

# Iowa

## Iowa Levies Income Tax on Some Working-Poor Families

### Iowa's 2006 income tax threshold

Rank among the 42 states with income taxes

(The income level at which families begin paying income tax)

(1 = lowest threshold)

- For single-parent families of three: \$18,100 22
- For two-parent families of four: \$18,300 15

### Iowa's 2006 income tax levied on working-poor and near-poor families

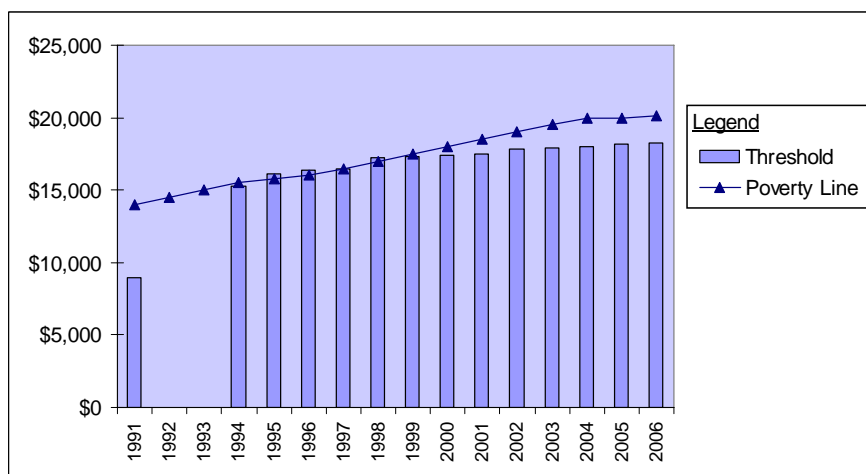
Rank (1 = highest tax)

- For families of three with incomes at the poverty line (\$16,079): \$0 (tied for) 16
- For families of four with incomes at the poverty line (\$20,615): \$236 8
- For families of three with minimum-wage earnings (\$10,712): \$0 (tied for) 7
- For families of three with incomes at 125% of poverty line (\$20,099): \$210 15
- For families of four with incomes at 125% of poverty line (\$25,769): \$659 6

### Iowa's income tax threshold is declining relative to the poverty line.

- Iowa's threshold for a family of four was increased in the early 1990s. But since 1998, Iowa's threshold has declined from 3 percent above the poverty line to 11 percent below the poverty line.
- Without legislative action, Iowa's threshold will continue to fall relative to the poverty line.

### Income Tax Threshold for Family of Four



Year	Threshold
1991	\$9,000
1992	no data
1993	no data
1994	\$15,300
1995	\$16,100
1996	\$16,400
1997	\$16,500
1998	\$17,200
1999	\$17,300
2000	\$17,400
2001	\$17,500
2002	\$17,800
2003	\$17,900
2004	\$18,000
2005	\$18,200
2006	\$18,300