

# IOWA TAX REFORM

## A BETTER PATH FORWARD 2.0

CHANGES COULD SAVE TAXPAYERS MORE THAN **\$3,000 EACH YEAR**

### THE PATH

If Iowa policymakers implemented pro-growth tax reforms, the state would see an additional

**\$1.67 BILLION**  
in economic growth

and taxpayers could save more than

**\$3,000 ANNUALLY**

The following three scenarios would generate more economic growth for the state.



### LET'S BREAK THIS DOWN

1

#### IF:

- Personal income taxes cut to a 0% rate across the board
- Sales tax increased to a rate of 7.6%
- Sales tax exemptions limited to food, agriculture, and business inputs

#### THEN:

- **\$1.11 billion** in economic growth in year one

2

#### IF:

- Personal income taxes cut to a 0% rate across the board
- Corporate income taxes cut to a 0% rate across the board
- Sales tax increased to a rate of 8.7%
- Sales tax exemptions limited to food, agriculture, and business inputs

#### THEN:

- **\$1.67 billion** in economic growth in year one

3

#### IF:

- Eliminate school district personal income surtax

#### THEN:

- **\$100 million** in economic growth in year one

#### ABOUT THE RESEARCH:

This research, provided by the Economic Research Center at The Buckeye Institute, uses the latest available data and new scenarios to update its 2019 report, *A Better Path Forward for Iowa Tax Reform*. The research was conducted using a double-blind, peer-reviewed dynamic scoring model developed by economists at Buckeye's Economic Research Center that shows policymakers how changes in tax and spending policies affect a state's businesses, families, economy, and revenues.



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