

Iowa

Iowa Levies Income Tax on Some Working-Poor Families

Iowa's 2005 income tax threshold

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

Rank among the 42 states with income taxes
(1 = lowest threshold)

- For single-parent families of three: \$17,900 25
- For two-parent families of four: \$18,200 15

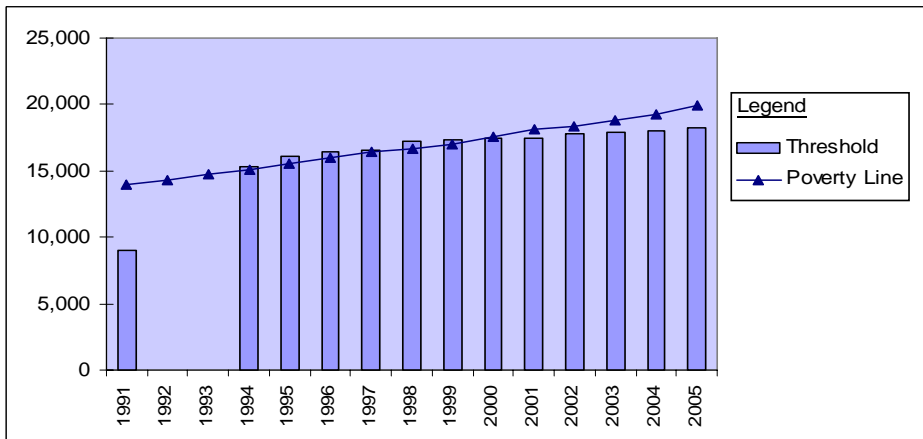
Iowa's 2005 income tax levied on working-poor

- For families of three with incomes at the poverty line (\$15,577): \$0 (tied for) 17
- For families of four with incomes at the poverty line (\$19,961): \$183 10
- 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 (\$19,471): \$160 20
- For families of four with incomes at 125% of poverty line (\$24,951): \$624 7

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

- 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 9 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