

**Figure 1. Impact of Two Income Tax Cuts, Fully Phased In
Tax Change as a Percent of Income**

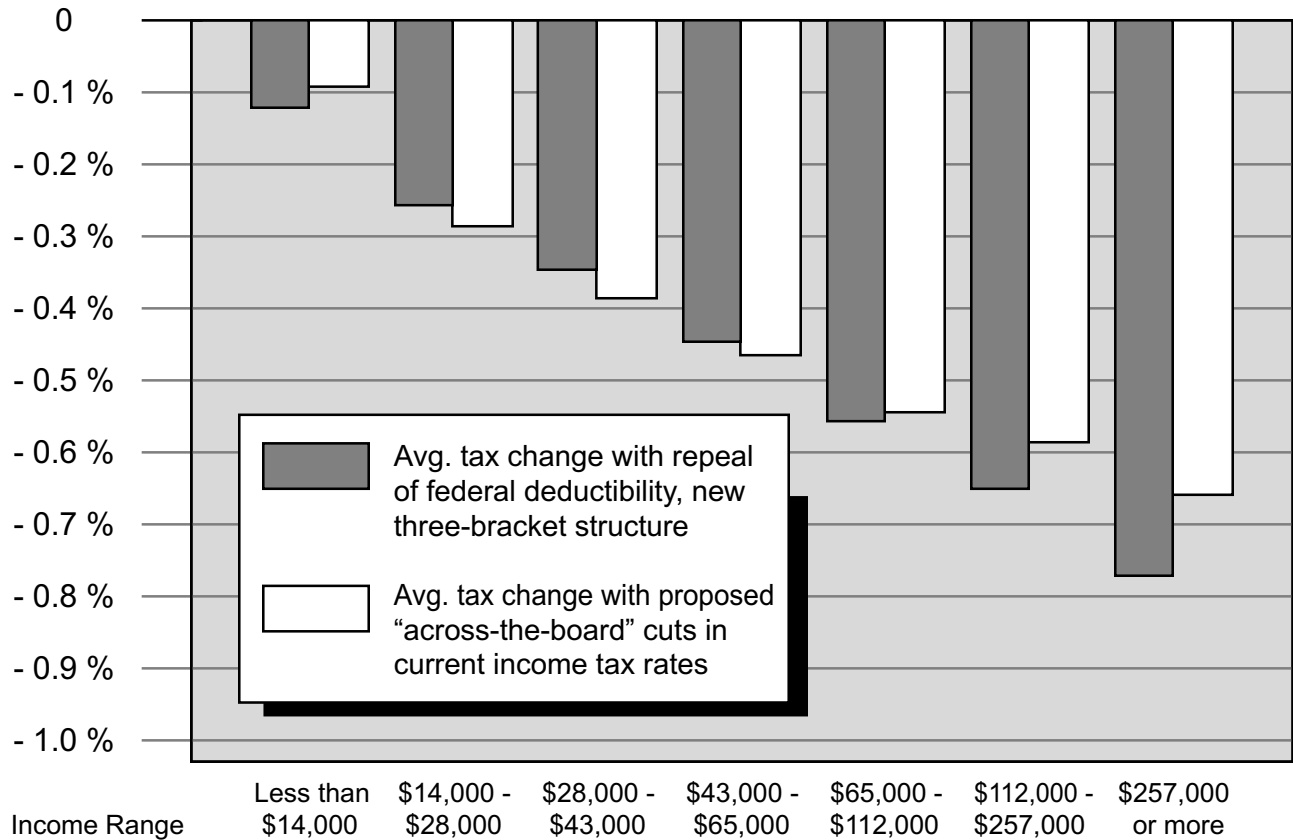


Table 1. Impact of Two Income Tax Cuts, Fully Phased In

All Iowa Taxpayers, 2002							
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Top 20% Next 4%	TOP 1%
Income Range	Less than \$14,000	\$14,000 - \$28,000	\$28,000 - \$43,000	\$43,000 - \$65,000	\$65,000 - \$112,000	\$112,000 - \$257,000	\$257,000 or more
Average Income in Group	\$ 8,500	\$20,800	\$34,700	\$53,300	\$82,400	\$149,400	\$561,400
With Constitutional Amendment: Federal Deduction Repealed, Three-Bracket Structure							
Tax Change as % of Income	- 0.1 %	- 0.3 %	- 0.4 %	- 0.4 %	- 0.6 %	- 0.7 %	- 0.8 %
\$ Avg. Tax Change	- \$ 11	- \$ 54	- \$ 122	- \$ 238	- \$ 458	- \$ 980	- \$ 4,351
% of Tax Change	1 %	5 %	10 %	21 %	29 %	17 %	18 %
Net Change w/ Sales Tax Freeze	+ \$ 13	- \$ 9	- \$ 62	- \$160	- \$ 377	- \$ 896	- \$ 4,201
No Constitutional Amendment: "Across the Board" Cuts in Current Tax Rates							
Tax Change as % of Income	- 0.1 %	- 0.3 %	- 0.4 %	- 0.5 %	- 0.5 %	- 0.6 %	- 0.7%
\$ Avg. Tax Change	- \$ 8	- \$ 60	- \$ 135	- \$ 251	- \$ 453	- \$ 880	- \$ 3,730
% of Tax Change	1 %	5 %	11 %	22 %	29 %	15 %	16 %
Net Change w/ Sales Tax Freeze	+ \$ 16	- \$ 15	- \$ 75	- \$ 173	- \$ 372	- \$ 796	- \$ 3,580
Effect of Stopping Phaseout of Current Sales Tax on Utilities							
Tax Change as % of Income	+ 0.28 %	+ 0.22 %	+ 0.17 %	+ 0.15 %	+ 0.10 %	+ 0.06 %	+ 0.03 %
\$ Avg. State Tax Change	+ \$ 24	+ \$ 45	+ \$ 60	+ \$ 78	+ \$ 81	+ \$ 84	+ \$ 150
% of State Change	8 %	16 %	20 %	27 %	21 %	6 %	3 %

Source: Institute on Taxation and Economic Policy, June 2003