

FISCAL YEAR

1999

ANNUAL REPORT

iowa department of
REVENUE AND FINANCE

November 30, 1999

The Honorable Thomas J. Vilsack
Governor, State of Iowa
State Capitol
Des Moines, Iowa

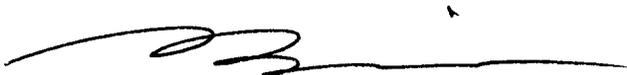
Governor Vilsack:

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, 1999. 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

TABLE OF CONTENTS

<i>Core Functions</i>	1
<i>Department Goals</i>	2
<i>Gross Tax Collections and Refunds</i>	3
<i>Gross Collections, Refunds and Net Collections</i>	4
<i>FY 99 Revenue Sources</i>	5
<i>Gross Tax Collections</i>	6
<i>Non-compliance Collections</i>	7
<i>Five-year Trend</i>	8
<i>Payroll Facts and Figures</i>	9
<i>Hotel/Motel Tax Distributions</i>	10
<i>Local Option Sales Tax Distributions</i>	11
<i>Property Taxes</i>	14
<i>Local Government Assistance Programs</i>	15
<i>Tax Descriptions</i>	19
<i>Supplemental Reports</i>	24
<i>Tax History</i>	28
<i>Field Offices</i>	29
<i>For More Information</i>	30

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 \$184.1 million in Fiscal Year 1999, with more than \$51.7 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.

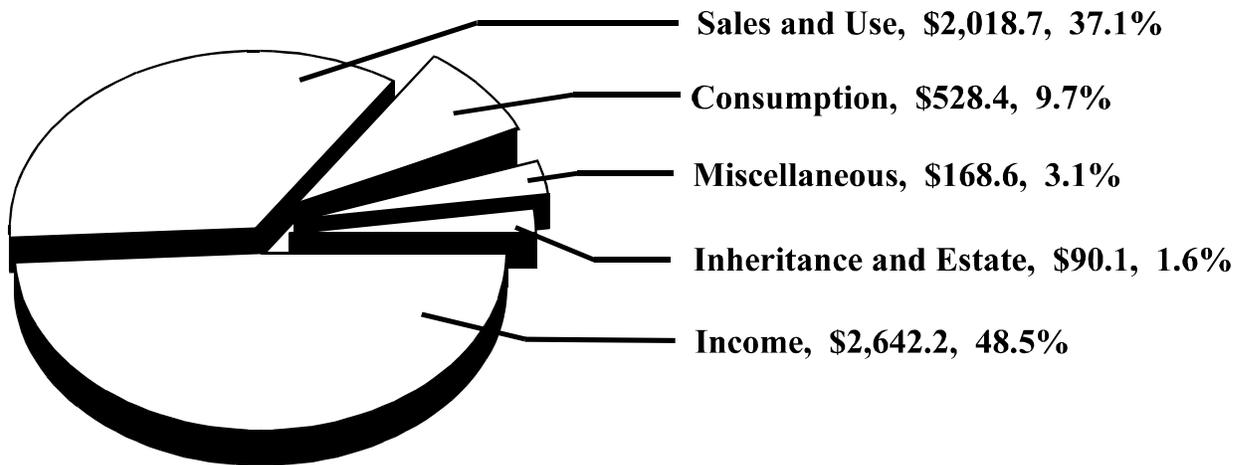
educate the taxpaying public about Iowa taxes...

- ▲ 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.

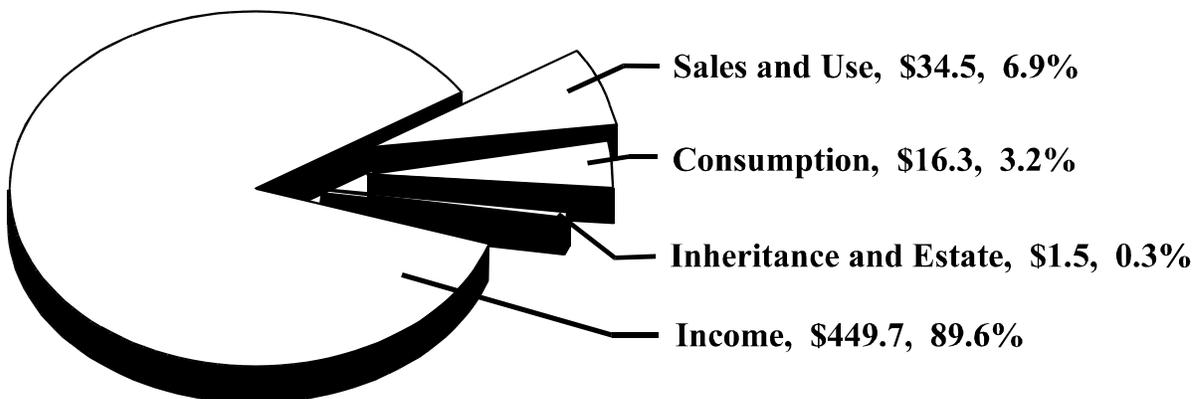
GROSS TAX COLLECTIONS AND REFUNDS

Fiscal Year 1999

Gross Tax Collections *In Millions TOTAL: \$5,448.0*



Tax Refunds *In Millions TOTAL: \$502.0*



GROSS COLLECTIONS, REFUNDS AND NET COLLECTIONS

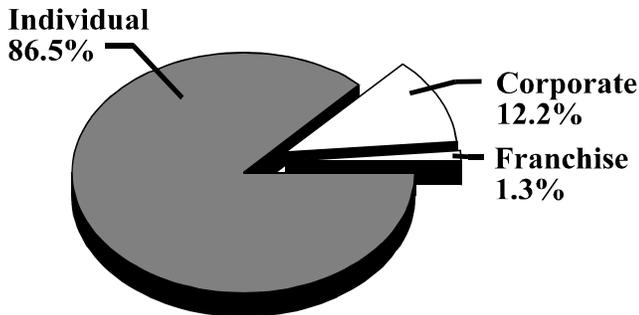
Fiscal Year 1999

TAXES	GROSS COLLECTIONS	REFUNDS	NET COLLECTIONS
INCOME TAXES			
Individual Income Tax	\$2,286,318,957.45	\$382,071,715.38	\$1,904,247,242.07
Corporation Income Tax	322,126,772.55	61,910,404.74	260,216,367.81
Franchise Tax	33,755,649.04	5,761,342.66	27,994,306.38
Total Income Taxes	\$2,642,201,379.04	\$449,743,462.78	\$2,192,457,916.26
SALES AND USE TAXES			
Sales Tax ¹	\$1,544,685,945.15	\$30,062,276.39	\$1,514,623,668.76
Use Tax	242,555,316.02	4,396,656.33	238,158,659.69
Motor Vehicle Use Tax	231,406,910.39	0.00	231,406,910.39
Total Sales and Use Taxes	\$2,018,648,171.56	\$34,458,932.72	\$1,984,189,238.84
CONSUMPTION TAXES			
Motor Vehicle Fuel Tax	\$428,035,593.35	\$15,696,381.00	\$412,339,212.35
Aviation Fuel Tax	1,488,972.00	0.00	1,488,972.00
<i>Subtotal – Motor Fuel Taxes</i>	429,524,565.35	15,696,381.00	413,828,184.35
Cigarette Tax	\$92,323,542.16	\$587,754.90	\$91,735,787.26
Tobacco Tax	6,530,308.66	7,109.96	6,523,198.70
<i>Subtotal – Cigarette and Tobacco Taxes</i>	98,853,850.82	594,864.86	98,258,985.96
Total Consumption Taxes	\$528,378,416.17	\$16,291,245.86	\$512,087,170.31
Total Inheritance and Estate Taxes	\$90,142,858.08	\$1,474,193.85	\$88,668,664.23
MISCELLANEOUS TAXES			
Environmental Protection Charge	\$19,749,797.06	\$0.00	\$19,749,797.06
Motor Vehicle Use 25% EPC Deposit	17,000,000.00	0.00	17,000,000.00
Real Estate Transfer Tax	10,585,141.46	0.00	10,585,141.46
Hazardous Materials Permit Fees	220,875.00	0.00	220,875.00
Insurance Premium Tax	114,344,548.88	0.00	114,344,548.88
Reimbursements	328,846.06	0.00	328,846.06
Motor Vehicle Title Surcharge	5,521,434.00	0.00	5,521,434.00
Miscellaneous	886,083.90	0.00	886,083.90
Total Miscellaneous Taxes	\$168,636,726.36	\$0.00	\$168,636,726.36
GRAND TOTAL	\$5,448,007,551.21	\$501,967,835.21	\$4,946,039,716.00

¹ Sales tax gross collections include approximately \$157 million in local option sales tax and hotel/motel tax collected.

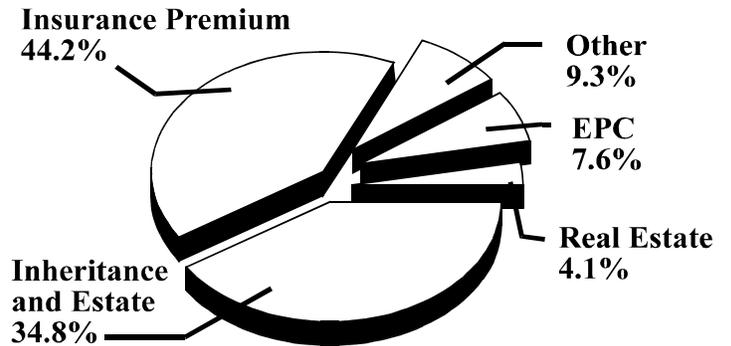
FY 99 REVENUE SOURCES

Gross Tax Collections



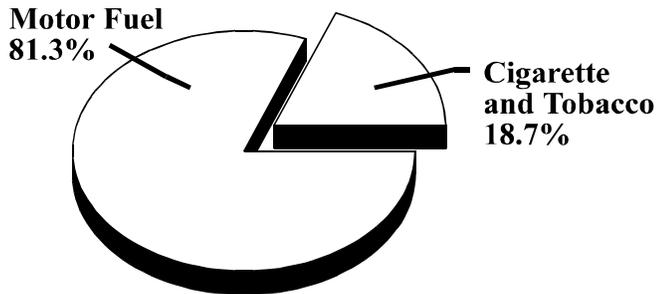
Income Taxes

\$2,642,201,379.04



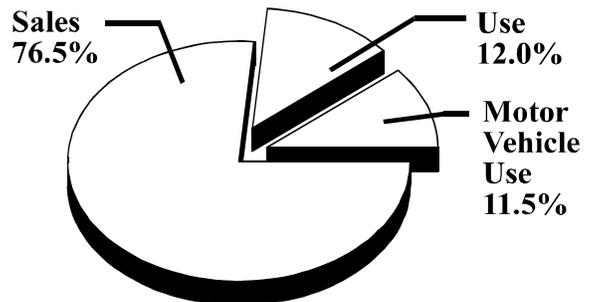
Other

\$258,779,584.44



Consumption

\$528,378,416.17



Sales/Use Taxes

\$2,018,648,171.56

GROSS TAX COLLECTIONS

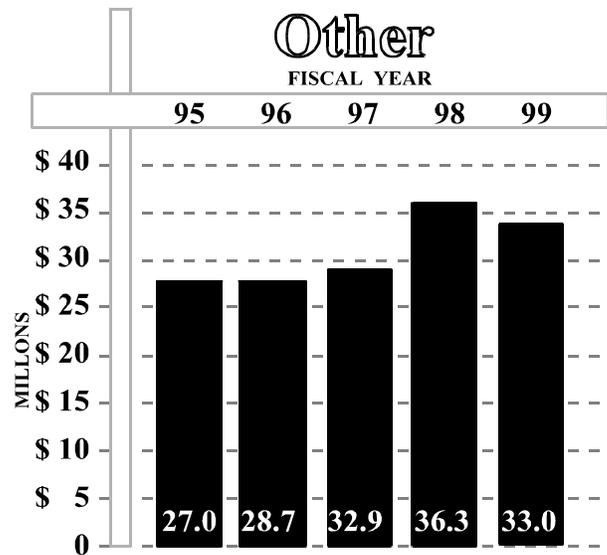
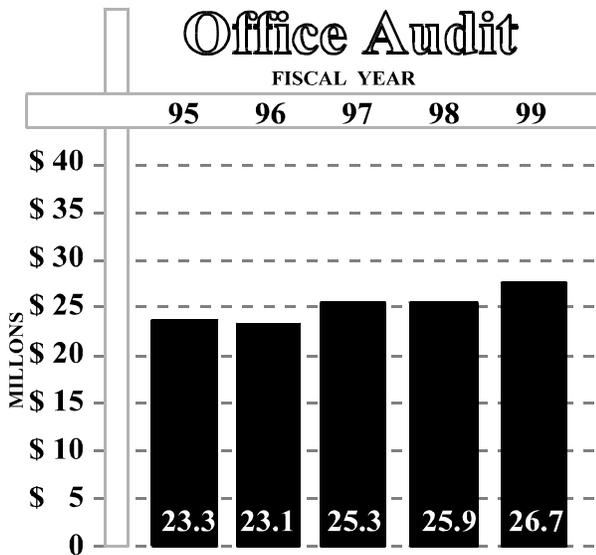
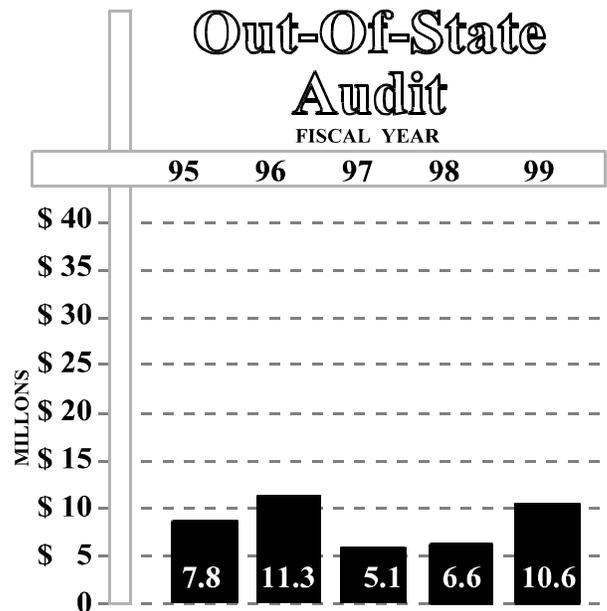
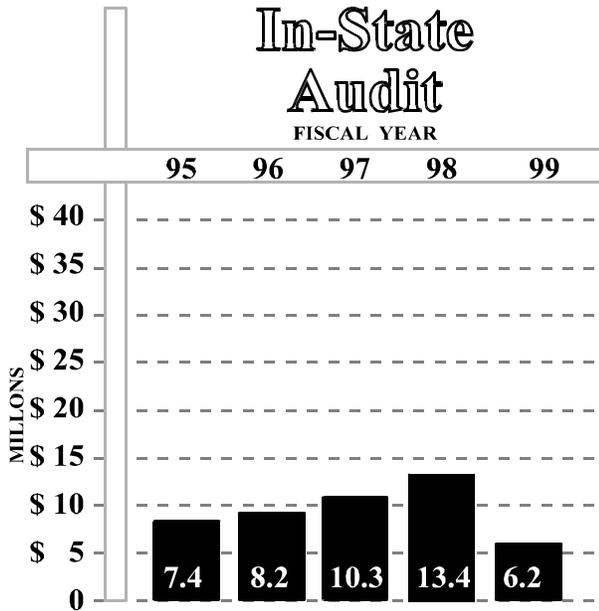
For Fiscal Years Ending June 30

TAXES	1989	1995	1996	1997	1998	1999
Individual Income	\$1,360,646,994.40	\$1,893,153,347.10	\$2,024,030,947.22	\$2,153,261,764.25	\$2,337,939,228.15	\$2,286,318,957.45
Corporation Income	236,024,532.77	268,697,799.39	277,637,454.76	318,766,112.58	290,961,910.93	322,126,772.55
Franchise	22,662,703.84	28,905,465.76	26,476,123.26	35,642,954.14	36,406,413.20	33,755,649.04
Sales	724,386,802.55	1,238,785,331.03	1,318,128,538.62	1,370,975,491.20	1,441,241,593.45	1,544,685,945.15
Use (includes Motor Vehicle Use and Lease taxes)	220,511,123.48	374,064,454.54	398,391,325.91	422,637,334.42	454,479,529.89	473,962,226.41
MV Fuel (includes Aviation Fuel)	321,366,865.88	370,404,211.78	407,038,148.15	422,102,503.92	411,089,502.00	429,524,565.35
Cigarette	89,669,728.56	93,273,613.81	94,133,883.04	94,565,821.68	94,626,420.80	92,323,542.16
Tobacco Products	2,507,264.72	5,050,572.87	5,309,615.83	5,710,584.68	6,094,281.80	6,530,308.66
Inheritance & Estate	66,510,169.14	89,224,090.55	95,885,772.87	109,347,222.31	109,817,189.15	90,142,858.08
EPC	0.00	17,341,639.17	17,651,746.34	18,595,102.55	18,652,217.99	19,749,797.06
MV 25% EPC Dep.¹	0.00	15,300,000.00	17,000,000.00	17,000,000.00	17,000,000.00	17,000,000.00
Real Estate Transfer	3,281,240.03	7,149,876.56	7,811,390.72	8,338,561.31	9,904,731.66	10,585,141.46
Hazardous Material	313,540.00	184,100.00	289,931.00	435,405.00	235,150.00	220,875.00
Insurance Premium	84,877,781.43	102,057,650.54	104,274,001.36	105,957,053.86	108,868,140.60	114,344,548.88
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	193,516.35	200,481.74	901,630.34	991,993.66	494,006.72	328,846.06
Railroad Fuel	2,004.93	0.00	0.00	0.00	0.00	0.00
MV Title Surcharge	0.00	5,186,825.00	5,420,830.83	5,373,554.46	4,925,281.00	5,521,434.00
Miscellaneous	9,800.20	728,667.47	947,294.64	1,123,392.82	1,181,468.62	886,083.90
GRAND TOTAL	\$3,132,964,068.28	\$4,509,708,127.31	\$4,801,328,634.89	\$5,090,824,852.84	\$5,343,917,065.96	\$5,448,007,551.21

¹ 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.

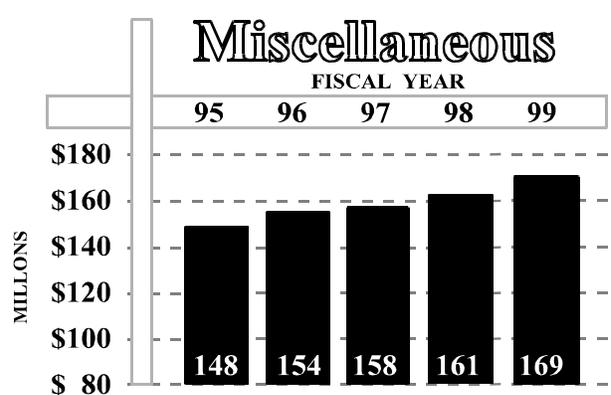
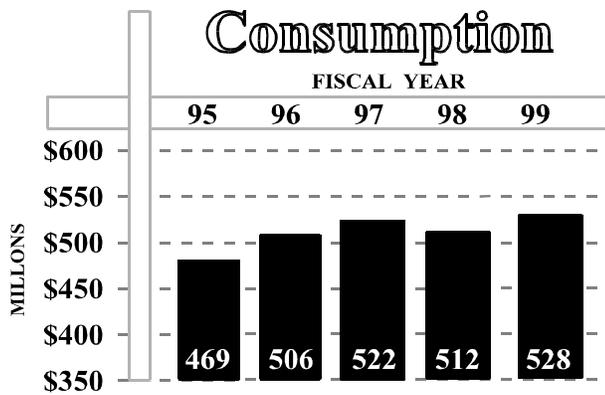
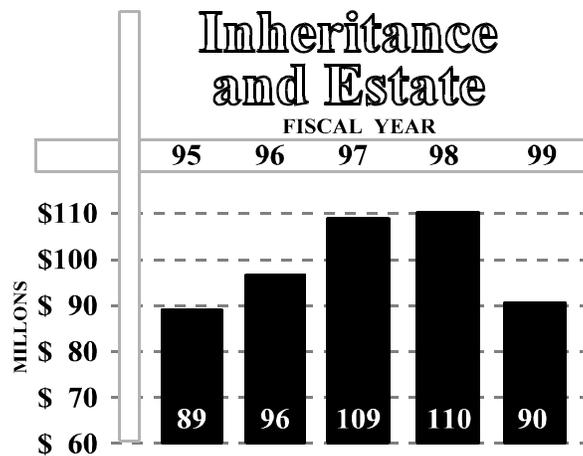
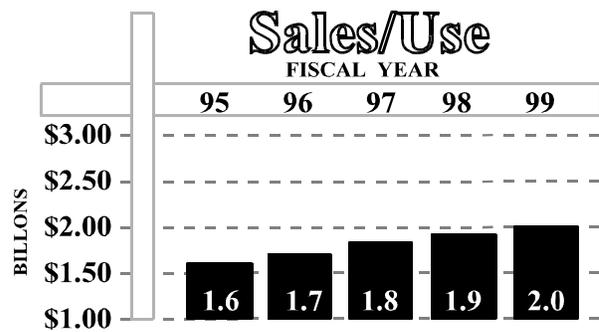
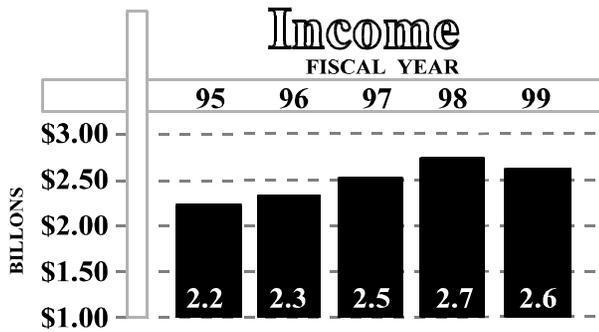
NON-COMPLIANCE COLLECTIONS

Five Year Comparison



FIVE-YEAR TREND

FY 95-99 Gross Collections



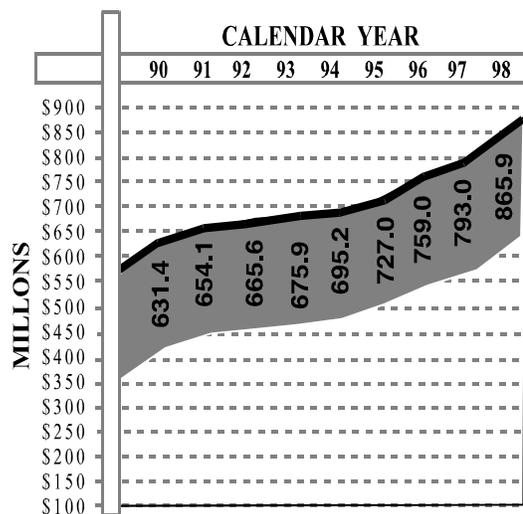
PAYROLL FACTS AND FIGURES

Calendar Year 1998

The following information excludes Board of Regents institutions and the Department of Transportation, State Fair Board and Community-Based Corrections.

Net payroll checks issued in 1998	\$428.8 Million
Average number of employees paid per pay period through centralized payroll	19,480
Average percentage of employees utilizing direct deposit for deposit of paycheck	80.0 %
Total payroll costs for centralized payroll in 1998 (includes all state shares)	\$865.9 Million

TOTAL PAYROLL COST



Total payroll costs include the following state contributions:

State share FICA	\$50.49 Million
State share IPERS	39.55 Million
State share Police Retirement	4.84 Million
State share TIAA-CREF Retirement	.08 Million
State share Health Insurance	53.49 Million
State share Dental Insurance	2.91 Million
State share Life Insurance	0.38 Million
State share Disability Insurance	2.35 Million

Accounting for these state share disbursements, as well as mandatory and discretionary employee deductions totaling \$283.0 million, is the responsibility of the Centralized Payroll Section.

*Note: There were 27 pay periods and pay dates in CY 1998.

HOTEL/MOTEL TAX DISTRIBUTIONS*

Fiscal Year 1999

Adair	\$	28,284.56	Johnston	\$	163,957.46
Altoona		345,042.77	Keokuk		131,105.30
Ames		661,336.57	LeClaire		26,334.53
Ankeny		356,017.15	Lee County		144.12
Arnolds Park		73,712.34	Marion		112,802.35
Bellevue		7,217.59	Marshalltown		180,492.37
Bettendorf		875,657.87	Mason City		219,855.36
Bondurant		0.00	McGregor		8,061.58
Boone		89,908.32	Missouri Valley		82,780.76
Burlington		323,925.16	Mt. Pleasant		97,124.23
Carter Lake		50,698.47	Muscatine		298,821.55
Cedar Falls		300,663.44	Newton		226,215.61
Cedar Rapids		2,087,293.52	Okoboji		156,852.78
Clear Lake		208,829.34	Osceola		92,406.57
Clinton		181,898.12	Oskaloosa		35,997.98
Clive		975,425.47	Ottumwa		175,372.22
Coralville		1,019,448.36	Pella		141,823.56
Council Bluffs		1,424,325.44	Polk County		284,719.27
Davenport		1,576,210.60	Sergeant Bluff		20,696.19
Decorah		137,453.33	Sioux Center		5,609.41
Des Moines		2,886,884.28	Sioux City		851,579.95
De Witt		13,520.43	Spirit Lake		78,969.71
Dickinson County		37,736.26	Story City		39,561.06
Dubuque		983,394.83	Toledo		40,732.83
Dyersville		35,977.08	Urbandale		733,572.39
Elkhorn		8,238.07	Wahpeton		24,899.46
Evansdale		28,667.30	Waterloo		658,704.53
Fort Dodge		242,669.84	West Des Moines		1,304,722.77
Fort Madison		84,648.51	Williamsburg		84,858.83
Grinnell		54,191.86	Windsor Heights		21,370.91
Guttenberg		5,749.14			
Indianola		47,699.72	TOTAL		\$22,262,375.93
Iowa City		569,876.98			
Iowa County		239,627.57			

* Listed jurisdictions are cities unless otherwise noted

LOCAL OPTION SALES TAX DISTRIBUTION

Calendar Year 1998

Waukon	\$243,890.92	Newell	73,621.37	Spencer	\$462,894.19	Ricketts	2,900.70
Lansing	62,288.85	Sioux Rapids	55,218.10	Everly	28,908.27	Westside	8,768.78
Postville	97,618.67	Lakeside	36,080.39	Peterson	15,076.07	Unincorporated	207,986.92
New Albin	32,156.44	Rembrandt	14,402.56	Dickens	8,108.52	Total Crawford	\$483,698.02
Harpers Ferry	16,931.07	Truesdale	8,582.05	Fostoria	7,692.67	Perry	\$236,604.89
Waterville	7,630.27	Linn Grove	12,753.10	Greenville	3,065.79	Redfield	25,472.27
Unincorporated	497,027.90	Unincorporated	559,947.29	Rossie	2,397.23	Bouton	4,101.83
Total Allamakee	\$957,544.13	Total Buena Vista	\$1,617,865.82	Royal	18,092.11	Minburn	10,990.39
Mystic	\$141.41	Greene	\$72,002.66	Webb	6,311.47	Total Dallas	\$277,169.38
Plano	15.52	Parkersburg	109,071.35	Gillett Grove	2,434.28	Lamoni	\$95,711.90
Total Appanoose	\$156.93	Allison	62,824.55	Unincorporated	246,289.27	Davis City	8,965.75
Brayton	\$8,225.30	Aplington	54,534.95	Total Clay	\$801,269.88	Decatur City	5,960.03
Gray	4,749.73	Dumont	40,803.64	Elkader	\$77,205.50	Garden Grove	7,808.99
Total Audubon	\$12,975.04	New Hartford	43,041.80	Guttenberg	115,810.46	Grand River	5,764.21
Waterloo	\$6,681,702.86	Aredale	5,589.70	Monona	75,679.40	Leroy	1,088.57
Cedar Falls	3,087,830.46	Bristow	9,806.30	Strawberry Point	66,740.90	Pleasanton	1,746.83
Evansdale	385,113.15	Total Butler	\$397,674.95	Edgewood	13,769.77	Van Wert	8,251.69
Elk Run Heights	91,643.79	Atlantic	\$544,418.93	Garnavillo	38,058.05	Total Decatur	\$135,297.98
Hudson	180,132.14	Anita	71,168.66	Marquette	23,651.44	Manchester	\$293,813.89
La Porte City	187,978.81	Griswold	72,869.22	McGregor	39,908.39	Earlville	44,786.01
Dunkerton	65,267.57	Lewis	28,168.75	Elkport	3,686.28	Edgewood	32,995.11
Janesville	10,334.46	Cumberland	20,051.30	Farmersburg	13,867.28	Hopkinton	39,400.29
Gilbertville	64,919.35	Marne	9,764.31	Garber	5,204.88	Colesburg	25,754.62
Raymond	51,566.02	Massena	25,577.47	Littleport	3,939.26	Delaware	9,291.75
Unincorporated	2,019,433.10	Massena	25,577.47	Luana	9,183.83	Delhi	27,059.51
Total Black Hawk	\$12,825,921.72	Wiota	10,686.34	North Buena Vista	6,446.46	Dundee	8,932.30
Boone	\$729,474.13	Unincorporated	443,921.76	Saint Olaf	6,314.82	Dyersville	1,774.91
Madrid	128,468.17	Total Cass	\$1,226,626.73	Volga	14,231.49	Greeley	15,167.54
Ogden	100,205.07	Mason City	\$3,146,318.43	Millville	1,382.12	Masonville	7,147.59
Beaver	2,567.43	Clear Lake	873,837.57	Unincorporated	558,198.95	Ryan	21,537.52
Berkley	1,904.57	Ventura	60,395.43	Total Clayton	\$1,073,279.31	Unincorporated	630,862.19
Boxholm	11,575.01	Rockwell	104,148.13	Clinton	\$2,329,310.57	Total Delaware	\$1,158,523.23
Fraser	5,978.33	Dougherty	10,565.04	Dewitt	362,712.35	Burlington	\$3,053,189.59
Luther	8,097.61	Meservey	29,019.26	Camanche	338,742.47	Mediapolis	164,980.02
Pilot Mound	9,979.82	Plymouth	43,656.31	Delmar	38,418.58	West Burlington	365,898.38
Sheldahl	1,043.44	Rock Falls	14,695.56	Grand Mound	42,951.71	Middletown	36,238.74
Unincorporated	593,432.26	Swaledale	19,526.02	Lost Nation	33,320.65	Danville	95,947.67
Total Boone	\$1,592,725.83	Thornton	44,612.94	Wheatland	50,342.09	Unincorporated	1,329,614.66
Sumner	\$182,153.72	Unincorporated	1,221,429.81	Andover	6,760.20	Total Des Moines	\$5,045,869.08
Tripoli	102,580.25	Total Cerro Gordo	\$5,568,204.49	Calamus	27,438.32	Milford	\$267,226.54
Frederika	14,365.95	Marcus	\$78,997.39	Charlotte	24,719.49	Spirit Lake	513,199.58
Total Bremer	\$299,099.93	Aurelia	64,915.99	Goose Lake	15,097.13	Arnolds Park	136,914.80
Jesup	\$105,322.50	Cleghorn	17,073.06	Low Moor	19,274.81	Lake Park	124,319.55
Fairbank	39,042.83	Larrabee	9,661.79	Toronto	8,868.37	Okoboji	112,572.39
Hazleton	31,843.73	Meriden	11,091.15	Welton	12,540.60	Orleans	68,898.02
Lamont	31,755.63	Quimby	20,408.23	Unincorporated	1,048,880.92	Superior	18,242.39
Winthrop	34,703.09	Washta	15,539.36	Total Clinton	\$4,359,378.28	Terrill	46,131.96
Aurora	13,569.36	Total Cherokee	\$217,686.98	Dension	\$168,076.13	Wahpeton	62,305.74
Stanley	8,012.77	New Hampton	\$234,117.53	Charter Oak	12,943.26	West Okoboji	31,867.10
Total Buchanan	\$264,249.90	Nashua	87,751.80	Dow City	10,586.98	Unincorporated	756,574.47
Storm Lake	\$651,876.96	Fredericksburg	55,087.55	Manilla	21,594.75	Total Dickinson	\$2,138,252.54
Alta	123,064.94	Lawler	29,324.41	Schleswig	21,432.21	Dubuque	\$5,937,138.27
Albert City	59,153.66	Alta Vista	14,256.14	Vail	9,349.74	Cascade	133,131.59
Marathon	23,165.40	Bassett	3,968.88	Arion	3,350.07	Dyersville	345,948.16
		Ionia	16,705.96	Aspinwall	1,317.10	Epworth	129,340.30
		North Washington	5,954.95	Buck Grove	1,285.62		
		Unincorporated	457,123.43	Deloit	6,865.91		
		Total Chickasaw	\$904,290.65	Kiron	7,239.86		

continued on page 12

LOCAL OPTION SALES TAX DISTRIBUTION

Calendar Year 1998

Farley	125,541.62
Asbury	180,009.68
Balltown	6,162.12
Bankston	2,843.03
Bernard	10,901.02
Centralia	9,991.20
Graf	7,897.50
Holy Cross	26,544.26
Luxemburg	23,592.40
New Vienna	34,985.27
Peosta	11,593.83
Sageville	23,394.04
Sherrill	12,141.43
Worthington	40,897.02
Zwingle	7,177.80
Rickardsville	16,066.17
Unincorporated	2,289,214.77
Total Dubuque	\$9,374,511.51
Armstrong	\$88,257.67
Ringsted	41,238.45
Total Emmet	\$129,496.12
Oelwein	\$412,375.35
Fayette	72,945.36
West Union	147,619.46
Arlington	26,385.97
Clermont	28,631.52
Elgin	34,733.94
Hawkeye	25,149.84
Maynard	28,761.86
Randalia	4,468.73
St. Lucas	9,242.23
Wadena	12,293.08
Waucoma	14,899.62
Westgate	11,215.02
Unincorporated	576,443.42
Total Fayette	\$1,405,165.41
Charles City	\$554,798.47
Nora Springs	97,525.18
Rockford	54,588.25
Colwell	5,763.98
Floyd	22,729.95
Marble Rock	24,049.46
Rudd	27,766.52
Unincorporated	328,511.94
Total Floyd	\$1,115,733.75
Hampton	\$213,372.60
Sheffield	56,464.69
Dows	4,285.76
Coulter	12,034.44
Geneva	8,043.78
Hansell	4,072.90
Latimer	20,738.96
Popejoy	4,061.84
Unincorporated	313,502.71
Total Franklin	\$636,577.68

Hamburg	\$58,801.88
Sidney	56,525.98
Tabor	40,151.40
Farragut	22,488.38
Imogene	3,799.95
Randolph	10,474.36
Riverton	14,327.26
Thurman	10,218.39
Unincorporated	225,511.99
Total Fremont	\$442,299.59
Fremont County – City of	
Shenandoah	\$121,916.84
Total Shenandoah	\$121,916.84
Grundy Center	\$79,656.69
Dike	27,138.54
Wellsburg	19,239.17
Beaman	5,910.10
Holland	5,915.73
Total Grundy	\$137,860.23
Britt	\$105,266.28
Garner	145,754.67
Kanawha	38,279.76
Klemme	29,457.71
Corwith	16,707.71
Crystal Lake	12,164.82
Goodell	9,056.98
Woden	11,955.63
Unincorporated	317,238.07
Total Hancock	\$685,881.65
Iowa Falls	\$409,942.23
Ackley	113,039.44
Eldora	220,151.90
Alden	61,546.03
Hubbard	55,689.92
Radcliffe	37,982.56
Buckeye	7,395.57
New Providence	15,516.51
Owasa	2,640.84
Steamboat Rock	23,799.69
Union	29,777.33
Whitton	9,130.25
Unincorporated	529,776.18
Total Hardin	\$1,516,388.46
Dunlap	\$81,462.38
Logan	72,732.32
Missouri Valley	146,499.24
Woodbine	70,904.53
Little Sioux	11,110.14
Magnolia	8,920.04
Modale	15,155.66
Mondamin	19,116.43
Persia	14,488.22
Pisgah	12,640.40
Total Hardin	\$453,029.38

Mt. Pleasant	\$487,711.39
New London	113,671.53
Wayland	52,206.21
Winfield	61,727.80
Coppock	1,844.68
Hillsboro	9,616.77
Mount Union	8,177.07
Olds	12,070.38
Rome	6,750.12
Salem	24,739.48
Westwood	6,368.67
Unincorporated	559,957.01
Total Henry	\$1,344,841.11
Cresco	\$208,012.15
Elma	33,745.97
Lime Springs	23,737.91
Riceville	15,797.02
Chester	8,625.74
Protivin	15,859.45
Unincorporated	312,796.53
Total Howard	\$618,574.77
Galva	\$46,484.04
Total Ida	\$46,484.04
Marengo	\$238,881.39
North English	94,957.97
Williamsburg	256,138.46
Victor	92,522.88
Ladora	31,120.23
Millersburg	18,510.80
Parnell	20,779.07
Unincorporated	1,086,584.97
Total Iowa	\$1,839,495.77
Maquoketa	\$328,012.31
Bellevue	120,920.42
Preston	52,318.30
Sabula	34,953.57
Andrew	21,204.33
Baldwin	6,628.59
Lamotte	15,192.80
Miles	21,321.28
Monmouth	8,089.76
Spragueville	5,786.78
Springbrook	8,215.25
Zwingle	441.05
St. Donatus	6,965.77
Unincorporated	559,847.11
Total Jackson	\$1,189,897.31
Fairfield	\$221,630.97
Libertyville	5,432.21
Lockridge	5,127.17
Packwood	4,391.14
Total Jefferson	\$236,581.48

Anamosa	\$177,334.42
Monticello	289,326.83
Cascade	21,270.44
Olin	49,304.71
Oxford Junction	41,536.65
Wyoming	48,114.03
Center Junction	11,170.97
Morley	5,558.33
Onslow	14,474.23
Total Jones	\$658,090.61
Algona	\$1,949.38
Bancroft	267.54
Burt	173.81
LuVerne	87.45
Swea City	203.74
Titonka	188.41
Westley	142.34
West Bend	1.71
Whittemore	165.73
Fenton	106.69
Lakota	83.97
Ledyard	50.93
Lone Rock	56.69
Unincorporated	674.66
Total Kossuth	\$4,153.05
Fort Madison	\$923,185.55
Keokuk	1,003,002.63
Donnellson	66,303.37
Montrose	65,828.19
West Point	74,475.88
Franklin	9,934.60
St. Paul	8,633.23
Houghton	10,539.51
Unincorporated	1,109,663.34
Total Lee	\$3,271,566.31
Bertram	\$147,935.04
Prairieburg	85,913.41
Total Linn	\$233,848.45
Chariton	357,970.27
Russell	35,294.15
Derby	8,288.39
Lucas	14,162.62
Williamson	10,103.16
Total Lucas	\$425,818.59
Rock Rapids	\$117,272.46
George	46,746.84
Doon	20,150.23
Inwood	35,917.07
Little Rock	20,744.68
Alvord	8,503.27
Lester	10,808.43
Unincorporated	308,567.63
Total Lyon	\$568,710.60

continued on page 13

LOCAL OPTION SALES TAX DISTRIBUTION

Calendar Year 1998

Oskaloosa	\$742,554.57
Eddyville	10,871.38
New Sharon	69,751.38
Beacon	29,013.69
University Park	36,928.16
Barnes City	12,315.99
Fremont	45,407.55
Leighton	8,693.61
Rose Hill	10,204.04
Koemah Village	6,150.07
Unincorporated	651,493.81
Total Mahaska	\$1,623,384.24
Liscomb	\$44,711.31
Total Marshall	\$44,711.31
Malvern	\$74,518.73
Emerson	26,867.08
Tabor	4,115.92
Henderson	11,632.23
Total Mills	\$117,133.96
Osage	\$180,511.45
St. Ansgar	57,253.07
Riceville	27,651.51
Stacyville	24,031.69
Carpenter	5,089.41
McIntire	7,179.97
Mitchell	8,181.30
Orchard	4,406.38
Unincorporated	328,271.60
Total Mitchell	\$642,576.38
Onawa	\$147,789.88
Mapleton	64,022.51
Ute	19,043.34
Whiting	39,437.55
Blencoe	12,172.65
Castana	7,375.08
Moorhead	12,211.48
Rodney	3,353.33
Soldier	9,586.00
Turin	4,342.01
Unincorporated	272,685.64
Total Monona	\$592,019.48
Red Oak	\$85,054.10
Villisca	61,978.32
Stanton	31,394.74
Coburg	2,280.33
Elliott	18,614.46
Grant	5,068.19
Unincorporated	59,457.47
Total Montgomery	\$263,847.60
Muscatine	\$2,114,249.68
West Liberty	264,286.38
Wilton	228,844.34
Atalissa	27,912.26
Conesville	26,389.28
Nichols	29,550.17

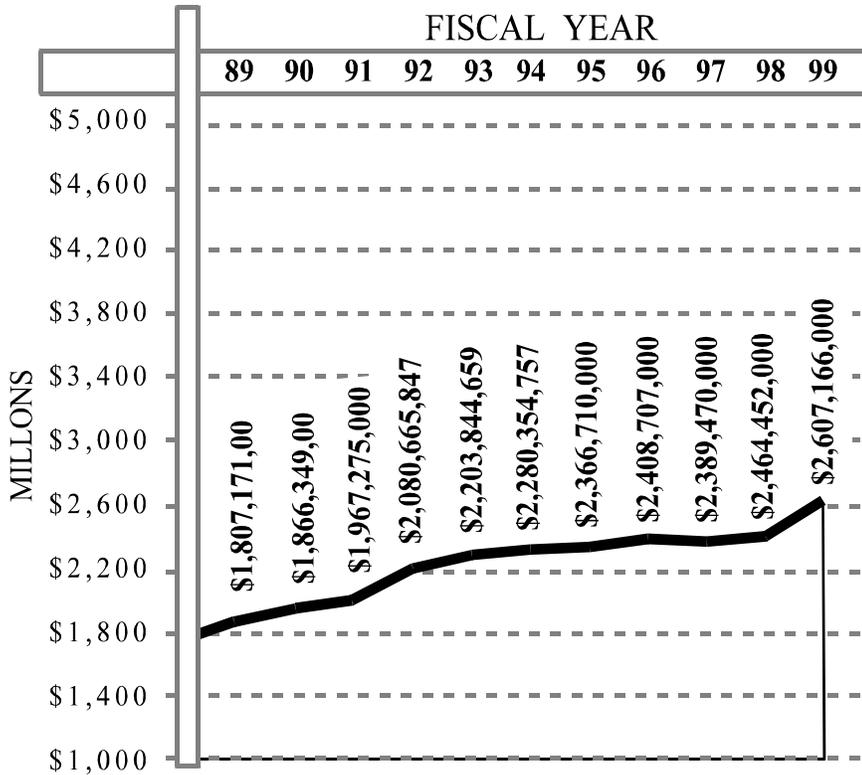
Stockton	14,983.89
Durant	520.89
Fruitland	40,324.61
Unincorporated	1,212,411.29
Total Muscatine	\$3,959,472.79
Sheldon	\$312,471.46
Hartley	90,015.77
Paulina	70,183.64
Primghar	54,572.91
Sanborn	78,376.78
Sutherland	40,593.00
Archer	8,241.41
Calumet	9,166.15
Unincorporated	363,690.88
Total O'Brien	\$1,027,312.00
Clarinda	\$322,802.65
Shenandoah	304,117.18
Essex	47,104.50
Blanchard	3,249.95
Braddyville	10,489.85
Coin	13,324.76
College Springs	11,031.91
Hepburn	1,888.25
Northboro	3,644.77
Shambaugh	8,905.58
Yorktown	4,707.80
Unincorporated	310,662.77
Total Page	\$1,041,929.98
Kingsley	\$60,385.64
Merrill	31,209.30
Hinton	34,212.86
Oyens	4,769.35
Struble	2,590.57
Westfield	6,139.81
Total Plymouth	\$139,307.52
Polk City	\$490,943.04
Sheldahl	28,939.77
Total Polk	\$519,882.81
Council Bluffs	\$5,472,543.59
Avoca	136,083.55
Carter Lake	289,380.16
Oakland	130,201.13
Carson	63,508.38
Neola	79,711.48
Walnut	78,864.20
Crescent	37,271.41
Hancock	18,083.76
Macedonia	23,158.39
McClelland	12,012.46
Minden	48,382.36
Treynor	84,379.32
Underwood	45,975.24
Unincorporated	2,202,159.25
Total Pottawattamie	\$8,721,714.71

Davenport	\$11,814,824.68
Bettendorf	3,530,671.48
Buffalo	156,910.56
Durant	195.45
LeClaire	316,374.39
Blue Grass	135,982.17
Eldridge	396,841.56
Princeton	98,776.20
Walcott	156,999.30
Dixon	24,493.47
Donahue	34,989.95
Long Grove	64,119.11
Maysville	18,446.23
McCausland	34,186.56
New Liberty	13,961.57
Panorama Park	13,683.37
Riverdale	83,092.05
Unincorporated	3,160,893.62
Total Scott	\$20,055,441.72
Elk Horn	\$49,831.67
Shelby	47,038.82
Defiance	24,356.10
Earling	34,888.43
Irwin	36,427.14
Kirkman	3,090.05
Panama	10,981.47
Portsmouth	15,238.23
Tennant	5,794.11
Westphalia	10,741.80
Total Shelby	\$238,387.81
Hawarden	\$172,039.65
Alton	74,954.49
Hull	122,950.81
Orange City	346,397.08
Rock Valley	174,903.16
Sioux Center	338,112.58
Boyd	45,125.69
Hospers	43,499.87
Ireton	41,371.23
Chatsworth	6,164.42
Granville	19,930.34
Matlock	5,954.75
Maurice	15,627.34
Sheldon	4,499.50
Unincorporated	859,940.31
Total Sioux	\$2,271,471.21
Ames	\$4,608,333.56
Nevada	594,997.59
Story City	277,184.18
Cambridge	62,462.87
Colo	70,118.38
Maxwell	69,943.08
Roland	94,507.51
Slater	122,062.66
Zearing	54,355.86
Collins	41,778.62
Gilbert	73,433.85
Kelley	22,848.87

Huxley	185,778.51
McCallsburg	27,120.92
Sheldahl	13,173.94
Unincorporated	1,462,488.00
Total Story	\$7,780,588.40
Ottumwa	\$1,768,101.57
Eldon	66,508.09
Eddyville	54,372.69
Agency	39,840.26
Blakesburg	20,899.84
Kirkville	10,648.24
Unincorporated	822,821.38
Total Wapello	\$2,783,192.07
Decorah	\$587,171.44
Calmar	71,534.49
Ossian	57,650.25
Castalia	11,606.14
Fort Atkinson	23,588.10
Jackson Junction	5,715.13
Ridgeway	18,766.36
Spillville	25,916.51
Unincorporated	874,181.66
Total Winneshiek	\$1,676,130.07
Sioux City	\$8,405,861.66
Moville	117,023.77
Anthon	58,644.35
Correctionville	80,582.99
Danbury	39,865.05
Sergeant Bluff	270,539.47
Sloan	86,112.98
Cushing	21,663.92
Hornick	20,546.95
Lawton	43,849.88
Oto	10,628.37
Pierson	32,011.91
Salix	32,780.25
Smithland	22,271.44
Bronson	18,952.49
Unincorporated	1,716,956.58
Total Woodbury	\$10,978,292.06
Manly	\$58,612.95
Northwood	88,694.77
Fertile	16,013.50
Grafton	12,047.62
Hanlontown	9,093.77
Joice	10,803.45
Kensett	12,876.19
Unincorporated	206,899.47
Total Worth	\$415,041.71
Grand Total	\$132,706,521.32

PROPERTY TAXES

A 10-Year Comparison



FY 99 Property Tax Levied By Type of Taxing Authority
Total: \$2,607,116,000 (estimated)

K-12 Schools	\$ 1,183,970,000	
Counties	\$ 570,089,000	
Cities	\$ 689,743,000	
Merged Areas	\$ 50,694,000	
Hospitals	\$ 48,682,000	
Assessors	\$ 32,468,000	
All Others	\$ 31,470,000	

LOCAL GOVERNMENT SERVICES

FY 99 Assistance Programs

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
Homestead Credit \$113,070,452.62	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.
Disabled and Senior Citizens Property Tax Credit/Rent Reimbursement \$7,061,634.38	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.
Mobile Home Reduced Tax Rate \$77,453.35	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.
Special Assessment Credit \$13,643.75	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 99 Payments</i>			
Pollution Control Exemption <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.
Impoundment Structures Exemption <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.
Low-Rent Housing Exemption <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.
Ag Land Credit <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.
Computers and Industrial Machinery and Equipment Special Valuation <i>\$17,063,187.51</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 99 Payments</i>			
Family Farm Land Credit <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.
Natural Conservation and Wildlife Areas 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.
Forest and Fruit Tree Reservations 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.
Property Tax Replacement <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
Military Exemption <i>\$2,693,503.39</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	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
Native Prairie/Wetlands 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.
Wildlife Habitat 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.
Religious, Educational and Charitable Property 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.
Speculative Shell Buildings 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.
Methane Gas Conversion Property 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.
Urban Revitalization 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.
Industrial Property, Research-Service Facilities, Warehouses, Distribution Centers and Cattle Facilities 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.
Wind Energy Property 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 1999

TAX	RATE OF TAX <i>FY99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
Cigarette Tax	36¢ per package of 20 45¢ per package of 25 \$92,323,542.16	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.
Corporate Income Tax	6% on first \$25,000 8% on next \$75,000 10% on next \$150,000 12% on all over \$250,000 \$322,126,772.55	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 co-operative'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.
Drug Stamp Tax	\$5/gram of processed marijuana \$750/unprocessed marijuana plant \$250/gram of other taxable substances \$400/10 doses if not sold by weight \$278,730.00	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.
Environmental Protection Charge	1¢ per gallon of petroleum products deposited in qualifying tanks \$19,749,797.06	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 99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
Franchise Tax	5% of taxable income \$33,755,649.04	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. Financial institutions which have elected corporation status are still subject to the franchiser tax and the shareholders are allowed a tax credit against their individual income tax for their share of the franchise tax paid.
Hotel/Motel Tax	May not exceed 7% \$22,262,375.93	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.
Individual Income Tax	.36% on first \$1,148 .72% on second \$1,148 2.43% on next \$2,296 4.50% on next \$5,740 6.12% on next \$6,888 6.48% on next \$5,740 6.80% on next \$11,480 7.92% on next \$17,220 8.98% on all over \$51,660 \$2,286,318,957.45	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.
Individual Income School District Surtax	Not to exceed 20% of state income tax liability. Rate is different for each school district. \$39,268,020.00 <i>Calendar 1998</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
Individual Income Emergency Medical Services Surtax	Up to 1% of state income tax liability. Only Appanoose County imposes this tax (at a rate of 1%). \$49,817.00 <i>Calendar 1998</i>	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.
Inheritance and Estate Taxes	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. \$90,142,858.08	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.
Insurance Premium Tax	2% of the adjusted gross amount of premiums, assessments and fees received during the preceding calendar year. \$114,344,548.88	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.
Local Option Sales Tax	Not more than 1%. \$132,706,521.32 <i>Calendar Year 1998 Distributions</i>	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, except for transactions involving natural gas, natural gas services, electricity, or electric service.	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.
Motor Vehicle Fuel Tax	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. ³ \$429,524,565.35	Tax is imposed on each gallon of fuel sold in Iowa for use in motor vehicles or aircraft. 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. The first \$411,311 from motor fuel used in water-craft deposited in the General Fund of the state. The remainder in the Rebuild Iowa Infrastructure 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>FY 99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
Motor Vehicle Lease Tax	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.
Property Tax Levied - Prior to Credits	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>\$2,607,116,000</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 is assessed as a percent of its acquisition cost if acquired prior to January 1, 1994 (22% for 1999). Exempt if acquired after December 31, 1993	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.
Real Estate Transfer Tax	80¢ for each \$500 or fractional part of \$500 in excess of \$500 paid for the real property transferred. <i>\$10,585,141.46</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 Shelter Assistance 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.
School Infrastructure Local Option Sales Tax	Not more than 1%. <i>\$9,764,642.98</i> <i>Fiscal Year 1999 Distributions</i>	Tax is imposed countywide. With a few exceptions, it is imposed on sales and services taxed under state sales tax provisions. There is no corresponding use tax.	To local sales and service tax fund with disbursement to local school districts monthly.	Local option sales tax is due at the same time as the state sales tax is due.

Iowa Tax Descriptions, continued

TAX	RATE OF TAX <i>FY 99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
State Sales Tax	5% <i>\$1,544,685,945.15</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.
Tobacco Products Tax	22% of the wholesale sales price of the tobacco products. <i>\$6,530,308.66</i>	Tax is imposed on the sale 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.
Use Tax	5% <i>\$242,555,316.02</i>	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 99 Activity

Fiscal year 1999 was a successful year for IRIS as the department continued modifications and enhancements to existing IRIS components, initiated design and development of a significant new Transaction Component module, and made significant progress on our Data warehouse/audit component initiative (Tax Gap). All of these activities were completed within the context of the department's commitment of resources to insure the compliance of its information infrastructure with the requirements that occur as the result of the century date change.

New Transaction Component Module - A major development took place in IRIS this year with the Multi Purpose Processing Module to IRIS. The module, as its name suggests, provides the ability to process a number of transactions which do not fit our volume processing structure for four major tax types – individual income, corporation income, motor fuel collections and motor fuel refunds. The Multi Purpose Processing Module utilizes the standard concepts established in prior IRIS Transaction Component design and development, including verification of the taxpayer against our integrated Registration data base, automated issuance of refunds and billings, issuance of correspondence and on-line management of work flow. The Module also interfaces refunds with the statewide offset system and incorporates employee fraud protection.

The bulk of the design and development of this module was completed in FY 99, with implementation to production taking place in early FY 00. Fiscal Year 2000 will see the sales/use family of taxes and the withholding tax developed and brought into the Multi Purpose Processing Module, with plans to follow that up with design and development of a Transaction module for the volume sales/use tax transactions. With the completion of this phase of application of development the department will have achieved a major portion of the re-engineering of the transaction processing developed in the late 1970's and early 1980's. As a result the efficiency intended from the IRIS application from the replacement of these legacy applications will be achieved.

Tax Gap - The continuation of efforts to find alternative means to achieve the goals of IRIS project continued in a major way during FY 1999. A process for competitive

selection of a business partner to assist in the development of the Audit Component was completed. A selection of vendor was made just prior to the end of the fiscal year and contract negotiations were completed in the first portion of FY 2000.

The project will consist of the use of data warehouse technology and data mining techniques which are being developed in coordination with similar initiatives in other agencies. This cooperative effort is providing the state with an enterprise platform that respects the data needs and requirements of each agency.

Additional benefits will be derived from the Audit Component feature of the application that will interface to our existing integrated data base (IRIS). Functionality will include improved audit selection and tracking of audits, increased efficiency in completion of audits and examinations and enhanced reporting on the enforcement efforts.

Electronic Access - The department continued its emphasis on providing alternative ways for customers to conduct business with the agency. The efforts in FY 99 were a combination of extending current initiatives and providing new services. Specifically, during the fiscal year the emphasis on electronic filing of individual income tax returns continued. As the result of efforts of the agency, over one-fourth of the state income tax returns were filed electronically in FY 99.

The internet as a means of communication continued to increase in utilization with enhanced use of the department's Iowa Tax Research Library and the accessing of other information available through the department's internet site. The agency also deployed for the first time the ability for its customers to register for all major business taxes through the internet. Electronic initiatives were also completed with other state agencies, including the Iowa Communications Network, who assisted in the deployment of an enhanced Interactive Voice Response application that permits individuals to determine the status of their income and property tax refund claims. A multi-year project conducted with the federal government and Iowa Workforce Development has presented employers with the opportunity to file wage data electronically under the Simplified Tax and Wage Reporting system.

Planning for the future use of electronic commerce, the agency completed an extensive survey of its customers regarding the services that are provided to those who collect and remit sales/use and withholding taxes. The results of the survey have permitted the agency to develop a vision in which the re-engineering of the systems used to collect and process information from these "businesses taxes" will be completed. This effort is seen as

consisting of two major activities. First, revisions to existing legacy mainframe applications to allow for further integration of the reporting and processing of information from the various taxes. Second, the development of alternative electronic forms of data collections including the use of the internet to:

- access taxpayer's account information
- provide updates to taxpayer registration and
- file tax returns online

Y2K Compliance - For several years the department has actively conducted a review of its information infrastructure to insure that the applications and the architecture on which they function will continue to perform during the century date change. The agency, along with all of state government, has undergone a rigorous program of assessment, testing and remediation where necessary. The efforts of the department's staff were substantial and the agency was one of the initial agencies to achieve compliance with the state evaluation process. The compliance effort has not ceased, however, with the end of the fiscal year. Rigorous procedures have been established to prevent re-infections, and continuous testing of the environment occurs.

Compliance Report

FY 98/99

In an effort to improve compliance on the part of taxpayers, the department has continued to stress technology and accessibility to information by the taxpayers of the State of Iowa so that lack of knowledge by taxpayers is not a deterrent to compliance.

Education, 24-hour access, available information and improved systems for detection of non-compliance has either been accomplished or is in the process of implementation.

From an education/taxpayer service perspective, personnel responded to 180,286 phone calls; 114,517 visits were made to the Agency's website; and 9,564 people attended education presentations made by agency staff.

New services added to the website include:

- Business application on-line
- Full implementation of on-line library

Telefiling was implemented with over 23,431 taking advantage of method of filing. Electronic filing of tax returns increased to 271,500 returns this year.

Agency compliance programs range from discovering non-filers for individual and corporate income tax to auditing large multi-state corporations doing business in Iowa for corporate income and sales and use taxes. These programs generated a total of \$57.5 million in collections and refund reductions. Of this, office examination programs generated \$26.7 million in collections. In-state field auditing of Iowa businesses generated \$6.2 million in collections and out-of-state field auditing of multi-state businesses generated \$10.6 million in collections.

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 \$33.0 million in FY 99.

Individual Income Tax Abatements

Calendar 1998

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 1998:

<i>Number of Returns</i>	<i>TAX</i>	<i>FEES and PENALTY</i>	<i>INTEREST</i>	<i>TOTAL</i>
1,691	\$2,478,401.76	\$342,538.69	\$1,136,864.49	\$3,957,804.94

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.

Individual Income Tax

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

Corporation Income Tax

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

Sales and Use Tax

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

Cigarette Tax

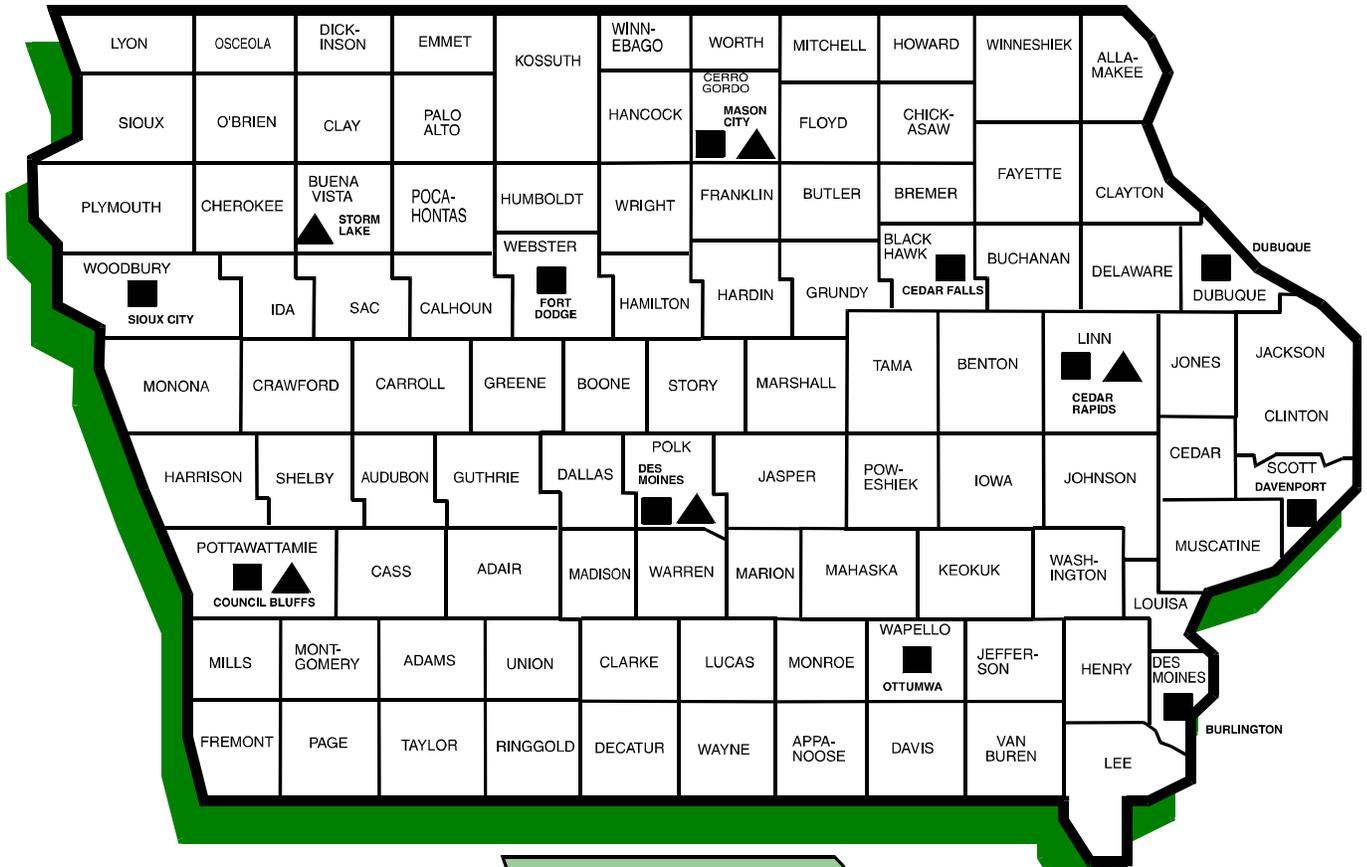
1921	tax enacted at	2¢/package	1971	rate changed to	13¢
1953	rate changed to	3¢	1981	rate changed to	18¢
1959	rate changed to	4¢	1985	rate changed to	26¢
1963	rate changed to	5¢	1988	rate changed to	34¢
1965	rate changed to	8¢	1989	rate changed to	31¢
1967	rate changed to	10¢	1991	rate changed to	36¢

Motor Fuel / Diesel Fuel Tax

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

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
Michigan	Minnesota
New Jersey	North Carolina
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



**78-508
FY99**