



# IOWA SENATE REPUBLICANS

## Iowa Working Families Tax Relief Act

### **Senate Republican Iowa Working Families Tax Relief Act:**

- A bold initiative that will enact the largest tax cut in Iowa history.
- Completely rewrites Iowa's complex tax code. Over the years Iowa's tax code has become a collection of tax deductions, exemptions, and credits standing in the way of economic growth, job creation and Iowa family priorities.
- Sets competitive tax rates that will drive Iowa's economic growth initiatives. Iowa will now be known as one of the most tax friendly states in the nation.

### **Senate Republican Iowa Working Families Tax Relief Act:**

- Provides over a \$1 billion a year in overall tax relief.
- Reduces, on average, middle-income earners state taxes by over \$1,000 personal income tax, putting more money in the pockets of hard-working Iowans.
- Cuts overall individual income tax rates by 30 percent.
- Lowers Iowa's top individual income tax rate from the fourth highest in the country at 8.98 percent to a more competitive rate of 6.3 percent.
- Simplifies the current maze of tax forms and reduces tax code confusion by allowing for a more "taxpayer friendly" income tax form.
- Couples Iowa tax law automatically to new federal tax code changes.
- Eliminates federal deductibility. Federal deductibility creates confusion and forces our tax rates to be artificially higher.
- Increases the pension exemption for Iowa seniors.
- Maximizes the the new federal benefit of a 20% deduction on all qualified business income for Iowa's job creators. Farmers could potentially be provided a significantly larger Section 199A deduction.
- Drops Iowa's top corporate tax rate of 12 percent, the highest in the country, to 7 percent. The new top rate will make Iowa more competitive and provide a strong engine to grow Iowa's economy and create more jobs.
- Equalizes the taxes on institutions providing financial services with the new financial institution tax structure.
- Modernizes Iowa's sales tax to protect Iowa's Main Street Business and create fairness between our local businesses and online businesses
- Sunsets most tax credits to reflect Iowa's new competitive tax rates. The Iowa Working Families Tax Relief Act is Iowa's best new economic development tool.
- Tasks the Iowa Tax Expenditure Committee with reshaping the future of Iowa's tax credits.

### **Iowans will experience lower tax liability (examples from Tax Year 2022):**

- A single mother with one child making \$40,000 will see a 56% reduction
- A single taxpayer making \$30,000 a year will see a 27% reduction
- A married couple with two kids making \$80,000 will see a 20% reduction