

Income Tax Cuts and Modernization of the Sales Tax Base Revised **November 29, 2017 - Preliminary Analysis**

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State Capitol
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Dear Pam,

This letter presents revised revenue estimates for a proposal based on the tax reform plan prepared for the Governor's Office dated on October 20, 2017 with some revisions. The revised proposal includes a delay in the reform for corporation income tax, eliminating the inheritance tax beginning in TY 2021, and various additional adjustments to the individual income tax. This analysis also eliminates the individual AMT effective in tax year 2019 which was not part of the original proposal, but has been added to later analysis as a simplification improvement. The grey regions highlight the revisions compared to the original tax plan (October 20, 2017).

Under current law, Iowa income taxes have high statutory marginal tax rates.

- The statutory top marginal income tax rate on individuals is 8.98 percent, which is the fourth highest state tax rate.
- The statutory top marginal income tax rate on corporations is 12 percent, which is the highest state tax rate.

Iowa tax code is uncoupled with the federal tax code, creating complexities for a large share of Iowa taxpayers including teachers, low-income families, and farmers and business owners making capital investments.

In addition, the sales tax base in Iowa is not aligned with the modern economy. Growth in consumption is in services and online purchases. The Iowa sales tax code limits taxation to a list of services that were selected fifty years ago. Since that time, only 13 services have been added while others have been removed. Digitally-delivered goods, a growing form of product delivery, are also exempt. Finally, sales of tangible property on the internet are often made by companies without nexus who are not obligated to collect sales tax from Iowa consumers. Iowa taxpayer remittances of consumer's use tax are very low despite the growth in remote purchases.

Tax Cuts

This proposal introduces tax cuts for individual and corporation income taxpayers funded largely through the modernization of the sales tax base:

- Coupling the individual and corporation income tax code with a phase-in of Section 179

- Individual - cutting marginal tax rates 6 percent then phasing down from the current nine rates to four with a maximum rate of 6.92 percent, and eliminating the AMT
- Corporation - eliminating federal deductibility, AMT, and lowering the current four rates to two with a maximum rate of 7 percent
- Phasing-out the inheritance tax over five years
- Expansion of the sales tax base and definition of nexus

This analysis incorporates the General Fund net receipts forecasts of the Revenue Estimating Conference released October 19, 2017. It should be noted that one of the REC members commented that the FY 2019 forecast is likely to be lowered in December.

The analysis remains preliminary because both the individual and corporation income tax models need additional updates before the 2018 Legislative session. Those should be complete in mid-December.

Coupling

Along with the changes to individual and corporation income taxes, the proposal would couple with federal tax legislation passed during tax year 2015 effective for tax years 2018 and later, except for bonus depreciation. This includes provisions such as an exemption for charitable donations of IRA withdrawals for taxpayers aged 70 ½ and older, the expansion of the EITC, and annual Section 179 expensing of an indexed \$500,000.

The estimated fiscal impacts of these provisions are currently completed outside of the corporation income tax model; therefore, the distributional impacts presented below do not incorporate estimates of how taxpayers will benefit from coupling with the federal provisions. For individual income, key provisions are modeled, including the expansion of the Section 179 investment limit and cap.

Federal Tax Reform

The following estimates are based on current federal law. If the federal government enacts significant tax reform that results in a reduction in federal tax liability for Iowans, revenue under current law will increase (as federal deductions fall). This would allow for larger individual income tax reductions relative to a minimum baseline growth. Regardless, the potential for major changes in federal tax law creates significant uncertainty about future income tax revenues in Iowa.

Analysis

The following presents the estimated fiscal impact of coupling, cutting individual income tax rates and moving to only five rates, simplifying corporation income tax and lowering rates. These changes are funded in part

through a modernization of the Iowa sales tax base to include digitally-delivered goods and services, consumer services, and nexus for online sellers. Over the next five years, estimated revenue growth above basic population and inflation is also dedicated to further lowering corporation and individual income taxes.

Net receipts for FY 2018 and FY 2019 are based on the October 2017 REC forecasts. It is assumed that under current law, General Fund receipts will grow at 3.6% per fiscal year in FY 2020 and later. Figure 1 presents forecasted growth rates under current law, the proposed tax changes, and benchmark growth, defined as the rising cost of providing State services accounting for projected State population growth and rising consumer prices. The benchmark was revised from 2.65% growth per fiscal year to 2.55% growth per fiscal year to reflect lowered inflation forecasts released November 2017.

Figure 2 presents forecasted net General Fund receipts by major tax type under current law and under the tax changes as proposed. The green diagonal line at the top represents the estimated aggregate revenues if revenue growth achieved benchmark growth each year.

1. Iowa Individual Income Tax

- Coupling in TY 2018; phase in Section 179 over five years.
- Cutting marginal tax rates 6% across the board in TY 2019.
- Eliminating the Iowa alternative minimum tax in TY 2019 (this was not in the original but was included in subsequent analysis).
- In TY 2020, begin to phase in a doubling of the pension exemption over a five year period.
- Increase the standard deduction beginning in TY 2019 to \$2,100, \$5,150 and \$2,100.
- Beginning in TY 2020, reduce and/or consolidate the tax brackets and correspondingly increasing the standard deduction, with a goal of minimizing taxpayers realizing an increase in Iowa tax liability while moving toward four tax brackets.
- Top tax rate is phased down to 6.92%.

Coupling

In 2015, the Congress permanently extended several tax provisions that had previously been only temporarily extended over the prior decade. The General Assembly chose to couple with those provisions for tax year 2015 only, but chose to not couple for TY 2016. This proposal includes full coupling effective TY 2018 except for bonus depreciation and Section 179 expensing. While the federal extension of bonus depreciation was a phase-out ending after TY 2019, Section 179 expensing was permanently set at

\$500,000 and indexed. In Iowa, current law for TY 2016 and later includes expensing capped at only \$25,000.

For individual income tax, major provisions with conformity impacts include the extension of the higher Earned Income Tax Credit for families with three or more children and married households (provisions to which Iowa is currently coupled through tax year 2017), a deduction for teacher classroom expenses, and an itemized deduction for State and local general sales taxes. All of these provisions are modeled in the individual income tax model. Other provisions that are not modeled are the tax-free IRA distribution to charities for taxpayers aged 70 ½ and older and the exclusion of 100% of gains on small business stock.

For corporation income tax, the provisions with the largest estimated coupling impacts are Section 179, 15-year depreciation for retail and restaurant improvements, and look-through treatment of payments between controlled foreign corporations. None of these provisions are modeled in the corporation income tax micro model. Note that it is assumed that Iowa would not couple with the last few years of bonus depreciation under this proposal.

The provision with the largest estimated conformity cost is the higher Section 179 expensing limit. Although this is a business tax provision, most taxpayers taking advantage of this provision are small business owners or farmers who report business income on their individual income tax return. Under the proposal, the cap would be phased from the current \$25,000 in TY 2017 beginning in tax year 2018 to the \$560,000 effective cap for TY 2022.

Table A. Coupling Phase-In for Section 179 Expensing

Tax Year	Iowa Current Law		Federal Current Law		Under the Proposal	
	Expensing Cap	Investment Limit	Expensing Cap	Investment Limit	Expensing Cap	Investment Limit
2018	\$25,000	\$200,000	\$520,000	\$2,070,000	\$35,000	\$140,000
2019	\$25,000	\$200,000	\$530,000	\$2,120,000	\$500,000	\$200,000
2020	\$25,000	\$200,000	\$540,000	\$2,160,000	\$100,000	\$400,000
2021	\$25,000	\$200,000	\$550,000	\$2,210,000	\$250,000	\$1,000,000
2022	\$25,000	\$200,000	\$560,000	\$2,260,000	\$560,000	\$2,260,000
2023	\$25,000	\$200,000	\$580,000	\$2,310,000	\$580,000	\$2,310,000
2024	\$25,000	\$200,000	\$590,000	\$2,360,000	\$590,000	\$2,360,000

Note: Federal amounts are estimated index amounts. The cap reflects the maximum investment that can be expensed in a tax year; the limit reflects the dollar value of investment that if exceeded, results in a reduction in the cap dollar for dollar.

Iowa Alternative Minimum Tax

The Iowa alternative minimum tax (AMT) is eliminated effective tax year 2019, simplifying the individual income tax. The Iowa AMT is an alternative tax calculation established decades ago to reduce the likelihood individuals could use large adjustments or preferences to avoid paying Iowa tax. The tax rate equals 75 percent of the top marginal rate, but is levied on a broader definition of taxable income. However, if a taxpayer becomes subject to the AMT in a single year because of a one-time occurrence of the covered adjustments or preferences, the Iowa Alternative Minimum Tax (AMT) Credit would allow that taxpayer to eventually recover all of the taxes paid because of the anomalous occurrence. On the other hand, a taxpayer who regularly receives the covered adjustments or preferences would be regularly subject to the AMT and thus not be eligible to claim the AMT Credit.

The Iowa AMT was paid by an average of 22,000 taxpayers in recent tax years (an average of \$8.5 million per year) and the Iowa AMT Credit was claimed by an average of 14,000 taxpayers (an average of \$5.2 million).

With the AMT repealed, in TY 2019 any taxpayer with an AMT Credit would be eligible to claim the full amount up to their Iowa tax liability since this tax credit can be claimed only if taxpayers are not subject to AMT. After TY 2019, any remaining unused AMT Tax Credit is assumed to be expired. Although different than the Iowa AMT Tax Credit, it should be noted that the federal proposal that eliminates the AMT does allow claims of the AMT Tax Credit for four years after elimination.

Marginal Tax Rates and Standard Deduction

Under current law, there are nine marginal tax rates ranging from 0.36 percent to 8.98 percent. In tax year 2019, all tax rates are reduced 6 percent. Over tax years 2020 through 2023, the number of tax rates is decreased to four with a top rate of 6.92 percent.

Iowa, similar to the federal income tax calculation, allows taxpayers to deduct a set amount in the transition from adjusted gross income to taxable income referred to as the standard deduction (other taxpayers choose to itemize deductions). A 0 percent tax rate effectively applies on income equal to those deductions.

Under current law, the standard deduction for TY 2019 will be \$2,070 for a single taxpayer, a taxpayer married separately on separate returns, or a composite taxpayer or \$5,100 for married jointly, head of household, or qualified widower. This proposal increases the standard deduction to \$2,100/\$5,150 for TY 2019. For TY 2020, the current law standard deductions are estimated to be \$2,100/\$5,180; the proposed standard deductions would be \$2,750/\$5,500 (\$2,150 for composite filers). Alternatively, taxpayers can itemize their eligible deductions such as charitable contributions, local property taxes, or casualty losses. In TY 2021,

under the proposal the standard deduction would be raised to \$4,500/\$9,000 (\$2,180 for composite filers) and again in TY 2022 to \$5,000/\$10,000 (\$2,250). Beginning in TY 2023, annual indexing would again be applied.

In TY 2015, just under 50 percent of taxpayers claimed the standard deduction; however, the distribution of claimants is heavily skewed toward low-income taxpayers. While nearly 80 percent of taxpayers reporting AGI below \$20,000 claimed the standard deduction, 10 percent or less of taxpayers with AGI above \$100,000 claimed the standard deduction.

Table B. Proposed Iowa Individual Income Tax Rates, Brackets, and Standard Deductions

Current Brackets			TY 2019	TY 2020	TY 2021	TY 2022	TY 2023									
Over	But Not Over	Current Rates	Over	But Not Over	Over	But Not Over	But Not Over									
[1]	\$0	\$1,600	0.36%	0.34% [1]	\$0	\$3,312	0.68% [1]	\$0	\$5,000	1.00% [1]	\$0	\$5,090	1.00% [1]	\$0	\$5,192	1.00%
[2]	\$1,600	\$3,200	0.72%	0.68% [2]	\$3,312	\$6,624	2.27% [2]	\$5,000	\$10,000	4.20% [2]	\$5,090	\$20,270	4.20% [2]	\$5,192	\$20,675	4.20%
[3]	\$3,200	\$6,400	2.43%	2.28% [3]	\$6,624	\$14,904	4.21% [3]	\$10,000	\$20,000	4.70% [3]	\$20,270	\$40,720	5.70% [3]	\$20,675	\$41,534	5.65%
[4]	\$6,400	\$14,400	4.50%	4.23% [4]	\$14,904	\$33,120	5.72% [4]	\$20,000	\$40,000	6.00% [4]	\$40,720	\$76,350	6.92% [4]	\$41,534	or more	6.92%
[5]	\$14,400	\$24,000	6.12%	5.75% [5]	\$33,120	\$49,680	6.36% [5]	\$40,000	\$75,000	7.00% [5]	\$76,350	or more	7.00%			
[6]	\$24,000	\$32,000	6.48%	6.09% [6]	\$49,680	\$74,520	7.40% [6]	\$75,000	or more	7.67%						
[7]	\$32,000	\$48,000	6.80%	6.39% [7]	\$74,520	or more	8.31%									
[8]	\$48,000	\$72,000	7.92%	7.44%												
[9]	\$72,000	or more	8.98%	8.44%												
Proposed Standard Deductions																
Single and Married Separate			\$2,100	\$2,750	\$4,500	\$5,000	\$5,120									
Married Joint, Head of Household, and Qualified Composite Filers			\$5,150	\$5,500	\$9,000	\$10,000	\$10,240									
Composite Filers			\$2,100	\$2,150	\$2,180	\$2,250	\$2,370									
Current Standard Deductions																
Single and Married Separate			\$2,070	\$2,100	\$2,140	\$2,170	\$2,220									
Married Joint, Head of Household, and Qualified Composite Filers			\$5,100	\$5,180	\$5,260	\$5,350	\$5,460									
Composite Filers			\$2,070	\$2,100	\$2,140	\$2,170	\$2,220									

Pension exclusion

Under current law, taxpayers are allowed to exclude from Iowa taxable income up to \$6,000 for a single taxpayer, or head of household, or qualified widower in pension income (a pension, annuity, self-employed retirement plan, deferred compensation, IRA distribution, or other retirement plan benefits, excluding Social Security benefits and military pension) or \$12,000 for a married couple. Taxpayers must meet one of the following conditions to be eligible to take this pension exclusion: (1) 55 years of age or older; (2) disabled, or (3) a surviving spouse or a survivor having an insurable interest in an individual who would have qualified for the exclusion on the basis of age or disability. Under the proposal, this pension exclusion would be increased 20% each year over current law from TY 2020 to TY 2024, resulting in a doubling after five years.

Table C. Current and Proposed Pension Exclusion

Tax Year	Current Law		Proposed	
	Single, Head of Household, or Qualified		Single, Head of Household, or Qualified	
	Widower Per Taxpayer	Married Per Household	Widower Per Taxpayer	Married Per Household
2020	\$6,000	\$12,000	\$7,200	\$14,400
2021	\$6,000	\$12,000	\$8,400	\$16,800
2022	\$6,000	\$12,000	\$9,600	\$19,200
2023	\$6,000	\$12,000	\$10,800	\$21,600
2024	\$6,000	\$12,000	\$12,000	\$24,000

Individual Income Tax Model

This analysis employs the IDR individual income tax micro model using preliminary data for TY 2016 under development for the 2018 Legislative session. In order to estimate tax liability in years after 2016, individual tax return data used by the model are adjusted for anticipated growth in income and changes in the size and age distribution of the population. The income growth forecasts are based on various income projections produced by external economic models using data primarily from Moody's Analytics; however, many growth factors have not been updated from those used for the 2017 Legislative model. Economic projections do not assume any specific unusual growth or recessionary periods. Population projections are based on the REMI model for the State of Iowa. The model forecasts both federal and Iowa tax liability for each household. The forecasted changes in liability by tax year under the proposal are timed into State fiscal year changes using historical patterns of withholding, estimates, final returns, and refunds.

Because TY 2016 return data are not complete yet, roughly 80,000 taxpayers in the base year data are imputed using information from last year's late filers. The Department will update the model in mid-December with revised economic growth forecasts, new population forecasts, and actual tax return information will replace imputed late filers in the base year TY 2016 data. Therefore, proposals estimated using the model prepared for the 2018 Legislative session are subject to change when re-estimated with the 2018 model.

Individual Income Tax Fiscal Estimates

The estimated fiscal impacts of the proposal are presented in the following tables, using TY 2018 as an example (similar tables are presented for TY 2019 through TY 2023). NOTE - these model results incorporate the impact of coupling as noted above:

- **Table 1** comparing tax parameters of current law and the proposal in TY 2018;
- **Table 2** presenting estimated change in tax liability by income groups in TY 2018;

- **Table 3** describing the distribution of all taxpayers experiencing decreases or increases in tax liability estimated for TY 2018;

Table 19 presenting tax liability changes for example taxpayers under this proposal in TY 2023. The 35 modeled example households, based on average outcomes for actual taxpayers forecasted to fit the specified characteristics, differ by filing status, number of dependents, age of primary taxpayer, and income groups (the AGI ranges target groups with AGI of \$25,000, \$50,000, \$100,000, \$200,000, and \$500,000).

Finally, **Table 20** summarizes the estimated revenue impacts by tax year and by fiscal year. The table also presents the estimated reduction in school surtax collections by tax year.

2. Iowa Inheritance Tax Proposal

The Iowa inheritance tax is repealed over five years. The proposal would be effective beginning with decedents dying on or after January 1, 2021 and passing property to non-lineal descendants. It is assumed that for deaths occurring in calendar year 2021 through 2025 the applicable inheritance tax rate would be reduced cumulatively by 20% each year according to the year in which the decedents died (for example, applicable tax rates on an inheritance return associated with a death date in CY 2021 would be reduced by 20%; for CY 2022, 40%, and so on).

Forecasted Net Receipts of Inheritance Tax Under Current Law

Inheritance tax receipts estimated by the Revenue Estimating Conference in October 2017 are used for FY 2018 and FY 2019; growth was assumed to equal 3.6% annually in fiscal years 2020-2027. Forecasted inheritance tax receipts are \$88.8 million in fiscal year 2018 and reaching \$159.3 million in fiscal year 2027.

Table D. Forecasted Inheritance Tax Receipts (Million \$)

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
\$88.800	\$92.500	\$95.830	\$99.280	\$102.854	\$106.557	\$110.393	\$114.367	\$118.484	\$122.750

Note: The forecast presented for FY 2018 and 2019 is Official REC October 2017 forecasts. Forecasts for FY 2020 assumed 3.6% annual growth. Because fiscal year inheritance tax refunds are relatively low, forecasted inheritance tax refunds under current law are zero. As a result, forecasted net inheritance tax receipts equal forecasted receipts.

Assumed Timing for Iowa Inheritance Tax Repeal

Under current law, the inheritance tax return must be filed and any tax due must be paid on or before the last day of the ninth month after the death of the decedent unless an extension is granted by the Iowa Department of Revenue. Based on returns filed in 2014 through 2016, the distribution of payments by the time between death and tax filing was estimated.

Table E. Inheritance Tax Estimated Time Between Death and Tax Filing by Quarter

Quarter	Share of Inheritance Tax by Quarter	Time Between Death Date and Tax Filing	Share of Inheritance Tax Payments
July Quarter	35.6%	90 days or less	2.8%
		91 - 180 days	13.4%
		181 - 270 days	28.8%
		271 - 365 days	48.2%
		366 days or more	6.7%
October Quarter	31.8%	90 days or less	1.6%
		91 - 180 days	9.3%
		181 - 270 days	31.4%
		271 - 365 days	49.4%
		366 days or more	8.3%
January Quarter	15.5%	90 days or less	0.8%
		91 - 180 days	14.8%
		181 - 270 days	31.2%
		271 - 365 days	48.9%
		366 days or more	4.3%
April Quarter	17.1%	90 days or less	0.7%
		91 - 180 days	8.2%
		181 - 270 days	26.5%
		271 - 365 days	60.0%
		366 days or more	4.6%

Note: it is assumed that the returns filed 366 days or more after date of death are all filed in the same quarter.

Estimated Revenue Impacts of Repealing Iowa Inheritance Tax

Using the estimated timing of payments within each quarter and applying the proposed tax rate reduction based on the estimated year of death of the decedent, the forecasted fiscal impacts of repealing the inheritance tax are shown in Table G.

Table F. Forecasted Revenue Impact of Repealing Iowa Inheritance Tax (Million \$)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue Impact (Million \$)	\$0.000	\$0.000	\$0.000	-\$0.332	-\$16.347	-\$38.247	-\$61.698	-\$86.795	-\$113.220	-\$122.750
Revenue Change Percent (%)	0.0%	0.0%	0.0%	-0.3%	-15.9%	-35.9%	-55.9%	-75.9%	-95.6%	-100.0%

3. Iowa Corporation Income Tax Proposal

- Eliminating federal deductibility in TY 2022
- Eliminating the Iowa alternative minimum tax in TY 2022
- Lower the top rate to 10% for TY 2022
- Over the next four years, lower the top tax rate to 7% and all others to 5.5%

Transition Year for Federal Deductibility

With the elimination of federal deductibility for corporation income tax, a transition year was modeled. That is, it is assumed that refunds would be included in Iowa taxable income in tax year 2022 but neither federal payments nor refunds would be included in Iowa taxable income beginning in tax year 2023. This is necessary because filers would have an incentive and ability to shift federal payments and refunds between tax years.

Marginal Tax Rates

Under current law, there are four marginal tax rates ranging from 6% to 12%. Under the proposal, the top rate would be phased down to 7% and all other rates would be reduced to 5.5%.

Table G. Corporation Income Tax Rates

Tax Bracket	TY 2022	TY 2023	TY 2024	TY 2025 and Later
\$0 - \$25,000	6.0%	6.0%	5.5%	5.5%
\$25,000 - \$100,000	8.0%	8.0%	5.5%	5.5%
\$100,000 - \$250,000	10.0%	8.0%	5.5%	5.5%
\$250,000 and Above	10.0%	10.0%	8.0%	7.0%

Iowa Alternative Minimum Tax

To further simplify the corporation income tax, the Iowa alternative minimum tax (AMT) is eliminated effective tax year 2019. The Iowa AMT is an alternative tax calculation established decades ago to reduce the likelihood corporations could use large adjustments or preferences to avoid paying Iowa tax. However, if a taxpayer becomes subject to the AMT in a single year because of a one-time occurrence of the covered adjustments or preferences, the Iowa Alternative Minimum Tax (AMT) Credit would allow that taxpayer to eventually recover all of the taxes paid because of the anomalous occurrence. On the other hand, a taxpayer who regularly receives the covered adjustments or preferences would be regularly subject to the AMT and thus not be eligible to claim the AMT Credit.

The Iowa AMT was paid by an average of 300 corporations in recent tax years (an average of \$6.4 million per year) and the Iowa AMT Credit was claimed by an average of 120 corporations (an average of \$3.2 million).

With the AMT repealed, in tax year 2019 any taxpayer with an AMT Credit would be eligible to claim the full amount up to their Iowa tax liability since this tax credit can be claimed only if taxpayers are not subject to AMT. After tax year 2019, any remaining unused AMT Tax Credit is assumed to be expired.

Corporation Income Tax Model

This analysis employs the IDR corporation income tax model using tax returns filed for form years 1990 through 2014. Tax liability for each return is forecasted for future years using economic growth projections for income, adjustments, and tax credits. The growth forecasts are based on external economic models using data primarily from Moody's Analytics. Projections do not assume any specific unusual growth or recessionary periods. The model uses the historic relationships between tax liabilities and State fiscal year receipts and refunds to translate tax year liability changes into State fiscal year revenue changes.

The Department will update the model this fall with revised economic growth forecasts and the addition of tax year 2015 data. Therefore, proposals estimated using the model prepared for the 2017 Legislative session are subject to change when re-estimated with the 2018 model.

Corporation Fiscal Estimates

The estimated fiscal impacts of the corporation proposal in the following tables:

- **Table 21** summarizing the estimated revenue impacts of eliminating federal deductibility by tax year and by fiscal year.
- **Table 22** presenting estimated change in tax liability by federal and Iowa income groups in TY 2022.

4. Sales and Use Modernization

- Eliminates exemptions for several consumer purchases including digitally-delivered goods, personal instruction services, and the sales tax holiday.
- Expands the definition of nexus to include two categories of online retailers, marketplaces and non-nexus retailers that use apps on devices in Iowa to execute transactions.
- Extends the taxation of services to include subscriptions that give the purchaser the right to use items or receive services.

Sales and Use Tax Modeling

Based on estimates completed for the TY 2015 Tax Expenditure Study, the fiscal impact of exempting various goods and services were projected for fiscal years 2019 and later. In most cases, the retailers to which sales are attributed have nexus in Iowa but the transactions are not taxed because of specific provisions in the tax code. The growth rates used for the out-years are unique to each exemption, usually based on industry GDP growth rates or CPI from the U.S. Bureau of Economic Analysis.

The estimates of use tax revenues not collected are based on data gathered from various websites. In some cases, the use tax is not collected because the item is sold in a marketplace website or other online retail that does not have nexus in Iowa; this proposal would expand the definition of nexus to instead include all retailers with apps on devices in Iowa that are used to facilitate transactions into the state.

Marketplaces include websites such as Etsy or Ebay which facilitate online sales between persons. Non-nexus retailers include sellers which ship their own products into Iowa but otherwise do not have a physical presence in the State. It is assumed that the latter would include only retailers with \$500,000 or more sales into Iowa per year.

Sales and Use Tax Fiscal Estimates

The estimated fiscal impacts of the proposal are presented in the **Table 23**:

- The first section presents estimates of removing existing consumer sales and use tax exemptions. The entry for digitally-delivered goods includes only those retailers who already have nexus.
- The second section presents estimates of expanding the definition of nexus to include two categories of online retailers: marketplaces and non-nexus retailers. It is assumed that only 50% of retailers would comply with the nexus expansion; the others would likely dispute the legality of the claim under *Quill* and not pay until specifically ordered to do so.
- The third section presents estimates of extending the sales tax base to various new economy subscriptions for items like music, games, TV, software, accommodations, and transportation.
- The final panel presents additional base expansions that are possible but not currently recommended. The list includes consumer purchases that might be difficult to administer, undesirable to tax, or ones that no other state currently taxes.

Local Impact Estimates

Under current law, one percentage point of the sales and use tax is dedicated to the Secure an Advanced Vision for Education (SAVE) program through December 31, 2029. Therefore, one-sixth of the estimated increased tax revenues would be transferred to the schools. The estimated difference in total net receipts for the State is net of that transfer to the school districts (see Table 24).

At the same time, many of the transactions that will become subject to sales tax under the modernized sales tax base would be subject to the additional one cent Local Option Sales Tax (LOST). An estimated 78% of Iowa sales tax transactions are subject to LOST; (it is less than 100% because some jurisdictions including nearly all of Polk County have not yet imposed LOST). Therefore, an expanded sales tax base would result in increased collections for local jurisdictions (see Table 24). Because Iowa does not have a local option use tax, it is not clear at this point how many of the new economy and ecommerce sales would be subject to LOST; the legal team is considering this issue. Therefore the LOST estimate is very preliminary and likely to be increased with further discussion.

Figure 1. Forecasted Growth Rates in Net General Fund Receipts

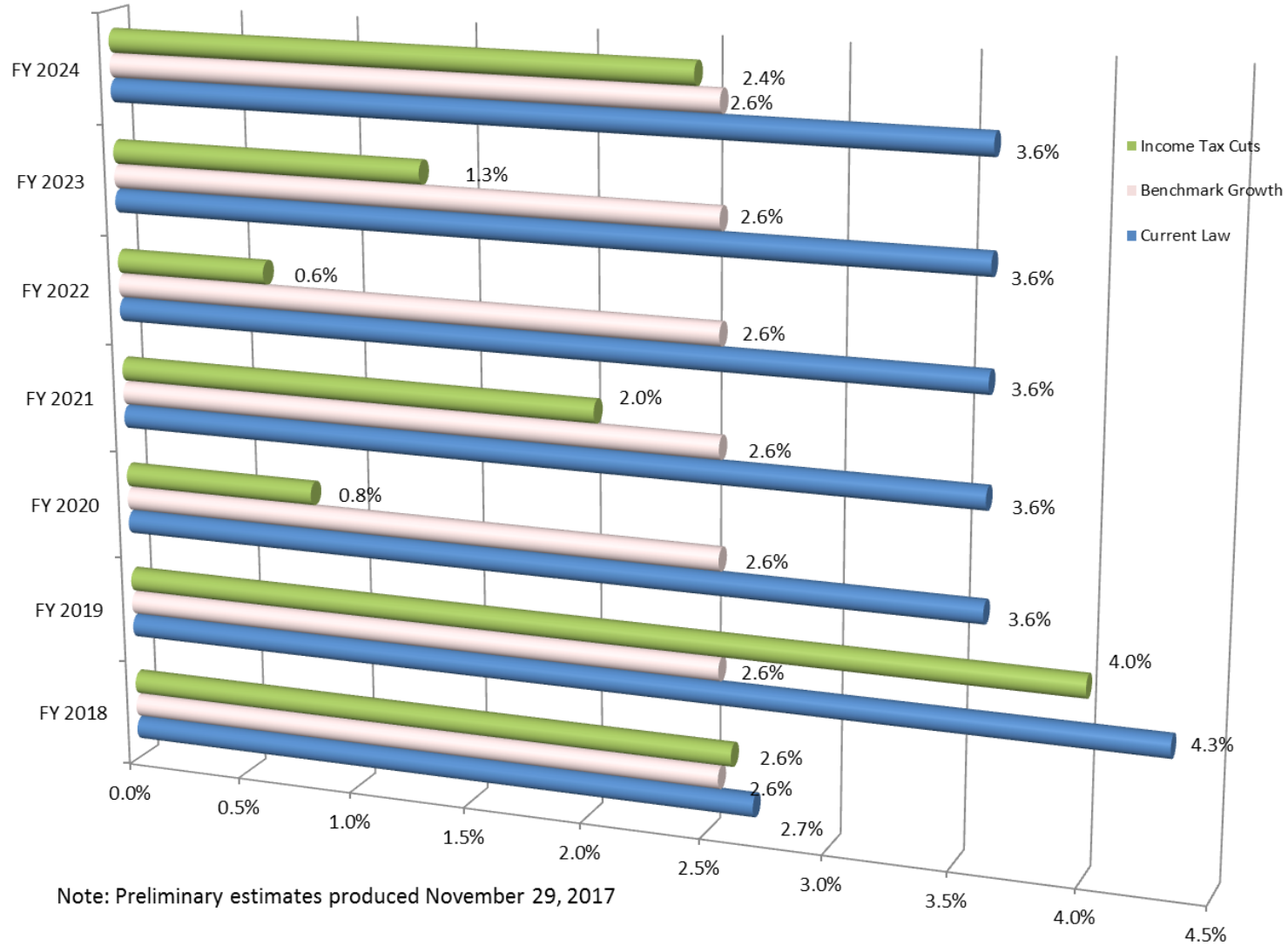
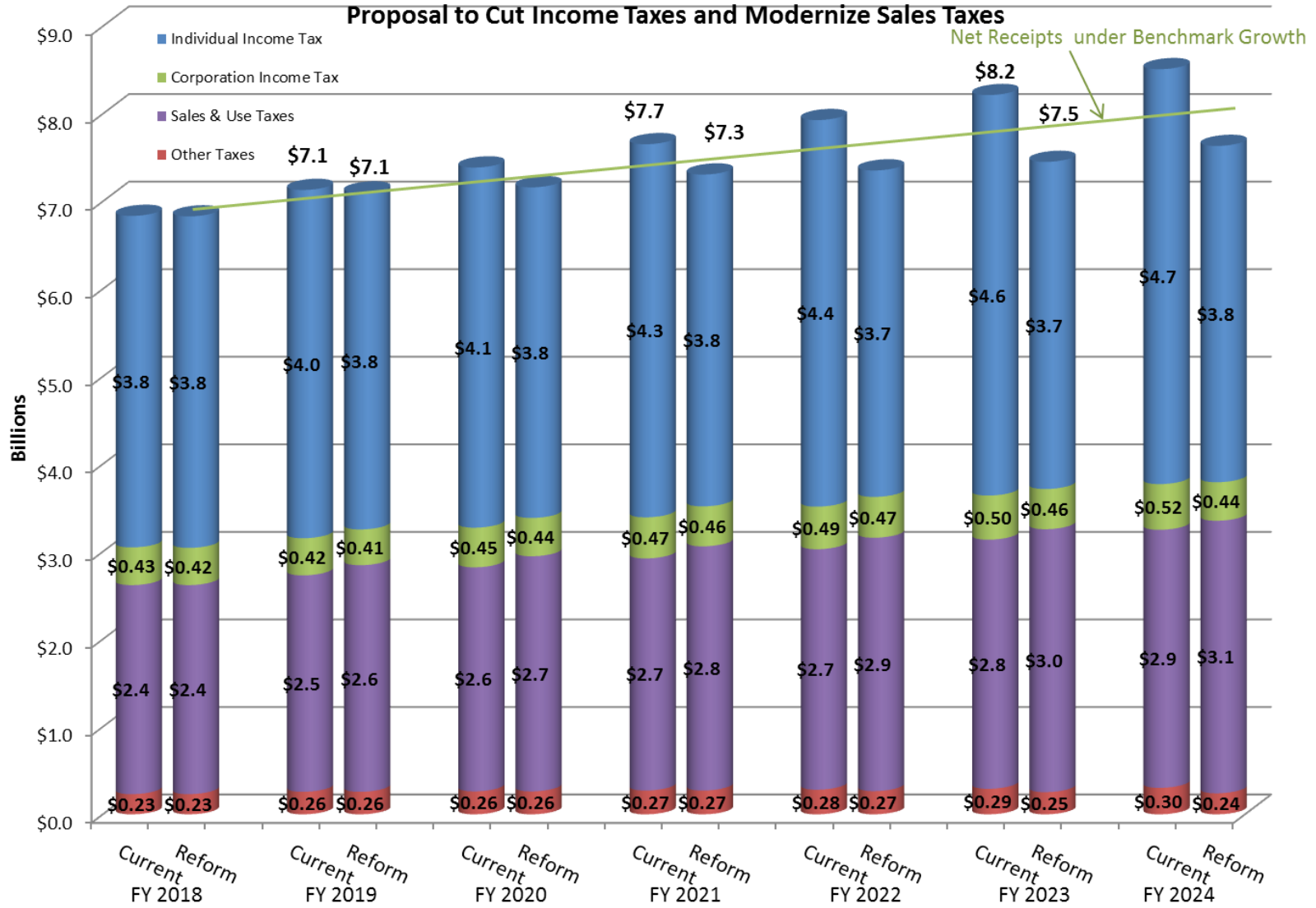


Figure 2. Forecasted Net General Fund Receipts under Current Law and Proposal to Cut Income Taxes and Modernize Sales Taxes



Note: Sales & Use Taxes are General Fund only, net of the funds dedicated to SAVE. Preliminary produced November 29, 2017

Table 1. Tax Year 2018 Current Law and Proposed Law Tax Parameters

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Tax Brackets and Rates</u>			
			<u>Over</u>	<u>But Not Over</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
Federal Tax Deduction	Unlimited	No change				
Personal/Dependent/Aged Credits	\$40/40/20	No change				
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change				
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change				
Itemized/Standard Deduction	\$2,030/\$5,000	No change				
Social Security Income	100% exclusion	No change				
Pension/Other Retirement Exclusion	\$6/\$12 K	No change				
Iowa Capital Gains Deduction	Unlimited	No change				
Alternate Tax Threshold	\$13.5 K/\$32 K	No change				
Alternate Tax Rate	8.98%	No change				
Iowa Earned Income Tax Credit	Refundable 15%	No change				
Nonresident/Part-Year Resident Tax Credit	Allowed	No change				
Out-of-State Tax Credit	Allowed	No change				
Section 179 Expensing Cap and Phase-out	\$25K/\$200K	\$35K/\$140K				
EITC, Educator Expense, State Sales Tax Itemized	Not couple	Couple				
AMT and AMT Tax Credit	Allowed	No change				
			\$0	\$1,600	0.36%	0.36%
			\$1,600	\$3,200	0.72%	0.72%
			\$3,200	\$6,400	2.43%	2.43%
			\$6,400	\$14,400	4.50%	4.50%
			\$14,400	\$24,000	6.12%	6.12%
			\$24,000	\$32,000	6.48%	6.48%
			\$32,000	\$48,000	6.80%	6.80%
			\$48,000	\$72,000	7.92%	7.92%
			\$72,000	or more	8.98%	8.98%

**Table 2. Estimated Change in Tax Liability By Adjusted Gross Income Level Under
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, and Eliminating AMT**

Estimates for Tax Year 2018

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percentage
\$10,000 or less	257.824	-\$5,028,994,763	-\$9,333,669	-\$9,516,367	-\$182,698	-\$1	-2.0%
\$10,001 to 20,000	200.164	2,966,280,286	8,429,776	8,031,223	-398,553	-2	-4.7%
\$20,001 to 30,000	179.887	4,478,462,894	82,511,105	81,945,405	-565,700	-3	-0.7%
\$30,001 to 40,000	162.634	5,651,619,153	157,574,824	156,662,592	-912,232	-6	-0.6%
\$40,001 to 50,000	134.549	5,998,121,335	195,884,205	194,965,017	-919,188	-7	-0.5%
\$50,001 to 60,000	104.760	5,703,842,684	195,666,548	195,207,873	-458,675	-4	-0.2%
\$60,001 to 70,000	85.428	5,495,456,846	187,539,476	187,207,984	-331,492	-4	-0.2%
\$70,001 to 80,000	72.108	5,352,821,678	191,797,999	191,450,594	-347,405	-5	-0.2%
\$80,001 to 90,000	63.488	5,343,889,684	196,010,911	195,666,042	-344,869	-5	-0.2%
\$90,001 to 100,000	53.758	5,063,209,372	190,270,768	189,901,917	-368,851	-7	-0.2%
\$100,001 to 125,000	101.610	11,272,380,265	434,482,295	433,588,709	-893,586	-9	-0.2%
\$125,001 to 150,000	61.840	8,402,529,822	327,061,887	326,204,934	-856,953	-14	-0.3%
\$150,001 to 175,000	36.723	5,915,510,090	231,727,183	231,007,794	-719,389	-20	-0.3%
\$175,001 to 200,000	23.508	4,369,634,903	171,697,486	171,124,405	-573,081	-24	-0.3%
\$200,001 to 250,000	26.187	5,800,554,644	224,977,136	224,179,525	-797,611	-30	-0.4%
\$250,001 to 500,000	34.807	11,690,733,981	417,113,500	415,594,097	-1,519,403	-44	-0.4%
\$500,001 to 1,000,000	12.310	8,359,372,543	240,424,144	239,656,670	-767,474	-62	-0.3%
\$1,000,001 or more	8.650	43,593,367,106	320,549,566	319,952,976	-596,590	-69	-0.2%
Composite Returns	2.751	619,951,320	41,676,690	41,676,690	0	0	0.0%
Totals	1,622,987	\$141,048,743,845	\$3,806,061,830	\$3,794,508,080	-\$11,553,750	-\$7	-0.3%

*Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).
Tax Research and Program Analysis Section, Iowa Department of Revenue*

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 3. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability Under Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2018

All Filers Adjusted Gross Income Current Law	Share of Returns by Estimated Change in Tax Liability ^a			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
\$10,000 or less	98.4%	1.6%	0.0%	-\$190,765	-\$46	\$8,390	\$420
\$10,001 to 20,000	96.0%	4.0%	0.0%	-412,572	-52	12,401	653
\$20,001 to 30,000	93.7%	6.3%	0.0%	-584,521	-51	11,129	742
\$30,001 to 40,000	90.6%	9.4%	0.0%	-937,169	-61	13,468	673
\$40,001 to 50,000	88.9%	11.1%	0.0%	-949,723	-64	16,881	767
\$50,001 to 60,000	93.3%	6.7%	0.0%	-487,500	-70	14,256	950
\$60,001 to 70,000	95.3%	4.7%	0.0%	-366,099	-91	20,396	887
\$70,001 to 80,000	94.8%	5.2%	0.0%	-380,517	-102	16,762	798
\$80,001 to 90,000	94.2%	5.7%	0.0%	-377,755	-104	16,552	828
\$90,001 to 100,000	93.4%	6.6%	0.0%	-401,950	-113	15,054	1,075
\$100,001 to 125,000	91.2%	8.7%	0.1%	-993,859	-112	57,125	985
\$125,001 to 150,000	89.4%	10.5%	0.1%	-946,427	-145	48,406	1,052
\$150,001 to 175,000	88.7%	11.2%	0.1%	-811,514	-198	56,764	1,320
\$175,001 to 200,000	88.9%	10.9%	0.2%	-647,484	-252	46,564	1,012
\$200,001 to 250,000	88.7%	10.9%	0.5%	-976,886	-343	142,538	1,198
\$250,001 to 500,000	86.6%	12.5%	0.9%	-1,944,888	-446	364,651	1,192
\$500,001 to 1,000,000	84.9%	14.5%	0.6%	-877,415	-493	84,072	1,152
\$1,000,001 or more	84.7%	15.0%	0.3%	-625,024	-483	14,061	469
Composite Returns	100.0%	0.0%	0.0%	\$0	0	\$0	\$0
Totals	93.3%	6.6%	0.1%	-\$12,912,068	-\$120	\$959,470	\$1,054

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. Share of Returns by Estimated Change in Tax Liability may not equal 100% due to rounding.

Table 4. Tax Year 2019 Current Law and Proposed Law Tax Parameters

	<i>Current Law</i>	<i>Proposed Law</i>				
Federal Tax Deduction	Unlimited	No change				
Personal/Dependent/Aged Credits	\$40/40/20	No change				
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change				
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change				
Itemized/Standard Deduction	\$2,070/\$5,100	\$2,100/\$5,150 (\$2,100 for composite filers)				
Social Security Income	100% exclusion	No change				
Pension/Other Retirement Exclusion	\$6/\$12 K	No change				
Iowa Capital Gains Deduction	Unlimited	No change				
Alternate Tax Threshold	\$13.5 K/\$32 K elderly	No change				
Alternate Tax Rate	8.98%	8.44%				
Iowa Earned Income Tax Credit	Refundable 15%	No change				
Nonresident/Part-Year Resident Tax Credit	Allowed	No change				
Out-of-State Tax Credit	Allowed	No change				
Section 179 Expensing Maximum and Phase-out	\$25K/\$200K	\$50K/\$200K				
EITC, Educator Expense, State Sales Tax Itemized	Not couple	Couple				
AMT and AMT Tax Credit	Allowed	Eliminated; Tax credit in transition				
			<i>Over</i>	<i>But Not Over</i>	<i>Current Rates</i>	<i>Proposed Rates</i>
			\$0	\$1,630	0.36%	0.34%
			\$1,630	\$3,260	0.72%	0.68%
			\$3,260	\$6,520	2.43%	2.28%
			\$6,520	\$14,670	4.50%	4.23%
			\$14,670	\$24,450	6.12%	5.75%
			\$24,450	\$32,600	6.48%	6.09%
			\$32,600	\$48,900	6.80%	6.39%
			\$48,900	\$73,350	7.92%	7.44%
			\$73,350	or more	8.98%	8.44%

**Table 5. Estimated Change in Tax Liability By Adjusted Gross Income Level Under
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT**

Estimates for Tax Year 2019

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percentage
\$10,000 or less	252,446	-\$5,184,645,408	-\$9,264,468	-\$10,377,242	-\$1,112,774	-\$4	-12.0%
\$10,001 to 20,000	196,316	2,905,487,567	7,697,509	4,545,385	-3,152,124	-16	-40.9%
\$20,001 to 30,000	176,136	4,378,464,307	77,886,844	70,087,087	-7,799,757	-44	-10.0%
\$30,001 to 40,000	161,182	5,590,835,503	152,846,022	140,579,557	-12,266,465	-76	-8.0%
\$40,001 to 50,000	136,174	6,055,727,983	196,231,150	181,871,366	-14,359,784	-105	-7.3%
\$50,001 to 60,000	107,078	5,811,725,993	198,747,926	184,846,736	-13,901,190	-130	-7.0%
\$60,001 to 70,000	87,271	5,595,122,542	189,818,773	176,277,644	-13,541,129	-155	-7.1%
\$70,001 to 80,000	73,182	5,411,168,964	193,145,693	179,752,974	-13,392,719	-183	-6.9%
\$80,001 to 90,000	64,031	5,364,792,411	195,130,504	181,416,167	-13,714,337	-214	-7.0%
\$90,001 to 100,000	55,314	5,182,290,273	193,130,075	179,685,243	-13,444,832	-243	-7.0%
\$100,001 to 125,000	105,755	11,685,471,202	447,800,951	416,381,101	-31,419,850	-297	-7.0%
\$125,001 to 150,000	65,802	8,912,496,102	344,600,559	320,141,940	-24,458,619	-372	-7.1%
\$150,001 to 175,000	39,904	6,412,667,632	249,579,441	231,484,831	-18,094,610	-453	-7.3%
\$175,001 to 200,000	25,204	4,676,974,760	182,677,818	169,297,751	-13,380,067	-531	-7.3%
\$200,001 to 250,000	28,103	6,207,618,836	239,867,858	222,090,113	-17,777,745	-633	-7.4%
\$250,001 to 500,000	36,963	12,374,715,562	440,991,583	407,510,756	-33,480,827	-906	-7.6%
\$500,001 to 1,000,000	12,800	8,692,329,706	249,732,292	230,454,816	-19,277,476	-1,506	-7.7%
\$1,000,001 or more	9,005	46,441,460,880	340,694,044	311,740,880	-28,953,164	-3,215	-8.5%
Composite Returns	2,751	634,968,233	42,713,531	40,050,403	-2,663,128	-968	-6.2%
Totals	1,635,419	\$147,149,673,049	\$3,934,028,105	\$3,637,837,508	-\$296,190,597	-\$181	-7.5%

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 6. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2019

All Filers Adjusted Gross Income Current Law	Share of Returns by Estimated Change in Tax Liability ^a			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
\$10,000 or less	86.2%	13.8%	0.0%	-\$1,146,622	-\$33	\$0	\$0
\$10,001 to 20,000	31.9%	68.1%	0.0%	-3,244,612	-24	0	0
\$20,001 to 30,000	10.1%	89.9%	0.0%	-8,047,646	-51	0	0
\$30,001 to 40,000	5.4%	94.6%	0.0%	-12,657,051	-83	0	0
\$40,001 to 50,000	4.7%	95.3%	0.0%	-14,830,623	-114	0	0
\$50,001 to 60,000	4.5%	95.5%	0.0%	-14,376,171	-141	0	0
\$60,001 to 70,000	4.6%	95.4%	0.0%	-14,013,686	-168	0	0
\$70,001 to 80,000	4.5%	95.5%	0.0%	-13,863,167	-198	0	0
\$80,001 to 90,000	4.2%	95.8%	0.0%	-14,203,137	-232	0	0
\$90,001 to 100,000	4.1%	95.9%	0.0%	-13,922,554	-262	0	0
\$100,001 to 125,000	4.1%	95.9%	0.0%	-32,515,852	-321	0	0
\$125,001 to 150,000	4.5%	95.5%	0.0%	-25,272,319	-402	0	0
\$150,001 to 175,000	5.2%	94.8%	0.0%	-18,668,211	-493	0	0
\$175,001 to 200,000	6.3%	93.7%	0.0%	-13,792,778	-584	0	0
\$200,001 to 250,000	7.6%	92.4%	0.0%	-18,315,576	-706	0	0
\$250,001 to 500,000	11.7%	88.3%	0.0%	-34,462,335	-1,056	0	0
\$500,001 to 1,000,000	18.8%	81.2%	0.0%	-19,774,433	-1,903	0	0
\$1,000,001 or more	28.4%	71.6%	0.0%	-29,513,730	-4,581	0	0
Composite Returns	23.4%	76.6%	0.0%	-2,663,128	-\$1,264	0	0
Totals	21.6%	78.4%	0.0%	-\$305,283,631	-\$238	\$0	\$0

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. Share of Returns by Estimated Change in Tax Liability may not equal 100% due to rounding.

Table 7. Tax Year 2020 Current Law and Proposed Law Tax Parameters

	<i>Current Law</i>	<i>Proposed Law</i>						
Federal Tax Deduction	Unlimited	No change						
Personal/Dependent/Aged Credits	\$40/40/20	No change						
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change						
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change						
Itemized/Standard Deduction	\$2,100/\$5,180	\$2,750/\$5,500 (\$2,150 for composite filers)						
Social Security Income	100% exclusion	No change						
Pension/Other Retirement Exclusion	\$6/\$12 K	\$7,200/\$14,400						
Iowa Capital Gains Deduction	Unlimited	No change						
Alternate Tax Threshold	\$13.5 K/\$32 K elderly	No change						
Alternate Tax Rate	8.98%	0.00%						
Iowa Earned Income Tax Credit	Refundable 15%	No change						
Nonresident/Part-Year Resident Tax Credit	Allowed	No change						
Out-of-State Tax Credit	Allowed	No change						
Section 179 Expensing Maximum and Phase-out	\$25K/\$200K	\$100K/\$400K						
EITC, Educator Expense, State Sales Tax Itemized AMT and AMT Tax Credit	Not couple	Couple						
	Allowed	Eliminated						
			<i>Tax Brackets and Rates</i>					
			<i>Over</i>	<i>But Not Over</i>	<i>Current Rates</i>	<i>Over</i>	<i>But Not Over</i>	<i>Proposed Rates</i>
			\$0	\$1,656	0.36%	\$0	\$3,312	0.68%
			\$1,656	\$3,312	0.72%	\$3,312	\$6,624	2.27%
			\$3,312	\$6,624	2.43%	\$6,624	\$14,904	4.21%
			\$6,624	\$14,904	4.50%	\$14,904	\$33,120	5.72%
			\$14,904	\$24,840	6.12%	\$33,120	\$49,680	6.36%
			\$24,840	\$33,120	6.48%	\$49,680	\$74,520	7.40%
			\$33,120	\$49,680	6.80%	\$74,520	or more	8.31%
			\$49,680	\$74,520	7.92%			
			\$74,520	or more	8.98%			

Table 8. Estimated Change in Tax Liability By Adjusted Gross Income Level Under Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2020

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percentage
\$10,000 or less	247,916	-\$5,248,788,590	-\$9,169,896	-\$10,626,626	-\$1,456,730	-\$6	-15.9%
\$10,001 to 20,000	194,130	2,872,352,131	7,194,985	1,100,972	-6,094,013	-31	-84.7%
\$20,001 to 30,000	173,001	4,295,579,657	74,084,267	61,950,603	-12,133,664	-70	-16.4%
\$30,001 to 40,000	160,138	5,546,186,607	149,313,546	130,935,570	-18,377,976	-115	-12.3%
\$40,001 to 50,000	136,978	6,081,122,684	195,714,205	174,390,620	-21,323,585	-156	-10.9%
\$50,001 to 60,000	108,939	5,895,839,020	201,400,623	181,422,281	-19,978,342	-183	-9.9%
\$60,001 to 70,000	88,630	5,662,963,446	197,966,148	179,227,090	-18,739,058	-211	-9.5%
\$70,001 to 80,000	74,272	5,470,581,623	188,564,237	170,491,771	-18,072,466	-243	-9.6%
\$80,001 to 90,000	64,993	5,423,333,442	196,216,545	178,283,494	-17,933,051	-276	-9.1%
\$90,001 to 100,000	56,637	5,281,087,460	196,195,319	178,630,077	-17,565,242	-310	-9.0%
\$100,001 to 125,000	109,078	11,997,036,067	458,746,165	418,359,228	-40,386,937	-370	-8.8%
\$125,001 to 150,000	69,879	9,428,369,014	363,791,957	331,933,285	-31,858,672	-456	-8.8%
\$150,001 to 175,000	42,415	6,795,464,458	264,178,793	240,561,762	-23,617,031	-557	-8.9%
\$175,001 to 200,000	26,940	4,985,459,650	194,879,337	177,311,833	-17,567,504	-652	-9.0%
\$200,001 to 250,000	30,129	6,639,639,050	256,504,007	232,408,242	-24,095,765	-800	-9.4%
\$250,001 to 500,000	39,005	13,007,764,482	465,087,747	419,076,150	-46,011,597	-1,180	-9.9%
\$500,001 to 1,000,000	13,320	9,025,958,802	260,686,442	234,870,346	-25,816,096	-1,938	-9.9%
\$1,000,001 or more	9,393	49,138,101,483	357,056,500	321,073,542	-35,982,958	-3,831	-10.1%
Composite Returns	2,751	645,414,103	43,428,704	40,083,718	-3,344,986	-1,216	-7.7%
Totals	1,648,545	\$152,943,464,587	\$4,061,839,631	\$3,661,483,958	-\$400,355,673	-\$243	-9.9%

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).
Tax Research and Program Analysis Section, Iowa Department of Revenue

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 9. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2020

All Filers Adjusted Gross Income	Share of Returns by Estimated Change in Tax Liability ^a			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
Current Law							
\$10,000 or less	86.4%	13.6%	0.0%	-\$1,502,911	-\$45	\$264	\$6
\$10,001 to 20,000	31.8%	68.0%	0.2%	-6,302,793	-48	17,893	40
\$20,001 to 30,000	10.3%	89.5%	0.2%	-12,619,233	-82	89,487	269
\$30,001 to 40,000	5.5%	94.3%	0.2%	-19,110,920	-127	140,636	493
\$40,001 to 50,000	4.7%	95.1%	0.2%	-22,219,736	-171	190,339	622
\$50,001 to 60,000	4.5%	95.3%	0.2%	-20,834,403	-201	173,188	644
\$60,001 to 70,000	4.6%	95.1%	0.3%	-19,578,583	-232	185,254	747
\$70,001 to 80,000	4.5%	95.2%	0.3%	-18,867,165	-267	159,111	649
\$80,001 to 90,000	4.3%	95.4%	0.3%	-18,717,298	-302	144,187	644
\$90,001 to 100,000	4.1%	95.6%	0.4%	-18,354,572	-339	163,380	793
\$100,001 to 125,000	4.0%	95.5%	0.5%	-42,198,311	-405	376,707	744
\$125,001 to 150,000	4.5%	95.0%	0.5%	-33,223,274	-500	278,726	747
\$150,001 to 175,000	5.1%	94.3%	0.6%	-24,571,981	-614	176,184	675
\$175,001 to 200,000	6.0%	93.2%	0.8%	-18,371,248	-732	245,416	1,163
\$200,001 to 250,000	7.4%	91.9%	0.8%	-25,111,759	-907	241,828	1,065
\$250,001 to 500,000	11.1%	87.8%	1.1%	-48,236,321	-1,409	763,236	1,826
\$500,001 to 1,000,000	18.1%	79.9%	2.0%	-26,966,783	-2,534	442,943	1,671
\$1,000,001 or more	27.7%	69.3%	3.0%	-37,870,774	-5,823	1,180,135	4,141
Composite Returns	23.8%	75.0%	1.3%	-3,345,030	-1,622	44	1
Totals	21.2%	78.5%	0.3%	-\$418,003,095	-\$323	\$4,968,958	\$959

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. Share of Returns by Estimated Change in Tax Liability may not equal 100% due to rounding.

Table 10. Tax Year 2021 Current Law and Proposed Law Tax Parameters

	<i>Current Law</i>	<i>Proposed Law</i>						
Federal Tax Deduction	Unlimited	No change						
Personal/Dependent/Aged Credits	\$40/40/20	No change						
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change						
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change						
Itemized/Standard Deduction	\$2,140/\$5,260	\$4,500/\$9,000 (\$2,180 for composite filers)						
Social Security Income	100% exclusion	No change						
Pension/Other Retirement Exclusion	\$6/\$12 K	\$8,400/\$16,800						
Iowa Capital Gains Deduction	Unlimited	No change						
Alternate Tax Threshold	\$13.5 K/\$32 K elderly	No change						
Alternate Tax Rate	8.98%	7.67%						
Iowa Earned Income Tax Credit	Refundable 15%	No change						
Nonresident/Part-Year Resident Tax Credit		No change						
Out-of-State Tax Credit		No change	<i>Tax Brackets and Rates</i>					
Section 179 Expensing Maximum and Phase-out	\$25K/\$200K	\$250K/\$1.000K						
EITC, Educator Expense, State Sales Tax Itemized	Not couple	Couple	<i>Over</i>	<i>But Not Over</i>	<i>Current Rates</i>	<i>Over</i>	<i>But Not Over</i>	<i>Proposed Rates</i>
AMT and AMT Tax Credit	Allowed	Eliminated	\$0	\$1,682	0.36%	\$0	\$5,000	1.00%
			\$1,682	\$3,364	0.72%	\$5,000	\$10,000	4.20%
			\$3,364	\$6,728	2.43%	\$10,000	\$20,000	4.70%
			\$6,728	\$15,138	4.50%	\$20,000	\$40,000	6.00%
			\$15,138	\$25,230	6.12%	\$40,000	\$75,000	7.00%
			\$25,230	\$33,640	6.48%	\$75,000	or more	7.67%
			\$33,640	\$50,460	6.80%			
			\$50,460	\$75,690	7.92%			
			\$75,690	or more	8.98%			

Table 11. Estimated Change in Tax Liability By Adjusted Gross Income Levels Under Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2021

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percenta
\$10,000 or less	244,146	-\$5,368,980,889	-\$9,090,111	-\$11,273,248	-\$2,183,137	-\$9	-24.0%
\$10,001 to 20,000	191,616	2,834,175,682	6,882,164	-5,550,434	-12,432,598	-65	-180.6%
\$20,001 to 30,000	170,084	4,216,893,665	70,527,356	45,445,583	-25,081,773	-147	-35.6%
\$30,001 to 40,000	158,980	5,496,988,067	145,586,423	113,956,540	-31,629,883	-199	-21.7%
\$40,001 to 50,000	137,470	6,092,180,369	194,470,800	162,361,189	-32,109,611	-234	-16.5%
\$50,001 to 60,000	110,629	5,970,822,617	203,940,638	176,422,715	-27,517,923	-249	-13.5%
\$60,001 to 70,000	89,728	5,716,923,629	199,701,716	176,474,276	-23,227,440	-259	-11.6%
\$70,001 to 80,000	75,335	5,528,051,930	189,781,296	167,831,880	-21,949,416	-291	-11.6%
\$80,001 to 90,000	65,953	5,479,984,129	198,012,134	176,759,839	-21,252,295	-322	-10.7%
\$90,001 to 100,000	57,761	5,362,443,373	198,536,519	177,947,818	-20,588,701	-356	-10.4%
\$100,001 to 125,000	112,273	12,293,653,800	468,638,063	422,479,483	-46,158,580	-411	-9.8%
\$125,001 to 150,000	73,816	9,915,510,803	382,142,700	344,754,534	-37,388,166	-507	-9.8%
\$150,001 to 175,000	44,958	7,174,392,527	278,563,353	249,514,279	-29,049,074	-646	-10.4%
\$175,001 to 200,000	28,679	5,284,477,555	206,072,473	183,166,975	-22,905,498	-799	-11.1%
\$200,001 to 250,000	32,207	7,073,833,717	273,870,926	239,732,197	-34,138,729	-1,060	-12.5%
\$250,001 to 500,000	41,102	13,646,910,922	489,140,830	414,550,681	-74,590,149	-1,815	-15.2%
\$500,001 to 1,000,000	13,798	9,318,670,224	269,862,615	221,939,476	-47,923,139	-3,473	-17.8%
\$1,000,001 or more	9,728	51,077,283,140	376,477,746	305,373,884	-71,103,862	-7,309	-18.9%
Composite Returns	2,751	692,851,924	46,912,460	40,337,536	-6,574,924	-2,390	-14.0%
Totals	1,661,013	\$157,807,067,184	\$4,190,030,101	\$3,602,225,203	-\$587,804,898	-\$354	-14.0%

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 12. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2021

All Filers Adjusted Gross Income Current Law	Count of Returns by Estimated Change in Tax Liability			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
\$10,000 or less	86.4%	13.6%	0.0%	-\$2,255,427	-\$68	\$41	\$6
\$10,001 to 20,000	31.6%	67.4%	1.0%	-12,871,481	-100	39,412	20
\$20,001 to 30,000	10.6%	86.7%	2.7%	-26,042,597	-177	134,517	29
\$30,001 to 40,000	5.7%	92.7%	1.6%	-32,837,002	-223	166,738	67
\$40,001 to 50,000	4.7%	94.3%	1.0%	-33,370,056	-257	186,294	137
\$50,001 to 60,000	4.6%	94.7%	0.7%	-28,657,052	-273	183,352	237
\$60,001 to 70,000	4.7%	94.8%	0.5%	-24,237,787	-285	187,066	395
\$70,001 to 80,000	4.6%	94.8%	0.6%	-22,894,041	-320	155,730	345
\$80,001 to 90,000	4.4%	95.1%	0.6%	-22,187,812	-354	173,404	471
\$90,001 to 100,000	4.1%	95.4%	0.5%	-21,490,246	-390	155,242	547
\$100,001 to 125,000	4.0%	95.4%	0.6%	-48,188,417	-450	377,785	534
\$125,001 to 150,000	4.4%	95.0%	0.6%	-38,941,376	-556	272,943	607
\$150,001 to 175,000	5.0%	94.3%	0.6%	-30,180,052	-712	171,299	601
\$175,001 to 200,000	5.9%	93.4%	0.8%	-23,843,864	-891	215,357	957
\$200,001 to 250,000	7.1%	92.2%	0.7%	-35,451,636	-1,194	229,335	1,028
\$250,001 to 500,000	10.9%	88.2%	0.9%	-77,560,735	-2,140	627,068	1,646
\$500,001 to 1,000,000	18.1%	80.2%	1.7%	-49,613,966	-4,485	348,075	1,463
\$1,000,001 or more	27.5%	70.0%	2.5%	-73,452,803	-10,791	929,296	3,793
Composite Returns	22.3%	62.2%	15.5%	-6,580,633	-\$3,846	5,709	\$13
Totals	20.9%	78.1%	1.0%	-\$610,656,983	-\$471	\$4,558,663	\$286

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. Share of Returns by Estimated Change in Tax Liability may not equal 100% due to rounding.

Note that for taxpayers with AGI between \$20,001 and \$30,000 the share with increased tax liability is estimated to be a 2.7 percent, which is nearly 46,000 households with an averaged \$29 increase per household.

Table 13. Tax Year 2022 Current Law and Proposed Law Tax Parameters

	<i>Current Law</i>	<i>Proposed Law</i>						
Federal Tax Deduction	Unlimited	No change						
Personal/Dependent/Aged Credits	\$40/40/20	No change						
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change						
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change						
Itemized/Standard Deduction	\$2,170/\$5,350	\$5,000/\$10,000 (\$2,250 for composite filers)						
Social Security Income	100% exclusion	No change						
Pension/Other Retirement Exclusion	\$6/\$12 K	\$9,600/\$19,200						
Iowa Capital Gains Deduction	Unlimited	No change						
Alternate Tax Threshold	\$13.5 K/\$32 K elderly	No change						
Alternate Tax Rate	8.98%	7.00%						
Iowa Earned Income Tax Credit	Refundable 15%	No change						
Nonresident/Part-Year Resident Tax Credit	Allowed	No change						
Out-of-State Tax Credit	Allowed	No change						
Section 179 Expensing Maximum and Phase-out	\$25K/\$200K	\$560K/\$2,260K						
			<i>Tax Brackets and Rates</i>					
EITC, Educator Expense, State Sales Tax Itemized	Not couple	Couple	<i>Over</i>	<i>But Not Over</i>	<i>Current Rates</i>	<i>Over</i>	<i>But Not Over</i>	<i>Proposed Rates</i>
AMT and AMT Tax Credit	Allowed	Eliminated	\$0	\$1,712	0.36%	\$0	\$5,090	1.00%
			\$1,712	\$3,424	0.72%	\$5,090	\$20,270	4.20%
			\$3,424	\$6,848	2.43%	\$20,270	\$40,720	5.70%
			\$6,848	\$15,408	4.50%	\$40,720	\$76,350	6.92%
			\$15,408	\$25,680	6.12%	\$76,350	or more	7.00%
			\$25,680	\$34,240	6.48%			
			\$34,240	\$51,360	6.80%			
			\$51,360	\$77,040	7.92%			
			\$77,040	or more	8.98%			

**Table 14. Estimated Change in Tax Liability By Adjusted Gross Income Level Under
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT**

Estimates for Tax Year 2022

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percentage
\$10,000 or less	247,699	-\$7,302,912,525	-\$9,862,119	-\$12,086,454	-\$2,224,335	-\$9	-22.6%
\$10,001 to 20,000	189,118	2,794,759,441	6,598,616	-8,512,441	-15,111,057	-80	-229.0%
\$20,001 to 30,000	166,933	4,131,573,586	66,636,945	34,097,633	-32,539,312	-195	-48.8%
\$30,001 to 40,000	157,189	5,427,523,898	141,189,476	96,788,470	-44,401,006	-282	-31.4%
\$40,001 to 50,000	137,095	6,066,248,486	191,904,618	145,409,802	-46,494,816	-339	-24.2%
\$50,001 to 60,000	112,109	6,041,265,433	205,948,966	164,151,801	-41,797,165	-373	-20.3%
\$60,001 to 70,000	90,264	5,738,219,431	199,955,900	164,937,438	-35,018,462	-388	-17.5%
\$70,001 to 80,000	76,200	5,579,546,275	190,544,556	158,018,454	-32,526,102	-427	-17.1%
\$80,001 to 90,000	65,913	5,458,877,753	196,693,952	165,716,415	-30,977,537	-470	-15.7%
\$90,001 to 100,000	58,456	5,408,792,990	198,938,870	168,728,097	-30,210,773	-517	-15.2%
\$100,001 to 125,000	114,608	12,499,103,549	473,172,124	405,544,311	-67,627,813	-590	-14.3%
\$125,001 to 150,000	77,061	10,303,299,894	396,850,861	342,310,912	-54,539,949	-708	-13.7%
\$150,001 to 175,000	47,632	7,566,519,176	291,728,690	251,019,890	-40,708,800	-855	-14.0%
\$175,001 to 200,000	30,154	5,534,746,660	215,301,331	184,193,807	-31,107,524	-1,032	-14.4%
\$200,001 to 250,000	34,008	7,433,467,441	284,387,484	239,892,528	-44,494,956	-1,308	-15.6%
\$250,001 to 500,000	42,175	13,918,602,538	492,049,023	402,416,836	-89,632,187	-2,125	-18.2%
\$500,001 to 1,000,000	13,869	9,343,156,608	262,578,262	205,704,099	-56,874,163	-4,101	-21.7%
\$1,000,001 or more	9,688	51,617,741,491	371,459,933	274,790,772	-96,669,161	-9,978	-26.0%
Composite Returns	2,751	745,173,249	50,772,714	39,990,407	-10,782,307	-3,919	-21.2%
Totals	1,672,923	\$158,305,705,373	\$4,226,850,202	\$3,423,112,777	-803,737,425	-480	-19.0%

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).
Tax Research and Program Analysis Section, Iowa Department of Revenue

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 15. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2022

All Filers Adjusted Gross Income	Count of Returns by Estimated Change in Tax Liability			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
Current Law							
\$10,000 or less	86.7%	13.2%	0.0%	-\$2,333,624	-\$71	\$37,338	\$316
\$10,001 to 20,000	31.6%	67.6%	0.9%	-15,702,386	-123	106,405	64
\$20,001 to 30,000	10.9%	87.2%	1.8%	-33,788,835	-232	180,304	59
\$30,001 to 40,000	6.0%	92.8%	1.2%	-46,108,975	-316	251,598	133
\$40,001 to 50,000	4.8%	94.3%	0.9%	-48,320,571	-374	274,727	234
\$50,001 to 60,000	4.7%	94.6%	0.7%	-43,570,255	-411	344,264	418
\$60,001 to 70,000	4.8%	94.5%	0.7%	-36,602,287	-429	365,927	545
\$70,001 to 80,000	4.6%	94.5%	0.8%	-33,997,273	-472	327,827	520
\$80,001 to 90,000	4.5%	94.7%	0.8%	-32,413,426	-519	344,529	643
\$90,001 to 100,000	4.1%	95.1%	0.8%	-31,561,012	-568	271,202	578
\$100,001 to 125,000	4.1%	94.9%	1.0%	-70,739,009	-650	755,433	676
\$125,001 to 150,000	4.4%	94.5%	1.1%	-56,883,547	-781	551,046	651
\$150,001 to 175,000	5.0%	93.8%	1.2%	-42,349,386	-948	385,892	666
\$175,001 to 200,000	5.6%	93.1%	1.3%	-32,333,094	-1,152	324,671	810
\$200,001 to 250,000	7.3%	91.4%	1.4%	-46,078,842	-1,483	352,391	763
\$250,001 to 500,000	10.9%	88.0%	1.1%	-92,650,372	-2,498	645,419	1,353
\$500,001 to 1,000,000	18.6%	80.0%	1.4%	-58,544,794	-5,275	315,890	1,612
\$1,000,001 or more	27.8%	70.1%	2.2%	-99,231,182	-14,621	779,852	3,731
Composite Returns	22.2%	69.1%	8.7%	-10,784,540	-5,676	2,233	9
Totals	21.1%	78.0%	0.9%	-\$833,993,410	-\$639	\$6,616,948	\$426

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).
 Tax Research and Program Analysis Section, Iowa Department of Revenue

Table 16. Tax Year 2023 Current Law and Proposed Law Tax Parameters

	<i>Current Law</i>	<i>Proposed Law</i>						
Federal Tax Deduction	Unlimited	No change						
Personal/Dependent/Aged Credits	\$40/40/20	No change						
Minimum Filing Thresholds	\$9.0/\$13.5 K	No change						
Elderly Minimum Filing Thresholds	\$24/\$32 K	No change						
Itemized/Standard Deduction	\$2,220/\$5,460	\$5,120/\$10,240 (\$2,370 for composite filers)						
Social Security Income	100% exclusion	No change						
Pension/Other Retirement Exclusion	\$6/\$12 K	\$10,800/\$21,600						
Iowa Capital Gains Deduction	Unlimited	No change						
Alternate Tax Threshold	\$13.5 K/\$32 K elderly	No change						
Alternate Tax Rate	8.98%	0.00%						
Iowa Earned Income Tax Credit	Refundable 15%	No change						
Nonresident/Part-Year Resident Tax Credit	Allowed	No change						
Out-of-State Tax Credit	Allowed	No change						
Section 179 Expensing Maximum and Phaseout	\$25K/\$200K	\$580K/\$2,310K						
EITC, Educator Expense, State Sales Tax Itemized		Couple						
AMT and AMT Tax Credit		Eliminated						
			<i>Tax Brackets and Rates</i>					
			<i>Over</i>	<i>But Not Over</i>	<i>Current Rates</i>	<i>Over</i>	<i>But Not Over</i>	<i>Proposed Rates</i>
			\$0	\$1,745	0.36%	\$0	\$5,192	1.00%
			\$1,745	\$3,490	0.72%	\$5,192	\$20,675	4.20%
			\$3,490	\$6,980	2.43%	\$20,675	\$41,534	5.65%
			\$6,980	\$15,705	4.50%	\$41,534 or more		6.92%
			\$15,705	\$26,175	6.12%			
			\$26,175	\$34,900	6.48%			
			\$34,900	\$52,350	6.80%			
			\$52,350	\$78,525	7.92%			
			\$78,525	or more	8.98%			

Table 17. Estimated Change in Tax Liability by Adjusted Gross Income Level Under Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2023

All Filers

Adjusted Gross Income Current Law	Returns Number Current	Total AGI Current	Total Tax Liability		Change in Tax Liability		
			Current	Proposed	Total	Average ^a	Percentage
\$10,000 or less	243,028	-\$6,967,024,771	-\$9,813,279	-\$11,948,425	-\$2,135,146	-\$9	-21.8%
\$10,001 to 20,000	186,731	2,758,561,810	6,367,129	-9,078,790	-15,445,919	-83	-242.6%
\$20,001 to 30,000	163,590	4,042,389,305	62,832,786	30,461,043	-32,371,743	-198	-51.5%
\$30,001 to 40,000	154,829	5,337,278,846	135,922,377	90,463,335	-45,459,042	-294	-33.4%
\$40,001 to 50,000	137,006	6,051,449,107	189,567,021	140,766,094	-48,800,927	-356	-25.7%
\$50,001 to 60,000	113,587	6,110,056,966	207,705,709	162,478,434	-45,227,275	-398	-21.8%
\$60,001 to 70,000	91,717	5,819,174,275	202,338,715	164,476,231	-37,862,484	-413	-18.7%
\$70,001 to 80,000	77,140	5,638,256,110	192,291,625	157,338,451	-34,953,174	-453	-18.2%
\$80,001 to 90,000	66,396	5,490,298,502	197,826,092	164,825,176	-33,000,916	-497	-16.7%
\$90,001 to 100,000	58,926	5,435,827,318	199,180,099	167,121,516	-32,058,583	-544	-16.1%
\$100,001 to 125,000	117,706	12,795,802,254	483,887,178	410,523,913	-73,363,265	-623	-15.2%
\$125,001 to 150,000	81,113	10,799,066,869	415,556,148	355,331,009	-60,225,139	-742	-14.5%
\$150,001 to 175,000	51,157	8,085,018,042	311,950,615	266,368,494	-45,582,121	-891	-14.6%
\$175,001 to 200,000	32,641	5,972,710,006	232,475,951	197,331,866	-35,144,085	-1,077	-15.1%
\$200,001 to 250,000	36,573	7,963,060,236	306,182,191	256,337,562	-49,844,629	-1,363	-16.3%
\$250,001 to 500,000	45,151	14,819,282,818	526,995,017	426,909,703	-100,085,314	-2,217	-19.0%
\$500,001 to 1,000,000	14,493	9,734,874,118	276,347,771	213,861,791	-62,485,980	-4,311	-22.6%
\$1,000,001 or more	10,059	53,295,904,224	389,555,608	284,739,766	-104,815,842	-10,420	-26.9%
Composite Returns	2,751	782,736,751	53,496,516	41,615,356	-11,881,160	-4,319	-22.2%
Totals	1,684,593	\$163,964,722,786	\$4,380,665,269	\$3,509,922,525	-\$870,742,744	-\$517	-19.9%

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

a. The average change in tax liability is computed over all households, not just those experiencing a change under this proposal.

Table 18. Estimated Distribution of Taxpayers Experiencing Decreases and Increases in Total Tax Liability
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, Higher Standard Deduction, and Eliminating AMT

Estimates for Tax Year 2023

All Filers Adjusted Gross Income Current Law	Count of Returns by Estimated Change in Tax Liability			Estimated Change in State Income Tax and School Surtax Liability			
	Taxpayers with No Change	Taxpayers with Decrease	Taxpayers with Increase	Taxpayers with Tax Liability Decrease		Taxpayers with Tax Liability Increase	
				Total	Average	Total	Average
\$10,000 or less	87.0%	13.0%	0.0%	-\$2,226,622	-\$71	\$21,219	\$326
\$10,001 to 20,000	31.4%	67.8%	0.8%	-15,990,471	-126	48,004	34
\$20,001 to 30,000	11.3%	87.0%	1.7%	-33,551,222	-236	109,961	39
\$30,001 to 40,000	6.2%	92.7%	1.2%	-47,117,428	-328	163,728	91
\$40,001 to 50,000	4.9%	94.3%	0.8%	-50,616,591	-392	187,761	165
\$50,001 to 60,000	4.7%	94.7%	0.6%	-46,983,920	-437	213,694	311
\$60,001 to 70,000	4.8%	94.6%	0.6%	-39,400,640	-454	221,495	401
\$70,001 to 80,000	4.7%	94.7%	0.6%	-36,382,710	-498	201,456	435
\$80,001 to 90,000	4.5%	94.9%	0.6%	-34,380,545	-546	215,136	529
\$90,001 to 100,000	4.3%	95.1%	0.6%	-33,367,014	-595	164,999	466
\$100,001 to 125,000	4.1%	95.2%	0.7%	-76,380,764	-682	443,664	518
\$125,001 to 150,000	4.4%	94.9%	0.7%	-62,561,184	-813	325,520	555
\$150,001 to 175,000	4.8%	94.4%	0.7%	-47,208,593	-977	200,148	538
\$175,001 to 200,000	5.4%	93.9%	0.7%	-36,338,252	-1,186	149,448	682
\$200,001 to 250,000	7.0%	92.3%	0.7%	-51,492,294	-1,525	245,034	1,025
\$250,001 to 500,000	10.7%	88.5%	0.8%	-103,345,657	-2,586	589,426	1,684
\$500,001 to 1,000,000	18.1%	80.5%	1.4%	-64,295,120	-5,513	308,399	1,534
\$1,000,001 or more	27.5%	70.4%	2.1%	-107,550,104	-15,191	781,254	3,634
Composite Returns	20.9%	72.3%	6.8%	-11,882,612	-5,974	1,452	\$8
Totals	20.8%	78.5%	0.8%	-\$901,071,743	-\$682	\$4,591,798	\$354

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).
 Tax Research and Program Analysis Section, Iowa Department of Revenue

Table 19. Average Change in Iowa Tax Liability for Example Taxpayers
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, and Eliminating AMT

TY 2023

Example Taxpayer Characteristics								Final Iowa Tax	Final Iowa Tax	
iowa Filing Status	Dependents	Age	iowa Current AGI		Wages	Social Security ¹	Other Income ²	Current Law	Proposed Law	Difference
			Group							
(1)	Single	0	26-64	\$24,000-\$26,000	\$23,105	\$986	\$3,053	\$700	\$496	-\$204
(2)	Single	0	26-64	\$48,000-\$52,000	\$48,890	\$256	\$2,826	\$1,917	\$1,545	-\$372
(3)	Single	0	26-64	\$93,000-\$107,000	\$90,446	\$259	\$10,466	\$4,248	\$3,705	-\$543
(4)	Single	0	26-64	\$185,000-\$215,000	\$136,252	\$456	\$60,977	\$9,384	\$7,659	-\$1,725
(5)	Single	0	26-64	\$480,000-\$520,000	\$249,603	\$768	\$244,975	\$25,672	\$19,999	-\$5,673
(6)	Head of Household	1	26-64	\$24,000-\$26,000	\$24,516	\$318	\$2,040	\$106	-\$156	-\$262
(7)	Head of Household	1	26-64	\$48,000-\$52,000	\$50,687	\$51	\$1,917	\$1,933	\$1,443	-\$490
(8)	Head of Household	1	26-64	\$93,000-\$107,000	\$93,449	\$78	\$7,542	\$4,296	\$3,687	-\$609
(9)	Head of Household	1	26-64	\$185,000-\$215,000	\$154,223	\$3	\$43,259	\$9,321	\$7,660	-\$1,661
(10)	Head of Household	2	26-64	\$24,000-\$26,000	\$24,784	\$234	\$2,086	-\$266	-\$523	-\$257
(11)	Head of Household	2	26-64	\$48,000-\$52,000	\$51,292	\$46	\$1,782	\$1,967	\$1,452	-\$515
(12)	Head of Household	2	26-64	\$93,000-\$107,000	\$94,215	\$92	\$7,753	\$4,410	\$3,759	-\$651
(13)	Head of Household	2	26-64	\$185,000-\$215,000	\$158,254	\$39	\$37,987	\$9,020	\$7,355	-\$1,665
(14)	Married	1	26-64	\$24,000-\$26,000	\$29,441	\$3,748	-\$3,606	\$60	-\$164	-\$224
(15)	Married	1	26-64	\$48,000-\$52,000	\$49,232	\$2,098	\$1,946	\$1,744	\$1,298	-\$446
(16)	Married	1	26-64	\$93,000-\$107,000	\$97,515	\$427	\$5,467	\$4,120	\$3,496	-\$624
(17)	Married	1	26-64	\$185,000-\$215,000	\$171,945	\$250	\$24,442	\$9,057	\$7,770	-\$1,287
(18)	Married	1	26-64	\$480,000-\$520,000	\$344,792	\$0	\$132,913	\$24,486	\$19,489	-\$4,997
(19)	Married	2	26-64	\$24,000-\$26,000	\$29,098	\$1,667	-\$2,369	-\$245	-\$458	-\$213
(20)	Married	2	26-64	\$48,000-\$52,000	\$52,455	\$1,248	\$736	\$1,591	\$1,137	-\$454
(21)	Married	2	26-64	\$93,000-\$107,000	\$100,665	\$224	\$5,200	\$4,223	\$3,606	-\$617
(22)	Married	2	26-64	\$185,000-\$215,000	\$183,198	\$73	\$19,703	\$9,074	\$7,817	-\$1,257
(23)	Married	2	26-64	\$480,000-\$520,000	\$359,438	\$59	\$137,432	\$24,282	\$19,360	-\$4,922
(24)	Single	0	<=25	less than \$35,000	\$16,002	\$29	-\$265	\$466	\$324	-\$142
(25)	Married	0	<=25	less than \$35,000	\$26,629	\$47	-\$14,270	\$374	\$215	-\$159
(26)	Single	0	>=65	\$24,000-\$26,000	\$6,798	\$20,481	\$23,994	\$425	\$208	-\$217
(27)	Single	0	>=65	\$48,000-\$52,000	\$16,032	\$20,505	\$40,999	\$1,311	\$931	-\$380
(28)	Single	0	>=65	\$93,000-\$107,000	\$26,481	\$21,859	\$81,976	\$3,501	\$2,859	-\$642
(29)	Single	0	>=65	\$185,000-\$215,000	\$46,751	\$23,480	\$164,952	\$8,771	\$7,059	-\$1,712
(30)	Single	0	>=65	\$480,000-\$520,000	\$75,311	\$24,484	\$438,178	\$22,560	\$17,377	-\$5,183
(31)	Married	0	>=65	\$24,000-\$26,000	\$10,148	\$35,672	\$26,004	\$179	\$32	-\$147
(32)	Married	0	>=65	\$48,000-\$52,000	\$22,404	\$35,561	\$40,387	\$1,080	\$586	-\$494
(33)	Married	0	>=65	\$93,000-\$107,000	\$47,375	\$31,946	\$67,358	\$3,409	\$2,527	-\$882
(34)	Married	0	>=65	\$185,000-\$215,000	\$88,563	\$31,233	\$131,317	\$8,297	\$6,618	-\$1,679
(35)	Married	0	>=65	\$480,000-\$520,000	\$186,951	\$35,667	\$357,837	\$21,981	\$17,232	-\$4,749

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized).

Tax Research and Program Analysis Section, Iowa Department of Revenue

Results based on average outcomes for taxpayers forecasted to meet the characteristics of the various examples listed.

1. Social Security benefits includes all benefits reported by the taxpayer, not just those subject to income tax.
2. Other income includes any pension income excluded from Iowa AGI.

**Table 20. Translation of Tax Year Estimated Impact to Fiscal Year Estimated Impact
Coupling All Provisions Except Bonus, Phasing in Coupling Section 179, Lowering Tax Rates, and Eliminating AMT**

Millions of Dollars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Tax Year Estimates	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022	TY 2023
Tax Component Shares						
Withholding	-\$0.324	-\$226.389	-\$302.206	-\$424.439	-\$603.815	-\$652.100
Estimate Payments	-0.870	-14.235	-17.434	-28.579	-37.494	-40.000
Final Payments	-5.805	-30.795	-47.702	-79.038	-80.069	-88.000
Refunds	-4.555	-24.772	-33.013	-55.750	-82.358	-89.000
Totals	-\$11.554	-\$296.191	-\$400.356	-\$587.805	-\$803.737	-\$870.000
<i>Year-Over-Year Change</i>	NA	-\$284.637	-\$104.165	-\$187.449	-\$215.933	-\$67.000
School Surtax Change	-\$0.399	-\$9.093	-\$12.678	-\$18.293	-\$23.639	-\$25.000
<i>Share of Taxpayers with Increased Tax Liability</i>	0.1%	0.0%	0.3%	1.0%	0.9%	0.0%
Fiscal Year Estimates						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Withholding	-\$0.019	-\$109.424	-\$262.933	-\$361.122	-\$510.898	-\$627.000
Estimate Payments	-0.110	-6.155	-15.448	-21.658	-31.958	-38.000
Final Payments	0.000	-5.711	-30.392	-47.430	-78.533	-80.000
Refunds	0.000	-4.490	-24.483	-32.895	-55.425	-81.000
Totals	-\$0.129	-\$125.780	-\$333.256	-\$463.105	-\$676.814	-\$827.000
<i>Year-Over-Year Change</i>	NA	-\$125.651	-\$207.475	-\$129.849	-\$213.708	-\$151.000

Analysis Using Preliminary Individual Return Data from Tax Year 2016 (Estimations are subject to change when model is finalized)
Tax Research and Program Analysis Section, Iowa Department of Revenue

Translation to fiscal year based on observed payment streams of taxpayers affected by the proposed policy change.

Table 21. Estimated Change in Corporation Tax Revenues Under the Elimination of Federal Deductibility, the Alternative Minimum Tax, and Lower Tax Rates

Tax Liability Compared to Current Law

Form Year	Change	Percentage Change
2022	-\$32,139,044	-8.35%
2023	-\$38,404,547	-9.90%
2024	-\$134,990,654	-34.81%
2025	-\$178,740,578	-46.11%

Changes from Current Law

State Fiscal Year	Payments	Refunds	Net Cash Change	Percentage Net Cash Change	Change to Credits Carried Forward
2021	\$0	\$0	\$0	0.00%	\$0
2022	-\$8,273,945	-\$4,595	-\$6,669,589	-1.65%	-\$1,599,761
2023	-\$33,983,060	-\$128,467	-\$27,272,796	-6.67%	-\$6,581,797
2024	-\$72,062,718	-\$613,034	-\$57,397,936	-14.12%	-\$14,051,748
2025	-\$159,575,686	-\$1,745,205	-\$126,636,426	-32.12%	-\$31,194,055
2026	-\$170,057,993	-\$4,164,427	-\$132,698,656	-46.13%	-\$33,194,909

Analysis using data from form years 1990-2014, available as of December, 2016.

The model uses relationships between tax liability and State fiscal year receipts and refunds to translate form year liability changes into State fiscal revenue changes.

Tax Research and Program Analysis Section, Iowa Department of Revenue

Note: These estimates do not incorporate the coupling impacts

Table 22. Distribution of Estimated Change in Corporation Income Tax Liability Under Elimination of Federal Deductibility, the Alternative Minimum Tax, and Lower Tax Rates, TY 2022

2022					
<i>Federal Net Income</i>	Number of Returns	Change in Tax Liability	Average Change in Tax Liability	Share of Tax Liability	
				Old Policy	New Policy
<i>Zero or Unknown</i>	9,899	-\$291,508	-\$29	-0.93%	-1.10%
<i>\$1 to \$2.5M</i>	13,331	\$1,020,408	\$77	3.57%	4.19%
<i>\$2.5M to \$5M</i>	593	\$53,512	\$90	1.90%	2.09%
<i>\$5M to \$7.5M</i>	347	-\$66,502	-\$192	1.28%	1.38%
<i>\$7.5M to \$10M</i>	202	-\$59,451	-\$294	1.24%	1.33%
<i>\$10M to \$20M</i>	575	-\$1,991	-\$3	3.46%	3.78%
<i>\$20M to \$30M</i>	327	-\$689,920	-\$2,110	3.60%	3.73%
<i>\$30M to \$40M</i>	199	-\$829,207	-\$4,167	2.66%	2.66%
<i>\$40M to \$50M</i>	130	-\$58,985	-\$454	0.84%	0.90%
<i>\$50M to \$100M</i>	398	-\$1,385,285	-\$3,481	7.78%	8.09%
<i>\$100M to \$150M</i>	144	-\$651,629	-\$4,525	4.75%	5.00%
<i>\$150M to \$200M</i>	108	\$1,216,864	\$11,267	3.98%	4.69%
<i>over \$200M</i>	368	-\$30,395,351	-\$104,901	65.88%	63.27%
<i>All Returns</i>	26,621	-\$32,139,044	-\$1,207	100.00%	100.00%

2022					
<i>Iowa Pre-NOL Income</i>	Number of Returns	Change in Tax Liability	Average Change in Tax Liability	Share of Tax Liability	
				Old Policy	New Policy
<i>Zero or Unknown</i>	15,079	\$637,024	\$42	-1.64%	-1.60%
<i>\$1 to \$250K</i>	10,128	\$384,438	\$38	3.96%	4.43%
<i>\$250K to \$500K</i>	514	\$947,893	\$1,844	3.75%	4.36%
<i>\$500K to \$750K</i>	231	-\$1,926,551	-\$8,340	3.55%	3.33%
<i>\$750K to \$1M</i>	145	-\$1,649,020	-\$11,373	2.45%	2.21%
<i>\$1M to \$2M</i>	237	-\$3,426,396	-\$14,457	8.89%	8.73%
<i>\$2M to \$3M</i>	82	\$1,200,759	\$14,643	4.80%	5.58%
<i>\$3M to \$4M</i>	57	\$15,695,250	\$275,355	-0.47%	3.94%
<i>\$4M to \$5M</i>	34	-\$23,314,564	-\$685,722	3.35%	-2.95%
<i>\$5M to \$10M</i>	65	\$1,231,900	\$18,952	11.20%	12.57%
<i>\$10M to \$20M</i>	26	-\$490,148	-\$18,852	8.04%	8.63%
<i>over \$20M</i>	23	-\$21,429,629	-\$1,487,536	52.11%	50.78%
<i>All Returns</i>	26,621	-\$32,139,044	-\$1,207	100.00%	100.00%

Analysis using data from form years 1990-2014, available as of December, 2016.

The model uses relationships between tax liability and State fiscal year receipts and refunds to translate form year liability changes into State fiscal revenue changes.

Tax Research and Program Analysis Section, Iowa Department of Revenue

Note: Zero or Unknown includes companies reporting zero federal net income or Iowa pre-NOL income and companies where the data for federal net income or Iowa pre-NOL income was missing on returns.

Table 23. Forecasted Sales and Use Tax Revenue from the Elimination of Exemptions and Expansion of Ecommerce Nexus

Removal of Consumer Sales Tax Exemption	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Architectural and Engineering Services - Consumer	3,500,000	3,800,000	4,100,000	4,500,000	4,900,000	5,300,000	5,700,000
ATM Surcharges	1,100,000	1,100,000	1,100,000	1,200,000	1,200,000	1,200,000	1,200,000
Bullion, Coins and Currency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Clothing Sales Tax Holiday	3,700,000	3,800,000	3,800,000	3,900,000	4,000,000	4,100,000	4,200,000
Delivery Charges - Consumer Purchases	7,900,000	8,100,000	8,200,000	8,400,000	8,600,000	8,700,000	8,900,000
Digitally-Delivered Goods (books, games, apps)	23,800,000	26,200,000	28,800,000	31,100,000	33,600,000	35,600,000	37,700,000
Long-Term Motor Vehicle Rental	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Marina Services (e.g. pleasure craft docking and storage)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Massage Therapy*	8,600,000	8,800,000	9,100,000	9,300,000	9,500,000	9,800,000	10,000,000
Optional Residential Warranty Contracts	1,300,000	1,300,000	1,400,000	1,400,000	1,400,000	1,400,000	1,500,000
Personal Instruction Services (e.g. karate lessons, swimming lessons, voice lessons, etc.)	2,900,000	3,100,000	3,300,000	3,400,000	3,600,000	3,900,000	4,100,000
Registration Fees for Contests (e.g. golf tournaments, bridge tournaments, animal shows, etc.)	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Shopping Clubs	2,300,000	2,300,000	2,400,000	2,400,000	2,500,000	2,500,000	2,600,000
Software Maintenance or Support Contract	2,000,000	2,100,000	2,200,000	2,300,000	2,500,000	2,600,000	2,700,000
Taxi Services	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Travel Agencies - Leisure**	2,300,000	2,400,000	2,400,000	2,500,000	2,500,000	2,600,000	2,600,000
	63,100,000	66,700,000	70,500,000	74,100,000	78,000,000	81,400,000	84,900,000
Ecommerce Base Expansions	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-nexus Retailers - \$500,000 or more in sales	21,200,000	24,200,000	27,600,000	30,000,000	32,700,000	34,000,000	35,400,000
Online Marketplaces (assumes 50% compliance)	27,500,000	28,700,000	30,000,000	31,100,000	32,200,000	33,100,000	34,100,000
	48,700,000	52,900,000	57,600,000	61,100,000	64,900,000	67,100,000	69,500,000

Source: Iowa Department of Revenue

*An unknown share of massage therapy is through physician referral and would constitute medical care; this share is still included but is presumed not taxable unless medical care is taxed.

**Of travel agent revenue from the Census, 20% was assumed to be booking flights and was removed from this estimate as this would be a business input for travel agents

Table 23 (cont). Forecasted Sales and Use Tax Revenue from the Elimination of Exemptions and Expansion of Ecommerce Nexus

New Economy	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Ancestry (Information)	600,000	700,000	700,000	800,000	900,000	900,000	1,000,000
Apple Music (Music)	1,800,000	2,300,000	2,800,000	3,200,000	3,700,000	3,900,000	4,100,000
Audible (Audiobooks)	200,000	200,000	200,000	200,000	200,000	300,000	300,000
Creative Cloud (Software)	800,000	800,000	900,000	900,000	1,000,000	1,000,000	1,100,000
CrunchyRoll (TV)	100,000	100,000	100,000	100,000	100,000	200,000	200,000
DirecTV Now (TV)	200,000	200,000	300,000	300,000	300,000	300,000	400,000
Hulu (TV)	600,000	700,000	900,000	1,000,000	1,000,000	1,100,000	1,200,000
LinkedIn Premium (Networking)	200,000	200,000	200,000	200,000	200,000	300,000	300,000
Lyft (Rides)	1,000,000	1,300,000	1,600,000	1,800,000	2,100,000	2,200,000	2,300,000
Netflix (TV)	4,600,000	5,300,000	6,100,000	6,700,000	7,400,000	7,700,000	8,100,000
Office 365 (Software)	300,000	300,000	300,000	300,000	400,000	400,000	400,000
Pandora (Music)	300,000	300,000	400,000	400,000	400,000	400,000	400,000
Playstation Vue (TV)	200,000	200,000	300,000	300,000	300,000	300,000	400,000
Sirius XM (Radio)	3,100,000	3,300,000	3,400,000	3,600,000	3,800,000	4,000,000	4,200,000
Spotify (Music)	2,800,000	3,500,000	4,400,000	5,000,000	5,800,000	6,100,000	6,400,000
TiVo (TV)	600,000	600,000	700,000	700,000	700,000	800,000	800,000
Uber (Rides)	7,200,000	9,000,000	11,300,000	12,900,000	14,900,000	15,600,000	16,400,000
Xbox Live / Playstation Plus (Games)	2,600,000	2,900,000	3,100,000	3,400,000	3,600,000	3,700,000	3,900,000
Youtube RED / Google Play Music (TV/Music)	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	27,300,000	32,000,000	37,800,000	41,900,000	46,900,000	49,300,000	52,000,000
Total Estimated Fiscal Impact	139,100,000	151,600,000	165,900,000	177,100,000	189,800,000	197,800,000	206,400,000
Additional Base Expansions	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Accounting Services***	16,600,000	17,400,000	18,300,000	19,200,000	20,200,000	21,200,000	22,200,000
Event Admissions at Schools***	900,000	900,000	900,000	1,000,000	1,000,000	1,000,000	1,000,000
Fishing and Hunting Guide Services	600,000	600,000	700,000	700,000	800,000	800,000	900,000
Funeral Home Services****	8,800,000	9,200,000	9,700,000	10,200,000	10,700,000	11,200,000	11,800,000
Gasoline (taxation at a different rate is possible)	362,300,000	369,500,000	376,900,000	384,500,000	392,200,000	400,000,000	408,000,000
Lottery Tickets***	21,300,000	21,700,000	22,200,000	22,600,000	23,100,000	23,500,000	24,000,000
Newspapers	6,300,000	6,100,000	6,000,000	5,800,000	5,600,000	5,500,000	5,300,000
Sales by a City or County (e.g. repair service, equipment or facilities rental, merchandise sales, etc.)	7,500,000	7,700,000	7,800,000	8,000,000	8,100,000	8,300,000	8,400,000
Sales by State, County and District Fairs	6,700,000	6,800,000	7,000,000	7,100,000	7,300,000	7,400,000	7,500,000
Self-Pay Washers and Dryers	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Tax Return Preparation Services***	3,400,000	3,600,000	3,700,000	3,900,000	4,100,000	4,300,000	4,600,000
Veterinary Products and Services - Small Animal	16,900,000	17,400,000	17,900,000	18,400,000	18,900,000	19,500,000	20,100,000

Source: Iowa Department of Revenue

***No other state taxes these items/services

****South Dakota, Ohio, (formerly) North Carolina, Washington, and Louisiana tax or partially tax funeral services

Table 24. Forecasted Net General Fund Receipts under Current Law and Proposal

Tax Type	Current Law (Millions)						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Individual Income	\$3,786.2	\$3,977.2	\$4,113.1	\$4,261.1	\$4,414.5	\$4,573.5	\$4,738.1
Corporation Income	\$430.3	\$424.1	\$452.9	\$469.2	\$486.1	\$503.6	\$521.7
Sales and Use (General Fund Only)	\$2,387.4	\$2,471.7	\$2,558.6	\$2,650.7	\$2,746.1	\$2,845.0	\$2,947.4
Other	\$230.7	\$257.4	\$262.5	\$272.0	\$281.8	\$291.9	\$302.4
Total Net Receipts	\$6,834.6	\$7,130.4	\$7,387.1	\$7,653.0	\$7,928.5	\$8,214.0	\$8,509.7
Tax Type	Income Tax Cuts (Millions)						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Individual Income	\$3,785.7	\$3,848.0	\$3,775.5	\$3,789.2	\$3,728.4	\$3,735.6	\$3,840.6
Corporation Income	\$424.7	\$408.7	\$437.4	\$456.5	\$465.9	\$458.4	\$439.7
Sales and Use (General Fund Only)	\$2,387.4	\$2,587.6	\$2,684.9	\$2,788.9	\$2,893.7	\$3,003.1	\$3,112.2
Other	\$230.7	\$257.4	\$262.5	\$271.7	\$265.4	\$253.7	\$240.7
Total Net Receipts	\$6,828.5	\$7,101.7	\$7,160.3	\$7,306.4	\$7,353.4	\$7,450.8	\$7,633.2
Tax Type	Difference						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Individual Income	-\$0.5	-\$129.2	-\$337.6	-\$471.9	-\$686.2	-\$837.9	-\$897.5
Corporation Income	-\$5.6	-\$15.4	-\$15.5	-\$12.6	-\$20.2	-\$45.2	-\$82.0
Sales and Use (General Fund Only)	\$0.0	\$115.9	\$126.3	\$138.3	\$147.6	\$158.2	\$164.8
Other	\$0.0	\$0.0	\$0.0	-\$0.3	-\$16.3	-\$38.2	-\$61.7
School Surtax Change	\$0.0	-\$0.4	-\$9.1	-\$12.7	-\$18.3	-\$23.6	-\$25.7
LOST Change	\$0.0	\$8.2	\$8.7	\$9.2	\$9.6	\$10.1	\$10.6
SAVE Transfer Change	\$0.0	\$23.2	\$25.3	\$27.7	\$29.5	\$31.6	\$33.0
Total Net Receipts	-\$6.1	-\$28.7	-\$226.8	-\$346.7	-\$575.1	-\$763.2	-\$876.4
Estimated Excess Growth	\$0.0	\$114.3	\$192.0	\$274.5	\$361.9	\$454.3	\$552.2
Difference	-\$6.1	\$85.5	-\$34.7	-\$72.2	-\$213.2	-\$308.8	-\$324.3

Source: Iowa Department of Revenue, November 29, 2017

Note: Current law forecast for FY 2018 and FY 2019 are based on the REC October 2017 forecasts by tax type; FY 2020 and later years assume 3.6% across-the-board growth.

Total Net Receipts do not match the final REC estimate of Net Receipts plus Transfers. These numbers do not incorporate other receipts tracked by DOM and lottery transfers.