

## MAJOR STATE AND LOCAL TAXES

State Taxes	Rate on July 1, 2009	Description
Individual Income Tax	0.36% to 8.98%	<ul style="list-style-type: none"> <li>Tax is paid on personal net income earned in Iowa. Federal taxes paid are deducted from income. For tax year 2009, the filing threshold for a couple is \$13,500. The top rate applies to a couple's taxable income in excess of \$63,315.</li> </ul>
Sales and Use Tax	6.00%	<ul style="list-style-type: none"> <li>Tax is paid on the final sale of most goods and enumerated services. Food, prescription drugs, and professional services are the major exceptions. One percent is dedicated to school infrastructure finance.</li> </ul>
Motor Vehicle Fuel Tax		
Gasoline	\$0.210 per gallon	<ul style="list-style-type: none"> <li>Tax is paid on purchases of various gas and fuel sources. Receipts are deposited in the Road Use Tax Fund.</li> </ul>
Ethanol	\$0.190 per gallon	
Diesel	\$0.225 per gallon	
Corporate Income Tax	6.00% to 12.00%	<ul style="list-style-type: none"> <li>Tax is paid on the net income of corporations doing business in Iowa. The top rate applies to taxable income over \$250,000.</li> </ul>
Insurance Premium Tax	1.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the adjusted gross amount of premiums (excluding annuities) of every insurance company except fraternal beneficiary associations.</li> </ul>
Cigarette Tax	\$1.36 per pack	<ul style="list-style-type: none"> <li>Tax is imposed on the sale of cigarettes.</li> </ul>
Tobacco Tax	50.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the wholesale price of tobacco, excluding tobacco subject to the cigarette tax.</li> </ul>
Franchise Tax	5.00%	<ul style="list-style-type: none"> <li>Tax is imposed on the net income of most types of banks and financial institutions. Credit unions are taxed differently.</li> </ul>
Inheritance Tax	1.00% to 15.00%	<ul style="list-style-type: none"> <li>Tax is imposed on beneficiaries other than lineal descendants. Rates and brackets vary according to relationship of beneficiary to the deceased.</li> </ul>
Property Tax	Varies - the residential average rate is approximately 3.4% of taxable valuation.	<ul style="list-style-type: none"> <li>Tax is imposed on the taxable value of real property, including land and buildings. For FY 2010, residential property is taxed at 45.59% of market value.</li> </ul>

## MAJOR STATE AND LOCAL TAXES (Continued)

State Taxes	Rate on July 1, 2009	Description
Local Option Sales Tax	1.00%	<ul style="list-style-type: none"><li>• Tax is added to the general State sales tax but not to use tax. The State remits collections to local cities and counties.</li></ul>
Hotel/Motel Tax	Various - can not exceed 7.00%.	<ul style="list-style-type: none"><li>• Tax is imposed on the gross receipts of hotel and motel room rentals and disbursed to local governments imposing the tax.</li></ul>
Individual Income School District Surtax	Varies - can not exceed 20.00% of State income tax liability.	<ul style="list-style-type: none"><li>• Tax is imposed by school districts on residents' State income tax payments and disbursed to school districts imposing the tax.</li></ul>

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