0.1%	-0.0%	-0.0%	-0.0%
<b>Property</b>	-0.3%	-0.1%	+0.3%	+0.0%	-0.8%	-0.1%	-0.4%
<b>Income</b>	-0.1%	+0.3%	+0.1%	+0.1%	+0.1%	+0.1%	-0.1%
<b>Federal Offset</b>	+0.0%	-0.0%	-0.2%	-0.3%	-0.8%	-1.1%	-1.9%
<b>Overall Change</b>	-0.4%	+0.2%	+0.2%	-0.2%	-1.6%	-1.2%	-2.4%

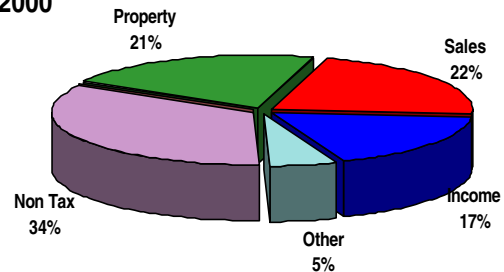
Iowa income tax rates were cut in a regressive way in 1998. Low-income taxpayers benefited somewhat from a new EITC. Iowa increased the state sales tax by 1 percent in the early 1990s, then offset some (but not all) of this regressive tax hike by exempting utilities in 2000. Local sales tax authority was also expanded during the 1990s.

## Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census