



Iowa ranks 40th overall for mature operations and 41st overall for newly established operations. Specifically:

- Despite having the highest corporate tax rate in the nation at 12 percent, Iowa's most notable results are for capital-intensive manufacturing operations, where the state ranks fourth for mature firms and seventh for new firms. One of the main contributors to the low tax costs for these firms is Iowa's single-sales factor apportionment formula – and no throwback rule – which has the effect of exempting nearly all this firm's income from in-state taxation. This operation also has a relatively low property tax burden due to the lack of property taxes on equipment and inventories.
- Iowa ranks 50th in two categories: the new retail establishment and the mature distribution center. Both operations face the highest property tax of their firm type in the nation. The mature distribution center also faces the highest income tax of its type in the country.
- Corporate headquarters in Iowa have high tax costs. The state ranks 48th for mature headquarters and 47th for new headquarters. The mature headquarters has a tax burden that is 52 percent above the national average while the new operation has a tax burden that is 67 percent above average. Again, these results are attributable to high property taxes and Iowa's high corporate income tax rate of 12 percent.
- It is interesting to note that the tax cost for labor-intensive manufacturing is higher than the costs faced by capital-intensive manufacturing. Both manufacturers have a low income tax cost due to the state's apportionment formula, but the labor-intensive operation faces one of the highest property tax burdens of its type in the nation.

Iowa

Corporate income tax

Main tax rate	12.000%
Applies to income over	\$250,000
Specific adjustments:	
- s.199 deduction allowed	
- 50% deduction for federal tax paid	

Apportionment	Property	Payroll	Sales
Standard factors	—	—	100.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			Benefits

Sales and property tax

Metro areas examined		Sales tax	Property tax				
			Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Des Moines	6.000%	4.703%	4.703%	4.703%	—	—
Tier 2	Cedar Rapids	7.000%	3.975%	3.975%	—	—	—
a. Manufacturing machinery is exempt from sales tax							

Other taxes

Unemployment insurance		State capital tax	Tier 1	Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
1.90%	\$24,700	n/a	n/a	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	Varies from 5-10% of eligible capital investment	✓	✓	✓	✓	✓	✓	
Job creation	6% of wages (to max. \$24,500) for new jobs	✓	✓	✓	✓	✓	✓	
Withholdings	n/a							
R&D	6.5% of in-state R&D per federal concepts, refundable							✓
Property tax	100% abatement x 3 years, except land	✓	✓		✓	✓	✓	✓

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations							Mature operations								
	Tier 2 operations				Tier 1 operations			AVG	Tier 2 operations				Tier 1 operations			AVG
	MC	ML	CC	DC	CO	RD	RT		MC	ML	CC	DC	CO	RD	RT	
TETR	5.6%	12.1%	33.7%	48.6%	27.0%	21.5%	49.7%		5.5%	10.0%	23.7%	50.1%	23.8%	13.5%	25.9%	
Index	49.4	103.6	135.1	134.3	167.1	145.8	152.3	126.8	43.7	86.1	112.9	163.6	151.8	104.7	152.9	116.5
Rank	7	30	39	41	47	45	50	41	4	22	35	50	48	28	49	40

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