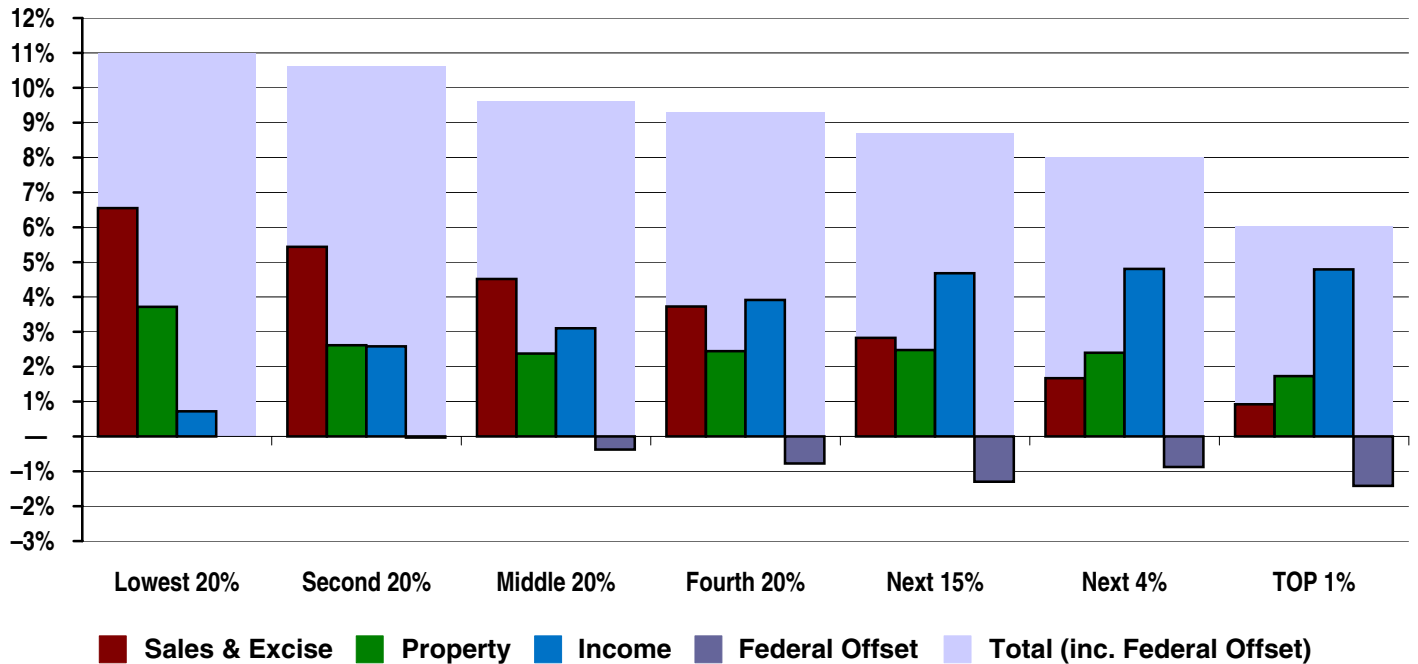


Iowa

State & Local Taxes in 2007

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 \$20,000	\$20,000 – \$37,000	\$37,000 – \$56,000	\$56,000 – \$86,000	\$86,000 – \$146,000	\$146,000 – \$365,000	\$365,000 or more
Average Income in Group	\$10,500	\$29,300	\$45,800	\$69,300	\$107,400	\$209,200	\$989,200
Sales & Excise Taxes	6.5%	5.4%	4.5%	3.7%	2.8%	1.7%	0.9%
General Sales—Individuals	3.6%	3.2%	2.8%	2.4%	1.8%	1.1%	0.6%
Other Sales & Excise—Ind.	1.5%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.5%	1.3%	1.0%	0.8%	0.6%	0.4%	0.2%
Property Taxes	3.7%	2.6%	2.4%	2.4%	2.5%	2.4%	1.7%
Property Taxes on Families	3.6%	2.5%	2.2%	2.2%	2.2%	1.8%	0.7%
Other Property Taxes	0.1%	0.2%	0.1%	0.2%	0.2%	0.6%	1.1%
Income Taxes	0.7%	2.6%	3.1%	3.9%	4.7%	4.8%	4.8%
Personal Income Tax	0.7%	2.6%	3.1%	3.9%	4.7%	4.7%	4.6%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	11.0%	10.6%	10.0%	10.1%	10.0%	8.9%	7.4%
Federal Deduction Offset	0.0%	-0.0%	-0.4%	-0.8%	-1.3%	-0.9%	-1.4%
TOTAL AFTER OFFSET	11.0%	10.6%	9.6%	9.3%	8.7%	8.0%	6.0%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Iowa

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Provides a refundable earned income tax credit (EITC)
- ✓ Sales tax base excludes groceries

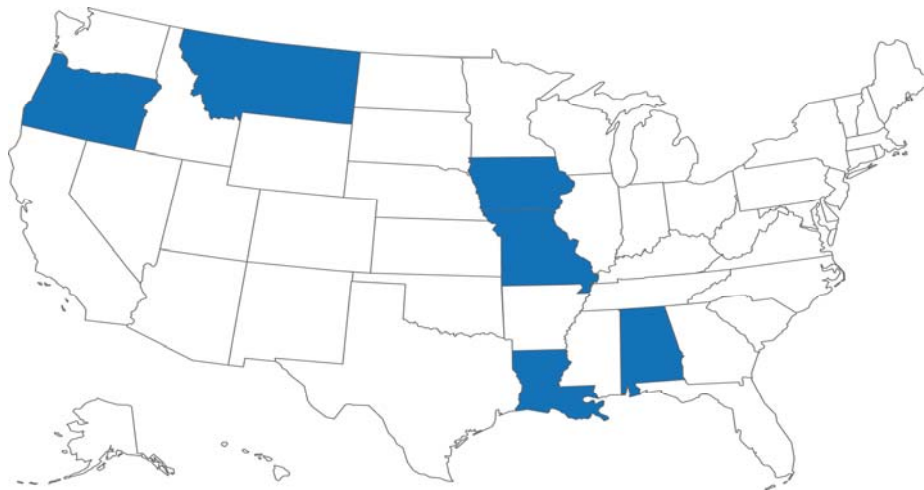
Regressive Features

- ✗ Offers an income tax deduction for federal income taxes paid
- ✗ Completely excludes certain types of capital gains income from taxation

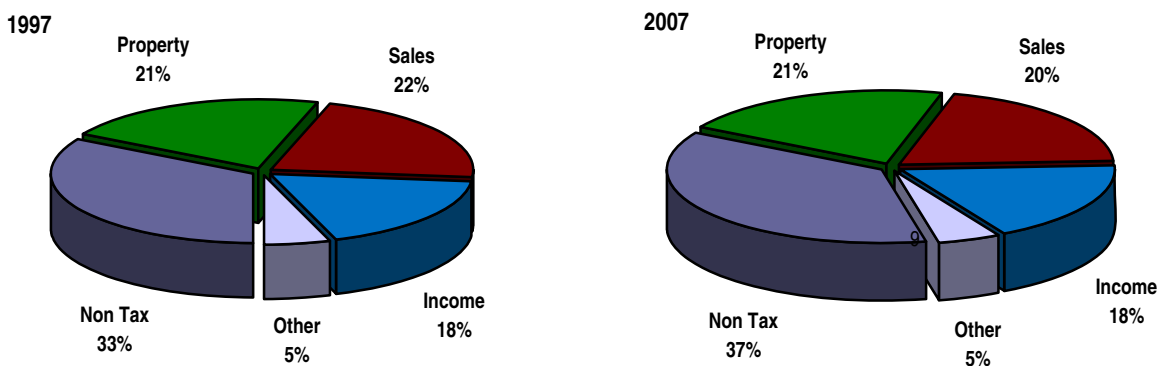
Recent Developments

- ▲ Increased its EITC to 7 percent of the federal credit
- ▲ Increased cigarette taxes

States Offering a Deduction for Federal Income Taxes Paid



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances