



Taxation Issues

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Sustainable Funding For Natural Resources Study Committee
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Net Taxes Collected by the State of Iowa 12 months ending September 2007

Net Tax Revenue Collected by the State

October 2006 Through September 2007

In Millions

<u>Tax Source</u>	<u>Net Tax Receipts</u>
Banking	\$ 33
Beer & Wine	21
Cigarette & Tobacco	173
Corporate	316
Fuel	450
Gambling	284
Individual Income	2,706
Inheritance	74
Insurance	98
Other taxes	3
Real Estate Transfer	18
Sales/Use-General Fund	1,871
Sales/Use-Road Use Fund	270
<u>Total Net Taxes</u>	<u>\$ 6,314</u>

Local Option Taxes Remitted to the State and Distributed to Local Governments, 12 months ending September 2007

Local Option Sales Tax 12 Months Ending Sept. 2007

In Millions

	<u>Amount</u>
Sales Tax	\$ 564
Income Surtax	\$ 82
Hotel Motel Tax	\$ 35

Sales/Use Tax

Sales/Use Tax	
State General Fund Only	
	<u>Net Revenue, In Millions</u>
FY 2009 Net Estimate	\$ 1,947
<u>Fraction of a Percent Tax Rate Increase</u>	<u>Revenue Increase, In Millions</u>
One Tenth	\$ 39
One Quarter	\$ 97
Three-Eighths	\$ 146
Four Tenths	\$ 156
One Half	\$ 195

Real Estate Transfer Tax

- ◆ Iowa's Real Estate Transfer Tax is equal to \$0.80 per \$500 (0.16%) of consideration paid for transferred property.
- ◆ The tax is collected at the local level and the revenue is divided:
 - ◆ 17.5% retained by the county.
 - ◆ Remainder to the State. The state distributes:
 - 95.0% to the General Fund
 - 5.0% to the Shelter Assistance Fund

Real Estate Transfer Tax

- ◆ Based on the State Share, the \$0.80 per \$500 raised approximately \$21.7 million in state and county revenue for fiscal year 2007.
- ◆ This represents the tax on \$13.6 billion in taxed transferred property value.
- ◆ The next few fiscal years will likely see somewhat lower property transfer values and therefore lower tax receipts.

Lottery Revenue

- ◆ Lottery Profits (gross sales after prizes and administrative costs) are transferred to the state.
 - ◆ A small portion is deposited to the Gambler's Assistance Fund
 - ◆ The remainder is deposited to the State General Fund
- ◆ Gross sales include Iowa-only games and multi-state lottery sales that occur in Iowa.

Lottery Revenue

Lottery Transfers to the General Fund

In Millions

	<u>Amount</u>
FY 2005 Actual	\$ 50
FY 2006 Actual	\$ 79
FY 2007 Actual	\$ 57
FY 2008 REC	\$ 60
FY 2009 REC	\$ 59