

October 16, 1998

The Honorable Terry Branstad  
Governor, State of Iowa  
State Capitol  
Des Moines, Iowa

Governor Branstad:

I am once again pleased to submit the Annual Report of the Iowa Department of Revenue and Finance to you, the General Assembly and the taxpayers of Iowa. This report details the Department's activities and accomplishments while administering Iowa's tax laws and Iowa's financial management operations during the fiscal year ended June 30, 1998. Although this summary includes a brief discussion of the Iowa Lottery and its fundamental aims, a separate report prepared by the Lottery Division provides comprehensive information on that organization's fiscal activities.

The Department of Revenue and Finance continues to work toward the realization of many varied goals. The most important of these goals are to encourage voluntary compliance through continued taxpayer education and assistance; to enhance revenue collections from all sources; to promote and improve the financial management of state government; to increase the productivity of all operational phases; and to facilitate the professional growth of a dedicated staff.

As the Director of the Department, I remain committed to the equitable administration of Iowa's tax laws and the efficient collection of state tax revenues.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. D. Bair', with a long horizontal flourish extending to the right.

G. D. Bair, Director  
Iowa Department of Revenue and Finance

# CORE FUNCTIONS

## *Iowa Department of Revenue and Finance*

### **Financial Management**

- Registering taxpayer
- Receiving and processing taxpayer returns and remittances
- Collecting outstanding revenues and other state debt
- Maintaining statewide accounting system and paying claims against state

### **Compliance**

- Offering assistance and developing policy clarification to enable taxpayers to file correctly
- Auditing and examining taxpayers transactions and filing status to ensure compliance with tax laws

### **Internal Resource Management**

- Providing information technology systems/enhancements and statistical analysis and support
- Providing human resource/budget/support of internal operations

### **Local Government**

- Administering property tax laws and working with local officials in carrying out their duties
- Collecting and distributing local option taxes in addition to other state payments to local government

# DEPARTMENT GOALS

*The Iowa Department of Revenue and Finance strives to...*

## **collect all taxes due, but no more...**

- ▲ The Department determines, assesses and collects revenue from 13 different state sources and three sources of local revenue taxes.
- ▲ Nearly 4 million documents are processed in a typical year.
- ▲ During “tax season” (January through April), the Department employs more than 100 temporary workers to assist in processing 1.3 million individual income tax returns.
- ▲ A total of 495 full time employees staff the central office, 11 in-state field offices and locations in eight other states.
- ▲ More than 15,000 sales and use tax permits are issued every year, and approximately 10,000 withholding tax agents are registered. In total, the Department issues in excess of 30,000 permits annually.

## **conduct the Iowa Lottery to maximize revenue...**

- ▲ The Iowa Lottery Board and commissioner conduct games to raise funds for state purposes.
- ▲ Lottery sales totaled \$175.4 million in Fiscal Year 1998, with more than \$42 million raised for worthwhile state programs.

## **manage the state’s financial resources...**

- ▲ The Department annually receives, disburses and monitors billions of dollars for the State of Iowa.

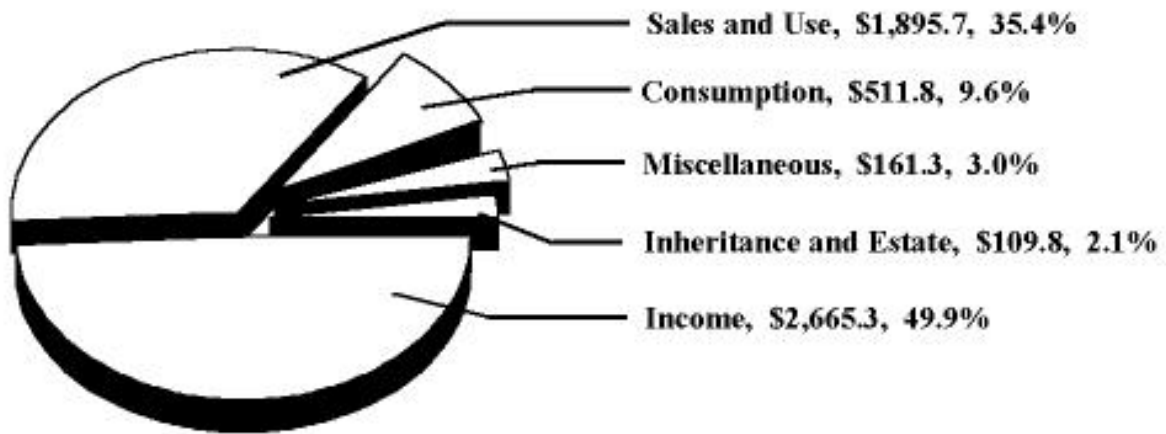
## **educate the taxpaying public about Iowa taxes...**

- ▲ Last year the Taxpayer Service Section responded to almost 700,000 telephone, mail, e-mail, internet or in-person contacts.
- ▲ Taxpayer service specialists throughout the state gave nearly 500 presentations to more than 10,000 people. In addition, they contacted more than 2,500 new businesses and local government offices.

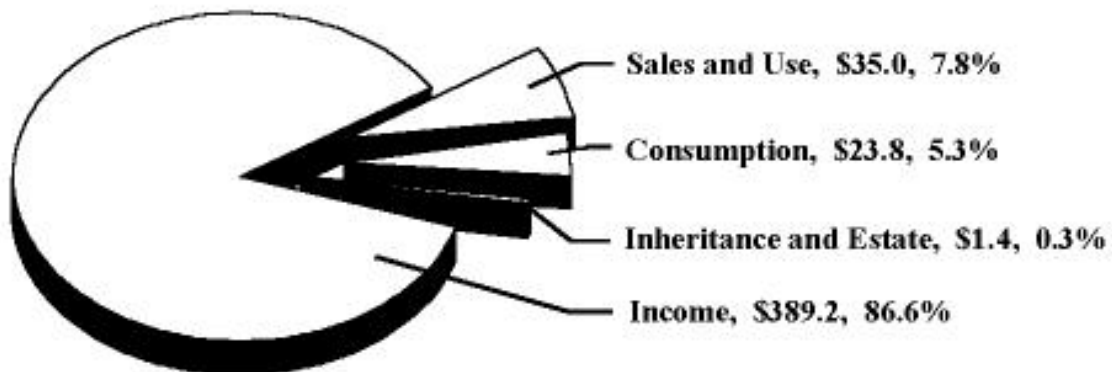
# GROSS TAX COLLECTIONS AND REFUNDS

*Fiscal Year 1998*

## Gross Tax Collections *In Millions TOTAL: \$5,343.9*



## Tax Refunds *In Millions TOTAL: \$449.5*



# GROSS COLLECTIONS, REFUNDS AND NET COLLECTIONS

*Fiscal Year 1998*

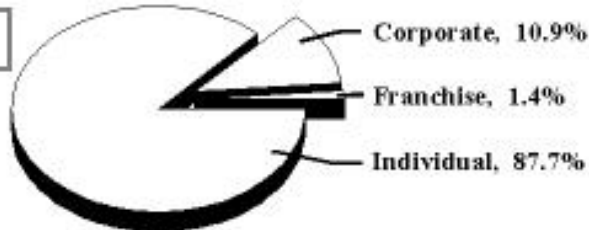
TAXES	GROSS COLLECTIONS	REFUNDS	NET COLLECTIONS
<b>INCOME TAXES</b>			
Individual Income Tax	\$2,337,939,228.15	\$318,887,192.80	\$2,019,052,035.35
Corporation Income Tax	290,961,910.93	69,450,910.33	221,511,000.60
Franchise Tax	36,406,413.20	887,147.00	35,519,266.20
<b>Total Income Taxes</b>	<b>\$2,665,307,552.28</b>	<b>\$389,225,250.13</b>	<b>\$2,276,082,302.15</b>
<b>SALES AND USE TAXES</b>			
Sales Tax <sup>1</sup>	\$1,441,241,593.45	\$29,616,665.19	\$1,411,624,928.26
Use Tax	243,039,038.02	5,360,448.46	237,678,589.56
Motor Vehicle Use Tax	211,440,491.87	0.00	211,440,491.87
<b>Total Sales and Use Taxes</b>	<b>\$1,895,721,123.34</b>	<b>\$34,977,113.65</b>	<b>\$1,860,744,009.69</b>
<b>CONSUMPTION TAXES</b>			
Motor Vehicle Fuel Tax	\$409,778,959.00	\$22,670,473.00	\$387,108,486.00
Aviation Fuel Tax	1,310,543.00	0.00	1,310,543.00
<i>Subtotal – Motor Fuel Taxes</i>	411,089,502.00	22,670,473.00	388,419,029.00
Cigarette Tax	\$94,626,420.80	\$1,128,685.56	\$93,497,735.24
Tobacco Tax	6,094,281.80	38,994.57	6,055,287.23
<i>Subtotal – Cigarette and Tobacco Taxes</i>	100,720,702.60	1,167,680.13	99,553,022.47
<b>Total Consumption Taxes</b>	<b>\$511,810,204.60</b>	<b>\$23,838,153.13</b>	<b>\$487,972,051.47</b>
<b>Total Inheritance and Estate Taxes</b>	<b>\$109,817,189.15</b>	<b>\$1,433,578.82</b>	<b>\$108,383,610.33</b>
<b>MISCELLANEOUS TAXES</b>			
Environmental Protection Charge	\$18,652,217.99	\$0.00	\$18,652,217.99
Motor Vehicle Use 25% EPC Deposit	17,000,000.00	0.00	17,000,000.00
Real Estate Transfer Tax	9,904,731.66	0.00	9,904,731.66
Hazardous Materials Permit Fees	235,150.00	0.00	235,150.00
Insurance Premium Tax	108,868,140.60	0.00	108,868,140.60
Reimbursements	494,006.72	0.00	494,006.72
Motor Vehicle Title Surcharge	4,925,281.00	0.00	4,925,281.00
Miscellaneous	1,181,468.62	0.00	1,181,468.62
<b>Total Miscellaneous Taxes</b>	<b>\$161,260,996.59</b>	<b>\$0.00</b>	<b>\$161,260,996.59</b>
<b>GRAND TOTAL</b>	<b>\$5,343,917,065.96</b>	<b>\$449,474,095.73</b>	<b>\$4,894,442,970.23</b>

<sup>1</sup> Sales tax gross collections include approximately \$125 million in local option sales tax and hotel/motel tax collected.

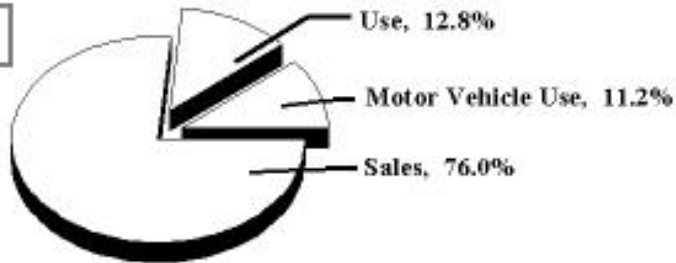
# FY 98 REVENUE SOURCES

## Gross Tax Collections

**Income Taxes**  
**\$2,665,307,552.28**



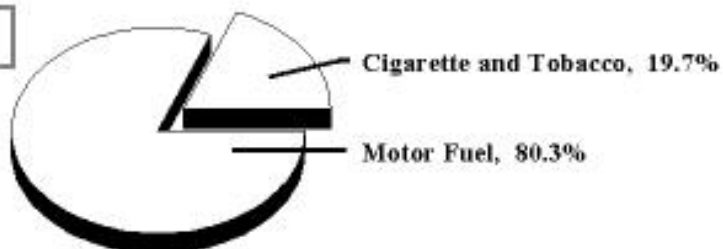
**Sales/Use Taxes**  
**\$1,895,721,123.34**



**Other**  
**\$271,078,185.74**



**Consumption**  
**\$511,810,204.60**



# GROSS TAX COLLECTIONS

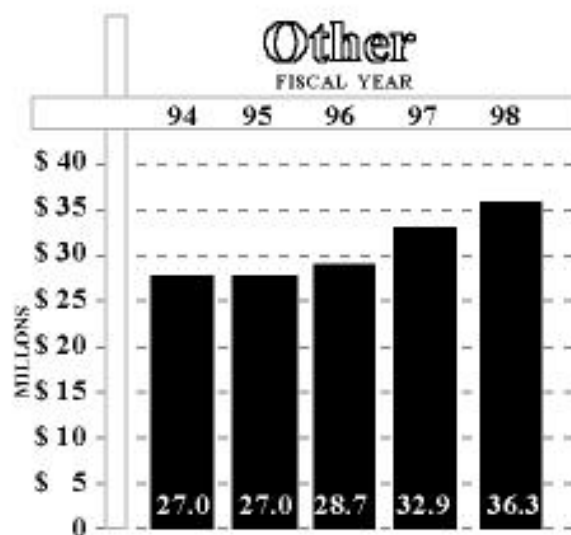
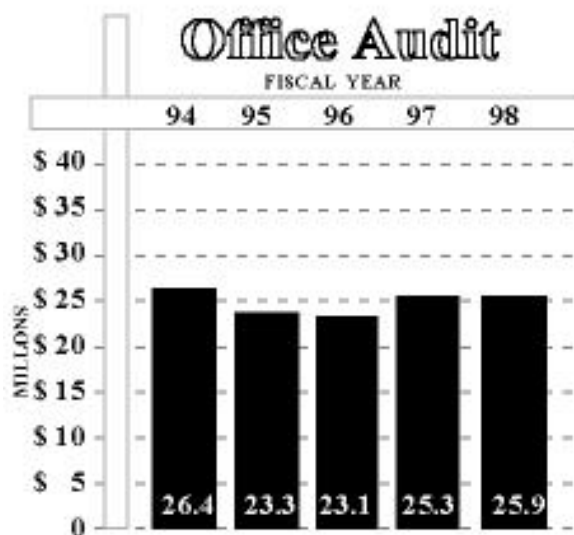
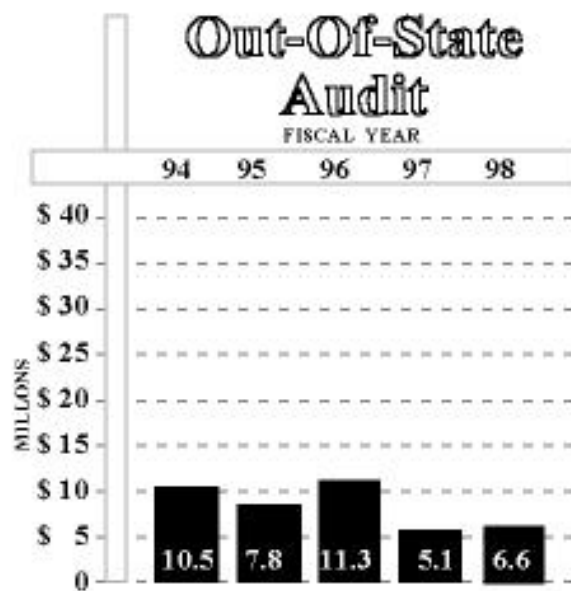
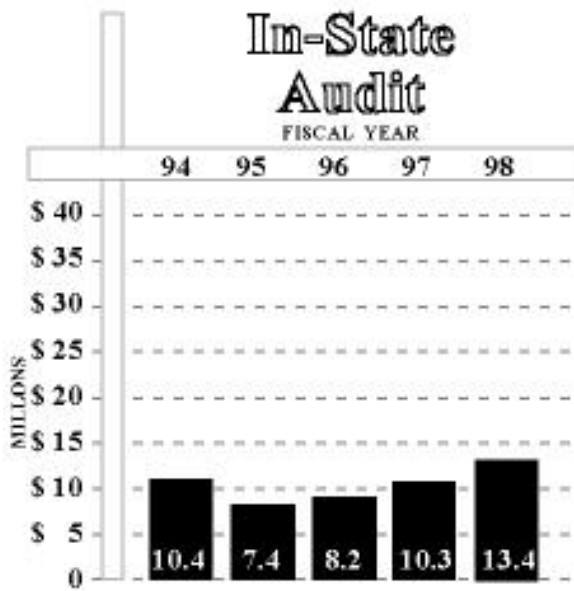
*For Fiscal Years Ending June 30*

TAXES	1988	1994	1995	1996	1997	1998
Individual Income	\$1,233,960,553.11	\$1,801,622,025.40	\$1,893,153,347.10	\$2,024,030,947.22	\$2,153,261,764.25	\$2,337,939,228.15
Corporation Income	195,327,677.81	220,768,496.39	268,697,799.39	268,637,454.76	318,766,112.58	290,961,910.93
Franchise	21,670,726.44	34,051,675.33	28,905,465.76	26,476,123.26	35,642,954.14	36,406,413.20
Sales	683,217,149.89	1,190,081,635.11	1,238,785,331.03	1,318,128,538.62	1,370,975,491.20	1,441,241,593.45
Use (includes Motor Vehicle Use and Lease taxes)	205,223,738.03	339,335,427.70	374,064,454.54	398,391,325.91	422,637,334.42	454,479,529.89
MV Fuel (includes Aviation Fuel)	278,800,556.25	361,158,506.06	370,404,211.78	407,038,148.15	422,102,503.92	411,089,502.00
Cigarette	81,177,933.09	91,606,755.44	93,273,613.81	94,133,883.04	94,565,821.68	94,626,420.80
Tobacco Products	2,031,318.24	4,594,984.58	5,050,572.87	5,309,615.83	5,710,584.68	6,094,281.80
Inheritance & Estate	58,937,973.04	88,146,676.47	89,224,090.55	95,885,772.87	109,347,222.31	109,817,189.15
EPC	0.00	16,949,397.14	17,341,639.17	17,6651,746.34	18,595,102.55	18,652,217.99
MV 25% EPC Dep. <sup>1</sup>	0.00	15,300,000.00	15,300,000.00	17,000,000.00	17,000,000.00	17,000,000.00
Real Estate Transfer	2,969,248.52	7,899,417.07	7,149,876.56	7,811,390.72	8,338,561.31	9,904,731.66
Hazardous Material	261,225.00	443,675.00	184,100.00	289,931.00	435,405.00	235,150.00
Insurance Premium	81,054,194.58	103,326,858.85	102,057,650.54	104,274,001.36	105,957,053.86	108,868,140.60
Equipment Car	0.00	0.00	0.00	0.00	0.00	0.00
Gambling License	0.00	0.00	0.00	0.00	0.00	0.00
Reimbursements	48,198.32	337,882.61	200,481.74	901,630.34	991,993.66	494,006.72
Railroad Fuel	0.00	0.00	0.00	0.00	0.00	0.00
MV Title Surcharge	0.00	5,174,380.00	5,186,825.00	5,420,830.83	5,373,544.46	4,925,281.00
Miscellaneous	8,530.00	913,262.30	728,667.47	947,294.64	1,123,392.82	1,181,468.62
<b>GRAND TOTAL</b>	<b>\$2,844,689,022.32</b>	<b>\$4,281,711,055.45</b>	<b>\$4,509,708,127.31</b>	<b>\$4,801,328,634.89</b>	<b>\$5,090,824,852.84</b>	<b>\$5,343,917,065.96</b>

<sup>1</sup> Beginning on July 1, 1995, the maximum amount of motor vehicle use tax collections available for transfer to the EPC fund was increased from \$15 million to \$17 million.

# NON-COMPLIANCE COLLECTIONS

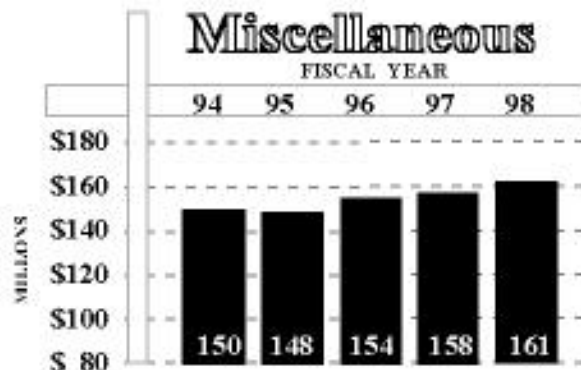
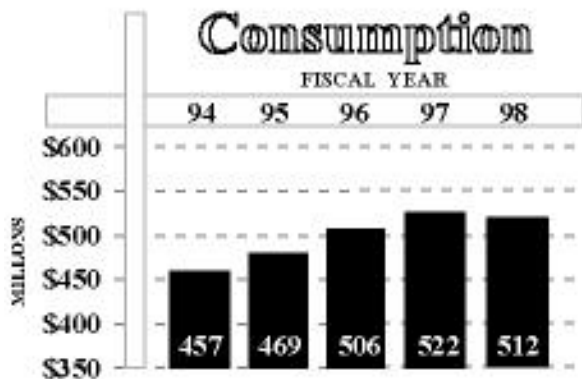
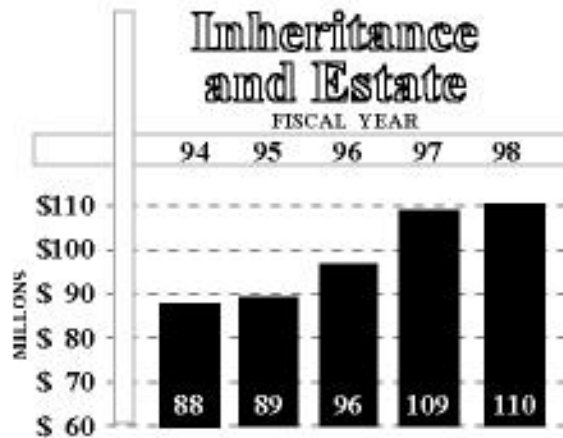
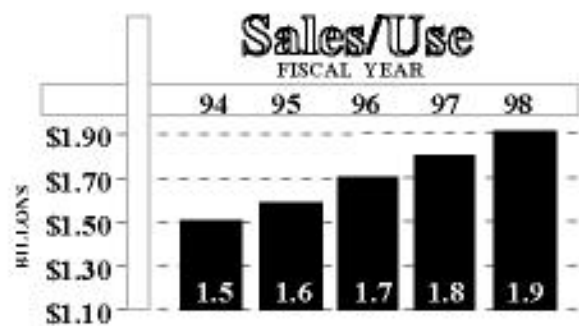
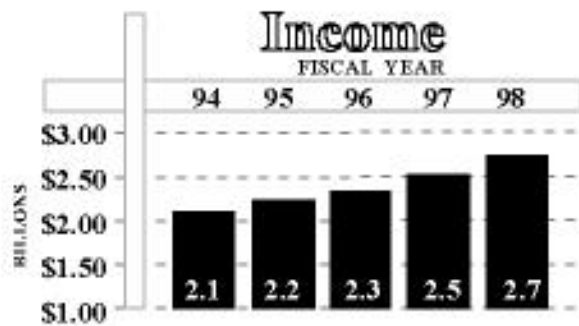
## Five Year Comparison





# FIVE-YEAR TREND

*FY 94-98 Gross Collections*



# PAYROLL FACTS AND FIGURES

*Calendar Year 1997*

The following information excludes Board of Regents institutions and the Department of Transportation.

Net payroll checks issued in 1997	\$388.5 Million
Average number of employees paid per pay period through centralized payroll	19,027
Average percentage of full-time employees utilizing direct deposit for deposit of paycheck	82.0 %
Total payroll costs for centralized payroll in 1997 (includes all state shares)	\$793.0 Million

Total payroll costs include the following state contributions:

State share FICA	\$46.2 Million
State share IPERS	35.8 Million
State share Police Retirement	4.6 Million
State share Health Insurance	49.6 Million
State share Dental Insurance	2.6 Million
State share Life Insurance	0.36 Million
State share Disability Insurance	2.0 Million

Accounting for these state share disbursements, as well as mandatory and discretionary employee deductions totaling \$263.3 million, is the responsibility of the Centralized Payroll Section.

# HOTEL/MOTEL TAX DISTRIBUTIONS\*

*Fiscal Year 1998*

Altoona	\$345,743.05	Iowa County	247,234.65
Ames	605,124.66	Johnston	197,791.31
Ankeny	265,582.70	Keokuk	119,735.03
Arnolds Park	67,236.84	LeClaire	55.75
Bellevue	2,851.25	Lee County	39.00
Bettendorf	805,327.01	Marion	107,205.38
Bondurant	14.00	Marshalltown	187,988.04
Boone	59,847.78	Mason City	206,104.88
Burlington	342,316.41	McGregor	9,375.20
Carter Lake	38,740.77	Missouri Valley	82,096.82
Cedar Falls	273,493.99	Mt. Pleasant	72,801.29
Cedar Rapids	1,932,828.73	Muscatine	286,572.14
Clear Lake	204,662.51	Newton	214,259.40
Clinton	173,193.87	Okoboji	126,490.13
Clive	961,163.61	Ottumwa	170,591.15
Coralville	885,723.19	Pella	127,885.63
Council Bluffs	1,242,582.44	Polk County	253,672.27
Davenport	1,781,608.85	Sergeant Bluff	19,392.68
Decorah	115,747.28	Sioux Center	5,298.09
Des Moines	2,937,300.51	Sioux City	817,582.10
De Witt	5,260.39	Spirit Lake	70,817.70
Dickinson County	36,417.50	Story City	40,967.96
Dubuque	859,089.61	Toledo	48,403.31
Dyersville	32,562.14	Urbandale	476,602.35
Elkhorn	6,786.18	Wahpeton	24,074.10
Evansdale	25,216.03	Waterloo	624,130.25
Fort Dodge	234,349.19	West Des Moines	1,038,612.14
Fort Madison	94,673.78	Williamsburg	71,109.34
Grinnell	45,323.34	Windsor Heights	21,285.68
Guttenberg	7,764.48		
Indianola	46,391.49		
Iowa City	501,369.35		
		<b>TOTAL</b>	<b>\$20,604,466.69</b>

\* *Listed jurisdictions are cities unless otherwise noted*

# LOCAL OPTION SALES TAX DISTRIBUTION

*Calendar Year 1997*

Waukon	\$317,213.46	Linn Grove	13,007.31	Alta Vista	7,227.45	Pleasanton	1,379.58
Lansing	81,773.70	Unincorporated	571,128.12	Bassett	2,012.46	Van Wert	6,518.66
Postville	132,567.75	<b>Total Buena Vista</b>	<b>\$1,650,170.54</b>	Ionia	8,468.96	<b>Total Decatur</b>	<b>\$106,894.71</b>
New Albin	41,663.75	Greene	\$60,401.72	North Washington	3,018.88	Manchester	\$265,863.59
Harpers Ferry	21,826.32	Parkersburg	91,497.61	Unincorporated	231,744.48	Earlville	40,720.64
Waterville	9,368.63	Allison	52,702.02	<b>Total Chickasaw</b>	<b>\$458,441.56</b>	Edgewood	29,557.72
Unincorporated	79,514.58	Aplington	45,747.99	Elkader	\$78,307.87	Hopkinton	35,683.25
<b>Total Allamakee</b>	<b>\$683,928.19</b>	Dumont	34,229.32	Guttenberg	117,454.98	Colesburg	23,248.35
Waterloo	\$7,104,374.36	New Hartford	36,107.71	Monona	76,797.18	Delaware	8,475.21
Cedar Falls	3,283,915.18	Aredale	4,689.35	Strawberry Point	67,741.28	Delhi	24,544.84
Evansdale	409,644.83	Bristow	8,226.22	Edgewood	19,980.85	Dundee	8,171.44
Elk Run Heights	97,478.28	<b>Total Butler</b>	<b>\$333,601.94</b>	Garnavillo	38,584.88	Dyersville	31,772.12
Hudson	191,577.88	Atlantic	\$103,218.09	Marquette	24,004.90	Greeley	13,819.44
La Porte City	199,923.79	Anita	44,840.25	McGregor	40,493.16	Masonville	6,488.39
Dunkerton	69,417.09	Griswold	47,936.82	Elkport	3,747.68	Ryan	19,516.05
Janesville	19,688.00	Lewis	17,279.41	Farmersburg	14,083.73	Unincorporated	559,898.09
Gilbertville	69,046.87	Cumberland	12,901.32	Garber	5,294.91	<b>Total Delaware</b>	<b>\$1,067,759.13</b>
Raymond	54,850.52	Marne	6,039.43	Littleport	4,006.34	Burlington	\$3,100,809.54
Unincorporated	2,145,241.60	Massena	16,653.63	Luana	9,323.84	Mediapolis	167,553.26
<b>Total Black Hawk</b>	<b>\$13,645,158.40</b>	Wiota	6,750.05	North Buena Vista	6,555.87	West Burlington	371,604.67
Boone	\$688,999.28	Unincorporated	84,164.52	Saint Olaf	6,405.89	Middletown	36,803.77
Madrid	121,360.57	<b>Total Cass</b>	<b>\$339,783.52</b>	Volga	14,461.08	Danville	97,444.11
Ogden	94,665.38	Mason City	\$3,601,012.60	Millville	1,406.66	Unincorporated	1,350,352.32
Beaver	2,425.95	Clear Lake	1,000,120.83	Unincorporated	564,029.05	<b>Total Des Moines</b>	<b>\$5,124,567.67</b>
Berkley	1,799.47	Ventura	69,123.79	<b>Total Clayton</b>	<b>\$1,092,680.15</b>	Spirit Lake	\$472,616.56
Boxholm	10,935.21	Rockwell	119,199.58	Clinton	\$2,781,480.06	Lake Park	111,952.70
Fraser	5,648.68	Dougherty	12,091.73	Dewitt	413,685.16	Okoboji	107,115.02
Luther	7,650.03	Meservey	33,212.93	Camanche	404,571.48	Orleans	61,681.31
Pilot Mound	9,429.31	Plymouth	49,964.72	Delmar	45,890.01	Superior	17,248.71
Sheldahl	1,791.29	Rock Falls	16,819.22	Grand Mound	51,321.12	Terrill	40,935.93
Unincorporated	560,277.74	Swaledale	22,348.72	Lost Nation	39,808.09	<b>Total Dickinson</b>	<b>\$811,550.23</b>
<b>Total Boone</b>	<b>\$1,504,982.91</b>	Thornton	51,060.41	Wheatland	60,150.21	Dubuque	\$6,285,046.56
Lamont	\$43,490.29	Unincorporated	1,397,946.90	Andover	8,077.43	Cascade	140,934.47
Aurora	18,621.24	<b>Total Cerro Gordo</b>	<b>\$6,372,901.43</b>	Calamus	32,778.29	Dyersville	366,223.46
Stanley	10,994.92	Marcus	\$59,888.34	Charlotte	29,537.59	Epworth	136,061.16
<b>Total Buchanan</b>	<b>\$73,106.45</b>	Aurelia	49,243.23	Goose Lake	18,039.82	Farley	132,899.73
Storm Lake	\$664,894.33	Cleghorn	12,952.16	Low Moor	23,031.31	Asbury	190,561.05
Alta	125,521.60	Larabee	7,338.44	Toronto	10,597.92	Balltown	6,523.21
Albert City	60,334.79	Meriden	8,419.40	Welton	14,985.03	Bankston	3,009.64
Marathon	23,627.49	Washta	11,802.11	Unincorporated	1,250,881.15	Bernard	11,540.08
Newell	75,090.77	<b>Total Cherokee</b>	<b>\$149,643.68</b>	<b>Total Clinton</b>	<b>\$5,184,834.67</b>	Centralia	10,576.88
Sioux Rapids	56,320.67	New Hampton	\$118,689.05	Lamoni	\$75,618.49	Graf	8,213.75
Lakeside	36,801.50	Nashua	44,486.47	Davis City	7,084.40		
Rembrandt	14,689.92	Fredericksburg	27,927.23	Decatur City	4,709.22		
Truesdale	8,754.04	Lawler	14,866.58	Garden Grove	6,169.85		
				Grand River	4,554.30		
				Leroy	860.21		

*continued on page 12*

# LOCAL OPTION SALES TAX DISTRIBUTION

## Calendar Year 1997

Holy Cross	28,099.82	Tabor	40,465.23	Olds	12,260.91	Oxford Junction	34,350.48
Luxemburg	24,975.12	Farragut	22,664.39	Rome	6,857.18	Wyoming	39,616.77
New Vienna	37,035.51	Imogene	3,829.58	Salem	25,128.86	Center Junction	9,358.67
Peosta	12,273.70	Randolph	10,555.92	Westwood	6,468.39	Morley	4,686.31
Sageville	24,765.69	Riverton	14,439.26	Unincorporated	568,781.66	Onslow	12,137.37
Sherrill	12,852.92	Thurman	10,298.61	<b>Total Henry</b>	<b>\$1,366,035.08</b>	<b>Total Jones</b>	<b>\$408,078.53</b>
Worthington	43,294.07	Unincorporated	227,276.12	Cresco	\$184,709.11	Fort Madison	\$944,415.92
Zwingle	7,597.97	Shenandoah	124,650.69	Elma	30,045.30	Keokuk	1,026,068.96
Rickardsville	17,007.55	<b>Total Fremont</b>	<b>\$570,410.15</b>	Lime Springs	21,104.90	Donnellson	67,827.85
Unincorporated	2,423,292.93			Riceville	18,614.03	Montrose	67,342.65
<b>Total Dubuque</b>	<b>\$9,922,785.27</b>			Chester	7,667.67	West Point	76,188.63
				Protivin	14,117.79	Franklin	10,163.91
Oelwein	\$418,147.45	Britt	\$122,079.53	Unincorporated	276,009.53	St. Paul	8,832.07
Fayette	74,205.11	Garner	189,895.38	<b>Total Howard</b>	<b>\$552,268.33</b>	Houghton	10,781.88
West Union	150,157.92	Kanawha	49,992.15			Unincorporated	1,135,182.11
Arlington	26,840.56	Klemme	38,477.10	Galva	\$8,422.14	<b>Total Lee</b>	<b>\$3,346,803.98</b>
Clermont	29,126.06	Corwith	20,934.28	<b>Total Ida</b>	<b>\$8,422.14</b>		
Elgin	35,334.17	Crystal Lake	14,893.39			Bertram	\$156,104.57
Hawkeye	25,584.14	Goodell	10,964.26			<b>Total Linn</b>	<b>\$156,104.57</b>
Maynard	29,258.71	Woden	14,740.57				
Randalia	4,546.66	<b>Total Hancock</b>	<b>\$461,976.66</b>	Marengo	\$257,706.91	Rock Rapids	\$94,513.43
St. Lucas	9,401.70			North English	102,441.91	George	37,674.91
Wadena	12,505.89	Iowa Falls	\$340,499.21	Williamsburg	276,324.68	Doon	16,239.34
Waucoma	15,156.69	Ackley	89,310.51	Victor	99,813.93	Inwood	28,946.78
Westgate	11,408.47	Eldora	182,882.38	Ladora	33,573.55	Little Rock	16,718.07
Unincorporated	586,240.25	Alden	51,127.48	Millersburg	19,970.14	Alvord	6,853.38
<b>Total Fayette</b>	<b>\$1,427,913.78</b>	Hubbard	46,270.95	Parnell	22,417.25	Lester	8,710.49
		Radcliffe	31,562.45	Unincorporated	1,172,217.25	Unincorporated	248,682.54
		Buckeye	6,143.79	<b>Total Iowa</b>	<b>\$1,984,465.62</b>	<b>Total Lyon</b>	<b>\$458,338.94</b>
		New Providence	12,258.73			Oskaloosa	\$782,337.91
Charles City	\$153,089.01	Owasa	2,086.58	Maquoketa	\$334,726.53	Eddyville	17,541.48
Nora Springs	74,242.49	Steamboat Rock	19,771.82	Bellevue	123,390.42	New Sharon	73,607.44
Rockford	41,042.98	Union	23,525.79	Preston	53,400.72	Beacon	30,649.12
Colwell	1,536.39	Whitton	7,213.85	Sabula	35,682.96	University Park	38,966.13
Floyd	17,099.30	Unincorporated	439,723.86	Andrew	17,482.18	Barnes City	12,994.93
Marble Rock	18,560.32	<b>Total Hardin</b>	<b>\$1,252,377.40</b>	Baldwin	6,768.04	Fremont	47,884.90
Rudd	21,124.80			Lamotte	15,510.11	Leighton	9,174.53
<b>Total Floyd</b>	<b>326,695.29</b>	Dunlap	\$53,790.76	Miles	21,759.46	Rose Hill	10,771.93
		Little Sioux	6,981.02	Monmouth	8,260.01	Koemah Village	6,488.70
Hampton	\$168,097.39	Mondamin	11,492.50	Spragueville	5,907.27	Unincorporated	684,588.57
Sheffield	47,392.11	Persia	8,642.24	Springbrook	8,386.32	<b>Total Mahaska</b>	<b>\$1,715,005.64</b>
Dows	6,646.83	Pisgah	1,984.10	Zwingle	704.30		
Coulter	10,098.19	<b>Total Harrison</b>	<b>\$82,890.62</b>	St. Donatus	7,111.97	Liscomb	\$11,863.95
Geneva	6,749.32			Unincorporated	570,760.27	<b>Total Marshall</b>	<b>\$11,863.95</b>
Hansell	3,420.94	Mt. Pleasant	\$495,397.52	<b>Total Jackson</b>	<b>\$1,209,850.56</b>		
Latimer	17,408.79	New London	115,463.44			Malvern	\$43,684.38
Popejoy	3,209.58	Wayland	53,028.91	Monticello	\$232,779.81	Emerson	16,090.97
Unincorporated	245,978.81	Winfield	62,700.86	Cascade	34,704.71		
<b>Total Franklin</b>	<b>\$509,001.96</b>	Coppock	1,873.79	Olin	40,444.41		
		Hillsboro	9,768.29				
Hamburg	\$59,262.41	Mt. Union	8,305.27				
Sidney	56,967.94						

*continued on page 13*

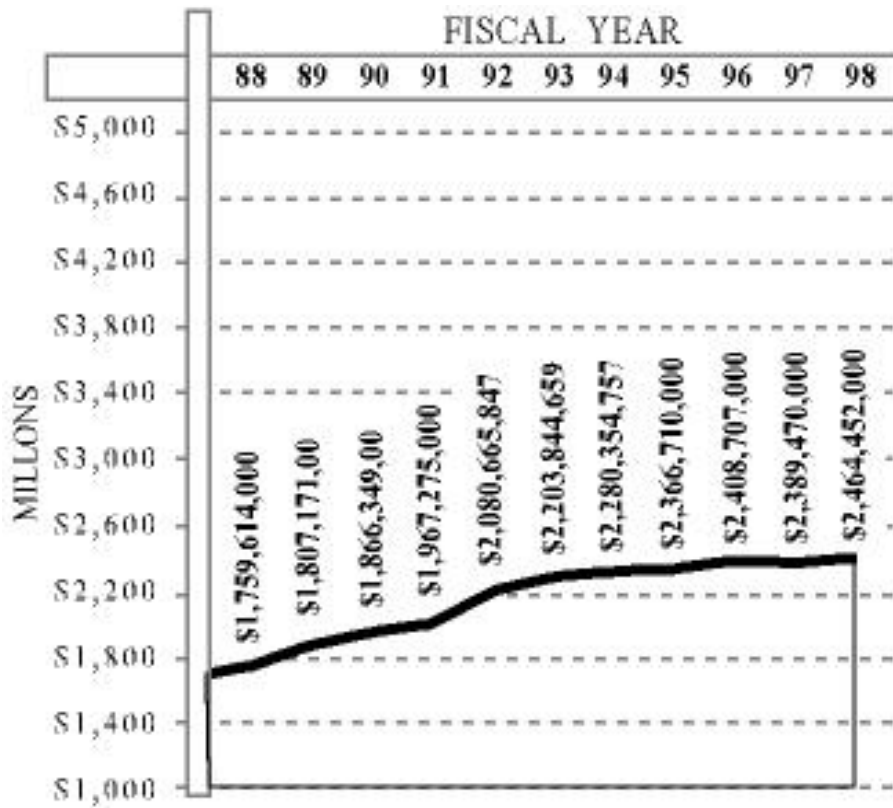
# LOCAL OPTION SALES TAX DISTRIBUTION

*Calendar Year 1997*

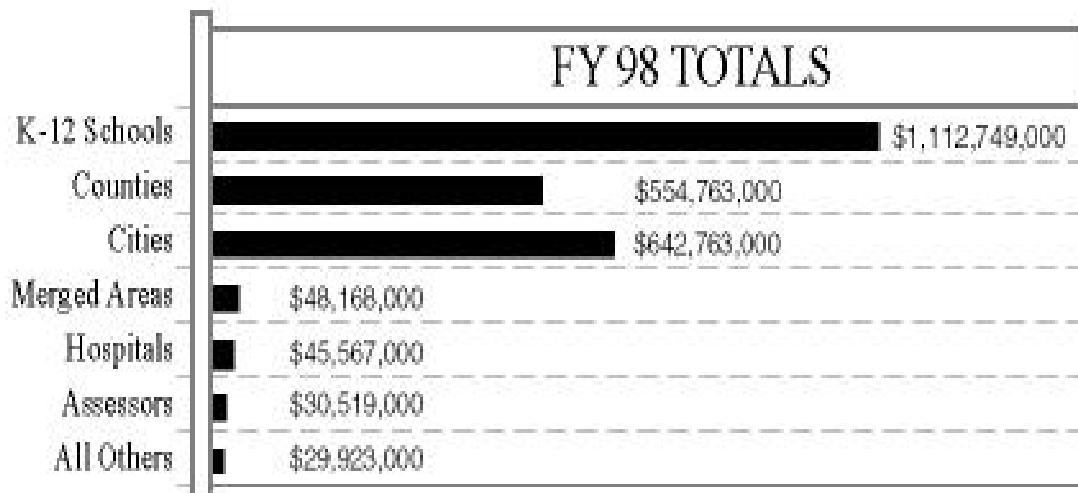
Tabor	8,303.76	Sanborn	79,028.17	Walcott	152,115.27	Castalia	11,222.32
Henderson	6,965.55	Sutherland	40,993.71	Dixon	23,736.41	Ft. Atkinson	22,807.13
<b>Total Mills</b>	<b>\$75,044.66</b>	Archer	8,323.59	Donahue	33,905.98	Jackson Junction	5,526.08
Osage	\$199,534.69	Calumet	9,252.63	Long Grove	62,141.95	Ridgeway	18,145.44
St. Ansgar	63,286.53	Unincorporated	362,432.19	Maysville	17,876.32	Spillville	25,059.90
Riceville	30,565.16	<b>Total O'Brien</b>	<b>\$939,098.20</b>	McCausland	33,127.47	Unincorporated	845,270.93
Stacyville	26,564.71	Clarinda	\$275,728.27	New Liberty	13,532.99	<b>Total Winneshiek</b>	<b>\$1,620,696.48</b>
Carpenter	5,626.21	Shenandoah	285,438.99	Panorama Park	13,261.04	Sioux City	\$8,767,547.15
McIntire	7,936.59	Essex	44,283.56	Riverdale	80,405.42	Moville	122,090.19
Mitchell	9,043.49	Blanchard	3,061.40	Unincorporated	3,058,163.14	Anthon	61,181.15
Orchard	4,870.89	Bradyville	9,885.19	<b>Total Scott</b>	<b>\$19,426,796.38</b>	Correctionville	84,071.34
Unincorporated	362,867.34	Coin	12,555.89	Hawarden	\$154,472.39	Danbury	41,588.68
<b>Total Mitchell</b>	<b>\$710,295.61</b>	College Springs	10,395.21	Alton	67,303.55	Sergeant Bluff	265,574.21
Onawa	\$171,939.69	Hepburn	1,781.66	Hull	110,259.65	Sloan	89,837.76
Mapleton	74,497.28	Northboro	3,438.15	Orange City	311,235.53	Cushing	22,602.45
Ute	22,165.08	Shambaugh	8,397.97	Rock Valley	157,476.01	Hornick	21,434.96
Whiting	39,833.42	Yorktown	4,438.94	Sioux Center	305,595.16	Lawton	45,747.81
Blencoe	14,166.87	Unincorporated	288,980.31	Boyden	40,599.24	Oto	11,088.49
Castana	8,588.12	<b>Total Page</b>	<b>\$948,385.54</b>	Hospers	39,246.14	Pierson	33,395.07
Moorhead	14,216.12	Polk City	\$363,140.87	Ireton	37,221.91	Salix	34,199.44
Rodney	3,903.53	Sheldahl	23,025.42	Chatsworth	5,646.77	Smithland	23,236.50
Soldier	11,161.16	<b>Total Polk</b>	<b>\$386,166.29</b>	Granville	18,005.79	Bronson	19,771.74
Turin	5,056.59	Council Bluffs	\$5,169,194.57	Matlock	5,400.42	Unincorporated	1,789,505.46
Unincorporated	316,215.99	Avoca	128,540.10	Maurice	14,184.59	<b>Total Woodbury</b>	<b>\$11,432,872.40</b>
<b>Total Monona</b>	<b>\$681,743.85</b>	Carter Lake	273,338.99	Sheldon	75,462.27	Manly	\$46,676.15
Villisca	\$48,141.07	Oakland	122,983.28	Unincorporated	752,345.32	Northwood	73,352.13
Stanton	24,259.24	Carson	59,987.90	<b>Total Sioux</b>	<b>\$2,094,454.74</b>	Fertile	12,390.86
Coburg	1,706.45	Neola	75,292.33	Ames	\$4,451,575.83	Grafton	9,467.76
Elliott	14,466.41	Walnut	74,492.27	Nevada	574,736.57	Hanlontown	7,679.27
Grant	3,833.93	Walnut	74,492.27	Story City	267,757.86	Joice	8,701.14
<b>Total Montgomery</b>	<b>\$92,407.10</b>	Crescent	35,205.74	Cambridge	60,342.26	Kensett	10,209.63
Muscatine	\$1,994,927.70	Hancock	17,081.21	Colo	67,735.46	Unincorporated	47,357.76
West Liberty	249,457.55	Macedonia	21,875.27	Maxwell	67,567.06	<b>Total Worth</b>	<b>\$215,834.70</b>
Wilton	216,040.22	McClelland	11,346.39	Roland	91,295.56	<b>TOTAL</b>	<b>\$122,498,721.69</b>
Atalissa	26,400.56	Minden	45,700.61	Slater	117,909.43		
Conesville	24,955.39	Treynor	79,702.01	Zearing	52,510.46		
Nichols	27,936.46	Underwood	43,426.07	Collins	40,359.05		
Stockton	14,167.27	Unincorporated	2,080,090.20	Gilbert	70,937.49		
Durant	15,893.65	<b>Tot. Pottawattamie</b>	<b>\$8,238,257.01</b>	Kelley	22,072.44		
Fruitland	38,134.58	Davenport	\$11,444,946.18	Huxley	179,464.91		
Unincorporated	1,140,091.44	Bettendorf	3,405,586.85	McCallsburg	26,198.00		
<b>Total Muscatine</b>	<b>\$3,748,004.82</b>	Buffalo	151,992.33	Sheldahl	14,673.41		
Sheldon	\$313,480.84	Durant	17,509.49	Unincorporated	1,412,234.47		
Paulina	70,510.88	LeClaire	306,531.55	<b>Total Story</b>	<b>\$7,517,370.26</b>		
Primgar	55,076.19	Blue Grass	131,765.46	Decorah	\$567,751.77		
		Eldridge	384,477.87	Calmar	69,168.88		
		Princeton	95,720.66	Ossian	55,744.03		

# PROPERTY TAXES

## *A 10-Year Comparison*



## *FY 98 Property Tax Levied By Type of Taxing Authority*



# LOCAL GOVERNMENT SERVICES

## *FY 98 Assistance Programs*

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 98 Payments</i>			
<b>Homestead Credit</b>  <i>\$113,449,802.50</i>	Originally adopted to encourage home ownership through property tax relief. The current credit is equal to the actual tax levy on the first \$4,850 of actual value.	Must own and occupy the property as a homestead on July 1 of each year, declare residency in Iowa for income tax purposes and occupy the property for at least six months each year. Persons in the military or nursing homes who would otherwise qualify are also eligible.	Claim must be filed on or before July 1 of the first year for which the credit is claimed. Claims filed July 2 through December 31 are considered a claim filed for the following year. Claim is allowed for successive years without further filing as long as eligible.
<b>Disabled and Senior Citizens Property Tax Credit/Rent Reimbursement</b>  <i>\$9,090,579.68</i>	Incorporated into the Homestead Tax Law to provide property tax or rent relief to elderly homeowners and homeowners with disabilities.	Must be 65 or older or totally disabled. Must have been a resident of Iowa during the entire preceding year and have household income of less than \$16,500.	A property owner must file a claim with the county treasurer by June 1 preceding the fiscal year in which the property taxes are due. Renters must file with the Department of Revenue and Finance by June 1 to claim reimbursement for rent paid in the prior calendar year. The director or county treasurer may grant extensions of time to file.
<b>Mobile Home Reduced Tax Rate</b>  <i>\$88,654.25</i>	Enacted as a supplement to the Disabled and Senior Citizens Property Tax Credit. The objective is to provide mobile home owners with equivalent aid.	Must be an Iowa resident, 23 or older. Household income must be less than \$16,500.	On or before June 1 of each year, each mobile home owner eligible for a reduced tax rate must file a claim with the county treasurer. The county treasurer or the director may grant an extension of time to file.
<b>Special Assessment Credit</b>  <i>\$24,929.04</i>	Established in conjunction with the Disabled and Senior Citizens Property Tax Credit. The credit gives 100 percent assistance to qualified homeowners who are required to pay special assessments.	Requirements parallel those for the disabled and senior citizens property tax credit. Household income cannot exceed \$8,500.	The claimant must file a claim with the county treasurer by September 30 of each year.



Local Government Services, continued

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 98 Payments</i>			
<b>Pollution Control Exemption</b>  <i>exemption only</i>	Provides an exemption for certain pollution control and recycling property after the construction or installation is completed.	Exemption is limited to market value of property used primarily for pollution control or recycling. Must be certified as eligible by the Department of Natural Resources.	Application must be filed with the assessor no later than February 1 of the first year for which the exemption is requested.
<b>Impoundment Structures Exemption</b>  <i>exemption only</i>	Provides an exemption for impoundment structures and land underlying an impoundment located outside any incorporated city.	Not developed or used for nonagricultural income-producing purposes. Must be approved by Soil and Water Conservation District commissioners and the Department of Natural Resources.	Application must be filed with the assessor each year before July 1.
<b>Low-Rent Housing Exemption</b>  <i>exemption only</i>	Provides an exemption for low-rent housing until the original housing development mortgage is paid in full or expires.	Property owned and operated by a nonprofit organization providing low-rent housing for persons at least 62 years old and the physically and mentally disabled.	Must file an application with the assessor no later than July 1. The claim is allowed on the property for successive years without further filing as long as the property is used for purposes specified in the original claim.
<b>Ag Land Credit</b>  <i>\$29,100,000.00</i>	Credit established to partially offset the school tax burden borne by agricultural real estate. Current law allows a credit for any general school fund tax in excess of \$5.40 per \$1,000 of assessed value.	All land used for agricultural or horticultural purposes in tracts of 10 acres or more and land of less than 10 acres if contiguous to qualifying land of 10 acres or more.	Land owners are not required to file a claim. The county auditor determines the amount of credit applicable to each tract of land.
<b>Computers and Industrial Machinery and Equipment Special Valuation</b>  <i>\$11,310,970.14</i>	Computers and industrial machinery and equipment acquired after 12/31/93 are exempt from tax. If acquired prior to 1/1/94 assessed at 30% of acquisition cost in 1998, 22% in 1999, 14% in 2000, 6% in 2001, and 0% in 2002 and thereafter.	Special valuation applies to all computers but only machinery and equipment classified as industrial real estate.	Owners of industrial machinery and equipment are required to file a report with the assessor by February 15 of each year; computer owners by April 15.

## Local Government Services, continued

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 98 Payments</i>			
<b>Family Farm Land Credit</b>  <i>\$10,000,000.00</i>	Credit established to partially offset the school tax burden borne by agricultural real estate. Current law allows a credit for any general school fund tax in excess of \$5.40 per \$1,000 of assessed value.	All land used for agricultural or horticultural purposes in tracts of 10 acres or more and land of less than 10 acres if contiguous to qualifying land of more than 10 acres. The owner must be actively engaged if farming the land.	Claims filed with the assessor between July 1 and October 15 of each year.
<b>Natural Conservation and Wildlife Areas</b>  exemption only	Provides an exemption for recreational lakes, forest covers, rivers and streams, including banks, and open prairies as designated by the county board of supervisors.	Property not used for economic gain. Must be at least two acres.	Application must be filed with the commissioners of the Soil and Water Conservation District by April 15 of the assessment year.
<b>Forest and Fruit Tree Reservations</b>  exemption only	Provides an exemption for property established as a forest or fruit tree reservation.	Forest Reserve: Minimum of two acres, contain not less than 200 trees per acre. Fruit Tree Reserve: Not less than one nor more than 10 acres, contain at least 40 apples trees or 70 other fruit trees. Exemption for eight years. Neither can be used for economic gain other than raising trees, nor shall livestock be permitted on the reservation. Must be approved by the Department of Natural Resources.	Application filed with assessor between January 1 and April 15 of the year for which the exemption is first claimed.
<b>Property Tax Replacement</b>  <i>\$56,287,557.00</i>	Provides a form of revenue sharing and payment to local jurisdictions for property tax net collected on personal property, livestock, and monies and credit.	Allocation formula varies for cities, counties, conference boards, county hospitals, and agricultural extension councils.	None
<b>Military Exemption</b>  <i>\$2,750,480.24</i>	Reduces the taxable value of property for military veterans who served on active duty during specified wartime periods.	The amount of exemption varies according to the wartime period of active duty.	A qualified veteran must file a claim with the local assessor by July 1 of the first year eligible. Subsequent claims need not be filed on the same property.

Local Government Services, continued

PROGRAM <i>FY 98 Payments</i>	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<b>Native Prairie/Wetlands</b> exemption only	Exemption for land preserved in its natural condition.	Cannot be used for economic gain and must be certified by the Department of Natural Resources.	Application must be filed with assessor by February 1.
<b>Wildlife Habitat</b> exemption only	Exemption for land used to provide wildlife refuge.	Must be classified as agricultural real estate; cannot exceed two acres, and must be certified by the Department of Natural Resources.	Owner must request certification from the Department of Natural Resources, which must notify the assessor of eligibility.
<b>Religious, Educational and Charitable Property</b> exemption only	Exemption for property used for religious, education or charitable purposes.	Cannot be used for profit. Limited to 320 acres.	Application must be filed with assessor by July 1. No further application is needed if use remains unchanged.
<b>Speculative Shell Buildings</b> exemption only	Value added exemption to encourage local business development. Subject to approval by city council or county board of supervisors.	Available to community development organizations, not-for-profit cooperative associations and for-profit entities. Terminates when building is leased or sold.	Application must be filed with the assessor by February 1 for each project.
<b>Methane Gas Conversion Property</b> exemption only	Promotes environmental purposes.	Property must be used in connection with a publicly-owned sanitary landfill.	Application must be filed annually with the assessor by February 1.
<b>Urban Revitalization</b> exemption only	Value added exemption to encourage development in urban areas. Subject to approval of city council or county board of supervisors.	Must have increased the value of the property to which added by at least 10% or the percent established by local officials. The percent and the length of time over which the exemption applies varies with schedule adopted by local officials.	Application must be filed with the assessor by February 1 of the year the value is added.
<b>Industrial Property, Research-Service Facilities, Warehouses, Distribution Centers and Cattle Facilities</b> exemption only	Value added exemption to encourage industrial and commercial development. Subject to approval by city councils and county boards of supervisors.	Partial exemption for five years. The percent varies each year. Cattle facilities must be owner-operated.	Application must be filed with assessor by February 1 of the year the value is added.
<b>Wind Energy Property</b> exemption only	Promotes energy conservation. Subject to approval of city councils or county boards of supervisors.	Must be used to convert wind energy to electrical energy. Exemption: 100%, first year, to 70%, last year, over 20 years.	Application must be filed with assessor by February 1 of the year the value is added.

# IOWA TAX DESCRIPTIONS

*As of July 1998*

TAX	RATE OF TAX <i>FY98 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Cigarette Tax</b>	36¢ per package of 20 45¢ per package of 25  <i>\$94,626,420.80</i>	The tax is imposed on the sale of cigarettes and must be paid by the person making the first sale in Iowa. Tax payment is shown by a stamp affixed to each cigarette package.	State General Fund	Tax returns must be filed by the holder of a state or manufacturer's permit by the 10th day of each month for the preceding calendar month.
<b>Corporate Income Tax</b>	6% on first \$25,000 8% on next \$75,000 10% on next \$150,000 12% on all over \$250,000  <i>\$290,961,910.93</i>	The tax is imposed on the Iowa net income of corporations doing business within this state or receiving income from property in the state. For tax years on or after January 1, 1987, Iowa imposes an alternative minimum tax equal to 7.2% of Iowa tax preferences. For tax years on or after January 1, 1988, the tax is imposed on the unrelated business income of nonprofit corporations.	State General Fund	Corporation tax returns must be filed by the last day of the 4th month after the close of the tax year. Cooperatives must file a return on or before the 15th day of the 9th month following the close of the cooperative's tax year. Estimated tax payments are due from most corporations on a quarterly basis. Non-profit corporation returns with unrelated business income are due on the 15th day of the 5th month following the close of the tax year.
<b>Drug Stamp Tax</b>	\$5/gram of processed marijuana \$750/unprocessed marijuana plant \$250/gram of other taxable substances \$400/10 doses if not sold by weight  <i>\$501,869.00</i>	Tax is imposed on dealers in possession of specified quantities of marijuana and other controlled substances.	State General Fund	Tax payment is required upon possession and must be evidenced by a stamp permanently affixed to the taxable substance.
<b>Environmental Protection Charge</b>	1¢ per gallon of petroleum products deposited in qualifying tanks  <i>\$18,652,217.99</i>	The EPC is imposed on all deposits of petroleum products into non-exempt underground and non-exempt aboveground storage tanks in Iowa.	Iowa Comprehensive Petroleum Underground Storage Tank Fund	EPC returns must be postmarked by the last day of the month following the close of each quarter.

Iowa Tax Descriptions, continued

TAX	RATE OF TAX <i>FY 98 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Franchise Tax</b>	5% of taxable income  <i>\$36,406,413.20</i>	Tax is imposed on the income of state banks, national banking associations, trust companies, federally and state chartered savings and loan associations, financial institutions chartered by the Federal Home Loan Bank Board and production credit associations. For tax years on or after January 1, 1987, Iowa imposes an alternative minimum tax equal to 3% of Iowa tax preferences.	All Franchise Tax is deposited in the State General Fund and \$8.8 million is returned to local governments on a quarterly basis as follows: 40% to counties, 60% to cities and towns.	Franchise tax returns must be filed by the last day of the 4th month after the close of the tax year. Estimated payments are due from most financial institutions on a quarterly basis.
<b>Hotel/Motel Tax</b>	May not exceed 7%  <i>\$20,604,466.69</i>	Hotel/motel tax is imposed on the gross receipts from the renting of hotel or motel rooms for 31 consecutive days or less.	Local transient guest tax fund, with disbursement to the local government imposing the tax	Hotel/motel tax returns and tax are submitted with quarterly sales tax returns and are due the last day of the month following the end of each calendar quarter.
<b>Individual Income Tax</b>	.36% on first \$1,136 .72% on second \$1,136 2.43% on next \$2,272 4.50% on next \$5,680 6.12% on next \$6,816 6.48% on next \$5,680 6.80% on next \$11,360 7.92% on next \$17,040 8.98% on all over \$51,120  <i>\$2,337,939,228.15</i>	Tax is imposed on Iowa net income of individuals and estates and trusts. Individuals who have a net income of \$9,000 or more must file an Iowa income tax return. Taxpayers with a combined income of \$13,500 or less (\$9,000 or less for single taxpayers) are generally not required to pay Iowa income tax. Individuals may also be subject to the minimum tax on tax preferences and a tax on lump sum distributions from pension plans.	State General Fund	The final return and any tax owing is due by the last day of the 4th month following the close of the tax year. Individuals may be required to remit estimated tax payments quarterly. Income tax is also collected through withholding tax. Depending on the amount of tax withheld, withholding tax deposits are due annually, quarterly, monthly or semi-monthly.
<b>Individual Income School District Surtax</b>	Not to exceed 20% of state income tax liability. Rate is different for each school district.  <i>\$31,177,565.00</i>  <i>Calendar 1997</i>	Upon voter approval, school districts may initiate educational improvement programs where school boards may raise an additional portion of the state cost per pupil. This enrichment amount is raised through a surtax (not to exceed 20% of state income tax liability) and through an accompanying property tax.	Local school district imposing the tax	Tax is collected with the individual income tax return. Returns are due the last day of the 4th month following the end of the tax year.

Iowa Tax Descriptions, continued

TAX	RATE OF TAX	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Individual Income Emergency Medical Services Surtax</b>	Up to 1% of state income tax liability. Only Appanoose County imposes this tax (at a rate of 1%).  \$42,022.00  Calendar 1997	A county may impose the surtax by ordinance at the rate set by the board of supervisors not to exceed 1%.	County imposing the tax	Tax is collected with the individual income tax return. Returns are due the last day of the fourth month following the end of the tax year.
<b>Inheritance and Estate Taxes</b>	Inheritance Tax: From 1% to 15% dependent upon the amount of the inheritance and the relationship of the recipient to the decedent. Estate Tax: Amount by which the allowable federal credit for state death taxes exceeds the inheritance tax due from the estate.  \$109,817,189.15	This tax is imposed on any person other than a surviving spouse, decedent's lineal ascendants, descendants and stepchildren who becomes beneficially entitled to any property or interest by any method of transfer. Administrators, executors, referees and trustees of estate transfers which are taxable may also be liable for such taxes.	State General Fund	In most instances, the return must be filed and tax paid on or before the last day of the 9th month after the death of the decedent.
<b>Insurance Premium Tax</b>	2% of the adjusted gross amount of premiums, assessments and fees received during the preceding calendar year.  \$108,868,140.60	This tax is administered by the Commerce Department, with the Department of Revenue and Finance serving as a depositing agency for the tax receipts. The tax is imposed on the premiums of every insurance company except fraternal beneficiary associations.	State General Fund	Premium tax reports from all insurers are to be filed before March 1 of each year. Pre-payment of taxes equal to one-half of the prior year's taxes is due June 1.
<b>Local Option Sales Tax</b>	Not more than 1%.  \$122,498,721.69  Calendar Year 1997 Distributions	Tax is imposed by counties either countywide or in incorporated or unincorporated areas. Under very special circumstances it may also be imposed by a city. With a few exceptions, it is imposed on sales and services taxed under state sales tax provisions. There is no corresponding local option use tax.	To local sales and service tax fund with disbursement to local jurisdictions at least quarterly	Local option sales tax is due at the same time as the state sales tax is due.
<b>Motor Vehicle Fuel Tax</b>	Gasoline 20¢/gal. Ethanol Blended Gasoline 19¢/gal. Aviation Gasoline 8¢/gal. Special Fuel (diesel) 22.5¢/gal. Special Fuel (LPG) 20¢/gal. Special Fuel (aviation) 3¢/gal. Compressed Nat. Gas 16¢/100 ft. <sup>3</sup>  \$411,089,502.00	Tax is imposed on each gallon of motor vehicle fuel sold in Iowa for use on Iowa highways. Motor vehicle fuel includes gasoline, diesel fuel, liquefied petroleum gas, compressed natural gas, aviation fuel and ethanol blended gasoline.	Road Use Tax Fund  Aviation fuel tax receipts deposited in state aviation fund  Tax receipts from motor fuel used in watercraft deposited in marine fuel tax fund	Tax returns are required to be filed by the licensee no later than the last day of the month following the month in which the fuel was withdrawn from the terminal or, in the case of LPG or CNG, placed into the fuel supply tank of a motor vehicle. Importers are required to file semimonthly.

Iowa Tax Descriptions, continued

TAX	RATE OF TAX <i>FY98 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Motor Vehicle Lease Tax</b>	5 percent use tax on the lease price of certain vehicles  <i>Collections included in Use Tax total</i>	Effective January 1, 1997, the tax is imposed on the lease price of a vehicle subject to registration, that is not a motorcycle or motorized bicycle, with a gross vehicle weight rating of less than 16,000 pounds and leased for a period of 12 months or more by a lessor licensed under Iowa Code chapter 321F.	Road Use Tax Fund	Tax is reported and paid by the owner of the vehicle to the county treasurer or Department of Transportation at the time of registering or titling the vehicle. If this is not required, the tax must be paid by the owner to the Department of Revenue and Finance on or before 15 days from the last day of the month that the tax became due.
<b>Property Tax Levied - Prior to Credits</b>	Differs in each locality and is a composite of county, city, school district and special levies. Taxes are levied in terms of dollars per \$1,000 of taxable value and are collected locally.  <i>\$2,464,452,000.00</i>  <i>estimated</i>	Property tax is levied on the taxable value of real property. The taxable value may be a percentage of the assessed value as a result of statewide limitations for allowable growth. The assessed value is 100% of market value, except for (1) agricultural realty (assessed according to its productivity) and (2) computers and industrial machinery and equipment, which when first assessed prior to 1-1-95 is assessed at 30 percent of net acquisition cost; first assessed after 1-1-95: exempt.	Local jurisdictions	The tax may be paid in two installments, the first of which becomes delinquent on October 1 and the second of which becomes delinquent on April 1.
<b>Real Estate Transfer Tax</b>	80¢ for each \$500 or fractional part of \$500 in excess of \$500 paid for the real property transferred.  <i>\$9,904,731.66</i>	The tax is imposed on the transfer of real estate. Tax payment is noted on the instrument of transfer at the time the instrument is recorded.	17.25% of the tax receipts are retained by the county. Of the remaining 82.75%, 95% goes in the State General Fund, 5% in the Housing Improvement Fund.	Tax is payable when the deed or other instrument conveying the real property is presented for recording. Tax returns must be filed by the county recorder by the 10th day of each month for tax collected during the preceding month.
<b>State Sales Tax</b>	5%  <i>\$1,441,241,593.45</i>	The tax is imposed on gross receipts from all sales of tangible personal property and enumerated services. Certain exceptions are provided, including exemption of the sales of certain foods, prescription drugs, medical devices, and farm and industrial machinery, equipment and computers.	State General Fund	Depending on the amount of tax collected, a deposit and returns are due annually, quarterly, monthly or semi-monthly.

Iowa Tax Descriptions, continued

TAX	RATE OF TAX <i>FY98 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Tobacco Products Tax</b>	22% of the wholesale sales price  \$6,094,281.80	Tax is imposed on the wholesale sales price of all tobacco products except cigarettes and little cigars.	State General Fund	Distributors are required to file tax returns by the 20th day of each month for the preceding calendar month.
<b>Use Tax</b>	5%  \$454,479,529.89	Use tax includes: (1) The 5% excise tax collected by out-of-state based firms making sales of tangible personal property or certain services purchased for use in Iowa. (2) The 5% excise tax on goods or services purchased tax free by consumers and subsequently used in Iowa. (3) The 5% excise tax collected by Iowa county treasurers or the Iowa Department of Transportation on vehicles subject to registration.	Revenue derived from use tax on vehicles subject to registration is deposited in various special funds. The remainder is credited to the State General Fund.	(1) Returns from out-of-state firms must be filed on or before the last day of the month following the close of the calendar quarter. Retail use tax permit holders collecting more than \$1,500 per month are required to file on a monthly basis. (2) Returns for goods and services purchased tax free must be filed on or before the last day of the month following the close of the calendar quarter. (3) Reports and remittance from county treasurers on vehicles subject to registration must be filed on or before the 10th day of the month following the month of collection.



# SUPPLEMENTAL REPORTS

*Published in accordance with Iowa Code section 422.75(28)*

## **Integrated Revenue Information System**

### *Report of FY 98 Activity*

Fiscal year 1998 was a year of change in the department's approach to its integrated revenue information system. First, as outlined below, extensive design and development on the IDMS mainframe was eschewed in favor of alternative development options. Second, two development tasks took the lion's share of the application development resources during the year. The first of these was the fine tuning of the *Registration and Transaction Components* of IRIS particularly as they relate to the processing of individual income tax returns. These income specific applications were first utilized during the 1997 processing season, resulting in a number of benefits to the agency and its customers. However, it was recognized that improvements in certain processing cycles could occur and so during fiscal 1998, department and outside consulting resources examined the design and coding of the critical modules of the IRIS application. As a result of the review, a number of changes and enhancements were made to the applications. The result was that the income tax return processing in calendar 1998 improved significantly.

The second major initiative which resulted in a redirection of resources was the department's efforts to insure all applications, hardware and software would perform efficiently as the century change occurred. A critical component of this project was the extensive analysis and testing of the department's mainframe applications. Over one million lines of code residing in thirty-six application components were identified for compliance testing. In conjunction with the state's Year 2000 project office, the department developed a comprehensive plan for assessing, coding and testing the applications. While the work continues into fiscal 1999, the substantial effort completed in fiscal 1998 has allowed the agency to successfully complete the compliance process on a majority of its applications

Although these two areas required the bulk of the department's application development resources, progress was made in several areas of the integrated system's design:

**Iowa Tax Research Library** - Final design and development tasks to provide on-line

access to department statutes, rules and policy statements were completed. In addition to providing access to department staff, the on-line library will provide tax professionals and the general public with access through the internet to the policy-making information on which the agency relies. With the implementation of this resource, which was conceptualized as the *Tax Definition Component*, the agency has in effect completed the implementation of a third of the seven components of the original IRIS design.

**Tax Gap** - Another project that is using an alternative approach to design and development is the Tax Gap project, which encompasses both the *Audit and External Source Components* of the original IRIS design. A performance-based procurement process is being used to fund the cost of partnering with a vendor to design and develop a data warehouse to act as the repository of all information used to identify potential audit suspects and track audit results, and create a structure to perform audits and interface with the department's integrated system. A Request for Information was issued in February of 1998, with seven major vendors showing interest in the project. A Request for Proposal has been developed and is currently being reviewed by General Services prior to its formal release.

**Field Automation** - The installation of the department's Wide Area Network was completed in fiscal 98, providing field staff with remote access capabilities paralleling the capabilities available in the central office. This enhancement to the field's technical environment increased the capabilities of the field staff to access IRIS applications and positions the staff to take advantage of other application development including the Tax Gap project.

**Future Plans** - A number of activities are currently being evaluated for possible action during fiscal 1999 or fiscal 2000.

- Migration of additional tax applications to the transaction and registration components. Several taxes are under consideration, however with the school district local option tax now a valid option for local governments, a redesign of the sales tax processing application is becoming increasingly important to the agency.
- A review of the department's *Accounts Receivable* applications is underway. This is one of the two planned components of IRIS that have not been addressed. The agency is considering the application as one way in which to meet its obligation to serve as a principal debt collection resource for state government.

## **Compliance Report**

*FY 97/98*

Two major initiatives were either implemented or were in the planning stages which will have significant impact on tax compliance in the future. The Agency completed putting all the field offices both in-state and out-of-state on a wide-area network (WAN) with direct access to all agency information through the network. This includes dial-in access when auditors are at a remote site instead of being at an office site. This allows improved efficiency in researching taxpayer accounts, providing taxpayers with the latest Agency information, policy, etc., and improved reporting capabilities. Second, the Agency is in the planning and development stages of a Tax Gap Compliance Project which will enable the Agency to partner with outside resources to develop a data warehouse to enhance capabilities of audit selection, audit performance and reporting of compliance efforts. *Both of these initiatives are also addressed in the IRIS Report on pages 24 and 25.*

In addition to these efforts, the Agency has continued to adopt changes in systems and programs to enhance tax compliance and provide improved taxpayer service and education. Efforts include: 1.) development of an on-line library which allows the public internet access to all Agency policy, rulings, court cases, administrative rules, etc. (*see the subsection of the IRIS report entitled "Iowa Tax Research Library" at the bottom of page 24 for additional information*); 2.) planning for telefiling for individual income tax; 3.) improved income tax processing; and 4.) improved access through Internet Home Page, voice response unit expansion, and expanded access to Agency personnel to respond to taxpayer inquiries.

Results of these changes and process improvements have contributed towards increased collections and refund reductions totaling \$63.5 million, a 21% increase from the prior year. This is without any staff increases.

Agency compliance programs range from discovering non-filers for individual income tax to auditing large multi-state corporations doing business in Iowa for corporate income and sales and use taxes. Office examination programs identifying non-filers and also reviewing individual income, corporate income and inheritance taxes generated almost \$26 million in collections. In-state field auditing of Iowa businesses generated \$13.4 million in collections and out-of-state field auditing of multi-state businesses generated \$6.6 million in collections.

Supplemental Reports, continued

A major emphasis of the Agency is to generate voluntary compliance through taxpayer service and education. Over 675,000 phone calls were responded to; more than 44,500 inquiries were made to the Agency's Home Page; and more than 10,000 people attended educational presentations made by Agency staff.

The Agency continues to expand its efforts to provide collection services not only for tax debt but other state debt also. Through partnering with several debt collection providers, the Agency has improved its collection capabilities significantly.

Other non-compliance programs exist for delinquent accounts, business tax non-filers, special events such as fairs, carnivals, flea markets and drug tax enforcement. These activities generated \$27.4 million in FY 98.

## **Individual Income Tax Abatements** *Calendar 1997*

The Director of the Department of Revenue and Finance is provided with the statutory authority "to abate any portion of tax, interest or penalties which he determines are excessive in amount, or erroneously or illegally assessed." Abatements apply to those cases in which the initial protest occurs after the 60-day appeal period has expired and in which the taxpayer produces records substantiating the claim to reduced tax liability.

The table below summarizes the individual income tax abatements allowed in calendar 1997:

<i>Number of Returns</i>	<i>TAX</i>	<i>FEES and PENALTY</i>	<i>INTEREST</i>	<i>TOTAL</i>
<b>2,210</b>	<b>\$3,377,962.82</b>	<b>\$346,452.34</b>	<b>\$1,302,636.34</b>	<b>\$5,027,051.50</b>

# HISTORY OF IOWA TAX RATES

The first major state tax in Iowa was created in 1921 when the state passed a 2¢ per package tax on cigarettes. In 1934 the sales and income taxes were created as property tax relief measures. Since that time several significant changes have occurred, both in the tax base and in the tax rates of Iowa's major revenue sources.

While certain changes in a particular tax base may be of equal or greater importance than changes in the tax rate, the history of the key developments in a particular tax may often be identified through an examination of tax rate changes. Additional information regarding these changes may be obtained by contacting the Internal Resource Management Division of the Iowa Department of Revenue and Finance.

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## Individual Income Tax

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<b>1934</b>	tax enacted at	1% – 5%	<b>1967</b>	rate changed to	.75% – 5.25%
<b>1953</b>	rate changed to	.75% – 3.75%	<b>1971</b>	rate changed to	.75% – 7%
<b>1955</b>	rate changed to	.8% – 4%	<b>1975</b>	rate changed to	.5% – 13%
<b>1957</b>	rate changed to	.75% – 3.75%	<b>1987</b>	rate changed to	.4% – 9.98%
<b>1965</b>	rate changed to	.75% – 4.50%	<b>1998</b>	rate changed to	.36% – 8.98%

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## Corporation Income Tax

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<b>1934</b>	tax enacted at	2%	<b>1965</b>	rate changed to	4%
<b>1955</b>	rate changed to	3%	<b>1967</b>	rate changed to	4% – 8%
<b>1957</b>	rate changed to	2%	<b>1971</b>	rate changed to	6% – 10%
<b>1959</b>	rate changed to	3%	<b>1981</b>	rate changed to	6% – 12%

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## Sales and Use Tax

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<b>1934</b>	sales tax		<b>1955</b>	rate changed to	2.5%
	enacted at	2%	<b>1957</b>	rate changed to	2%
<b>1937</b>	use tax		<b>1967</b>	rate changed to	3%
	enacted at	2%	<b>1983</b>	rate changed to	4%
			<b>1992</b>	rate changed to	5%

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## Cigarette Tax

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<b>1921</b>	tax enacted at	2¢/package	<b>1971</b>	rate changed to	13¢
<b>1953</b>	rate changed to	3¢	<b>1981</b>	rate changed to	18¢
<b>1959</b>	rate changed to	4¢	<b>1985</b>	rate changed to	26¢
<b>1963</b>	rate changed to	5¢	<b>1988</b>	rate changed to	34¢
<b>1965</b>	rate changed to	8¢	<b>1989</b>	rate changed to	31¢
<b>1967</b>	rate changed to	10¢	<b>1991</b>	rate changed to	36¢

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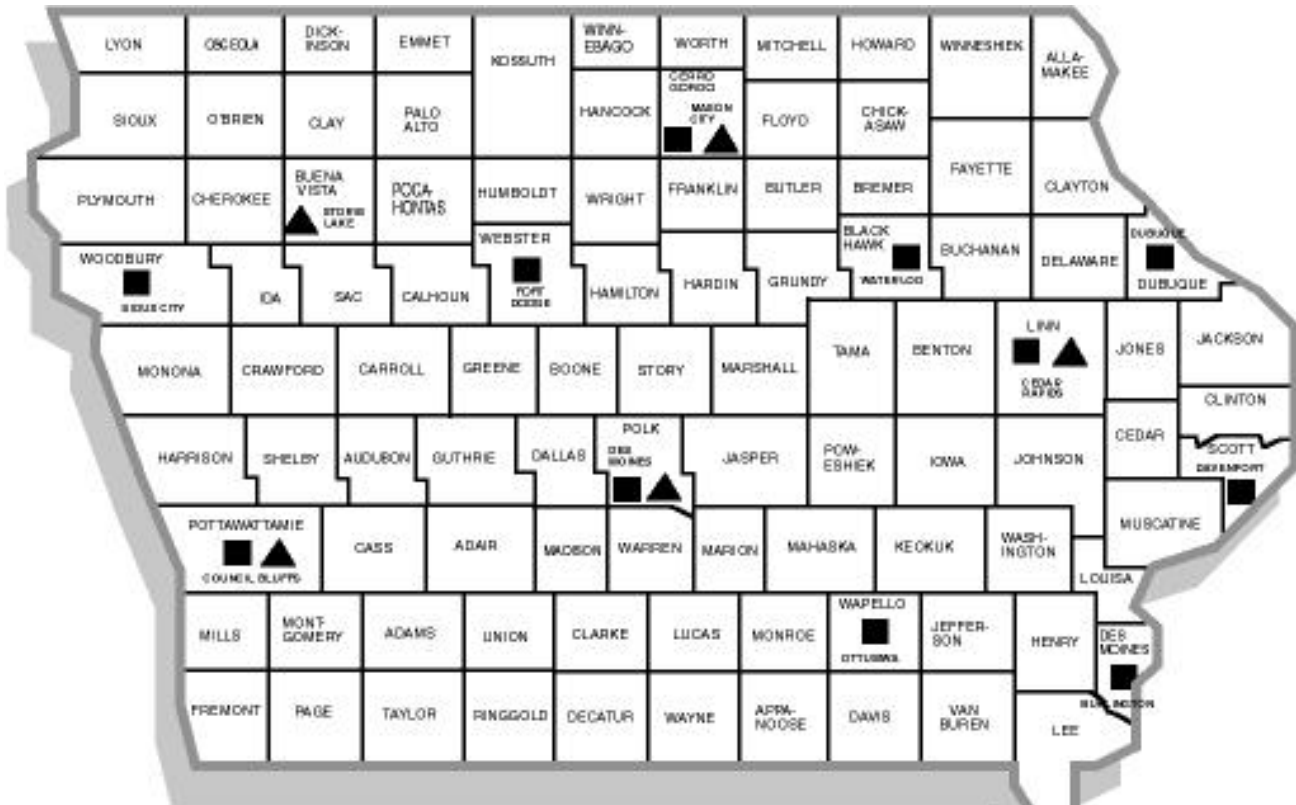
## Motor Fuel / Diesel Fuel Tax

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<b>1925</b>	tax enacted at	2¢ / gal. gasoline	<b>1979</b>	rate changed to	10¢ / 11.5¢
		2¢ / gal. diesel	<b>1981</b>	rate changed to	13¢ / 13.5¢
<b>1943</b>	rate changed to	3¢ / 3¢	<b>1982</b>	rate changed to	13¢ / 15.5¢
<b>1945</b>	rate changed to	4¢ / 4¢	<b>1985</b>	rate changed to	15¢ / 16.5¢ (July 1)
<b>1953</b>	rate changed to	5¢ / 5¢	<b>1986</b>	rate changed to	16¢ / 17.5¢ (Jan. 1)
<b>1955</b>	rate changed to	6¢ / 6¢	<b>1987</b>	rate changed to	16¢ / 18.5¢
<b>1957</b>	rate changed to	6¢ / 7¢	<b>1988</b>	rate changed to	18¢ / 20.5¢
<b>1965</b>	rate changed to	7¢ / 8¢	<b>1989</b>	rate changed to	20¢ / 22.5¢
<b>1978</b>	rate changed to	8.5¢ / 10¢			

# FIELD OFFICES

*State of Iowa Department of Revenue and Finance*



REVENUE OFFICES  
 LOTTERY OFFICES

The Department also has out-of-state field auditors located in :

Illinois      Kansas  
 Minnesota  
 New Jersey    New York  
 Ohio  
 Pennsylvania    Texas  
 Washington

# FOR MORE INFORMATION...

**To receive forms and publications**

by mail:

515/281-7239 or  
800-532-1531 (Iowa only)

by fax:

800-572-3943

by Internet:

<http://www.state.ia.us/tax>

**To listen to pre-recorded tax information:**

515/281-4170 or  
800-351-4658

**To check on the status of your Iowa income tax refund:**

515/281-4966 or  
800-572-3944 (Iowa, Omaha, and Rock Island/Moline only)

**To access TDD for hearing impaired:**

515/242-5942

**To talk to a tax specialist:**

515/281-3114 (out of state, Des Moines)  
OR  
800-367-3388 (Iowa, Omaha and Rock Island/Moline)

Taxpayer Services  
Iowa Department of Revenue and Finance  
PO Box 10457  
Des Moines, Iowa 50306-0457

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