

2. TAXABLE INTEREST INCOME. Include the same amounts of interest income reported on your Federal return with the following modifications (attach a copy of your Federal or [Iowa Schedule B](#) if total Iowa taxable interest is more than \$1,500.):

These lists are taken from [Iowa rule 40.3](#).

A. Add interest from all state and municipal securities that you own. Also include interest from state and municipal securities you receive from any trust or mutual fund.

However, interest from certain Iowa state and municipal securities is exempt from Iowa tax and should not be included on this line.

The following securities are exempt:

- Aviation Authority Bonds, Iowa Code Section 330A.16
- Beginning Farmer Loan Program Bonds, Iowa Code Section 175.17
- Community College Bond Program Bonds, Iowa Code Section 260C.71(6)
- Community College Residence Halls and Dormitories Bonds, Iowa Code Section 260c.61
- County Health Center Bonds, Iowa Code Section 331.441(2)"C"(7)
- E911 Emergency Telephone Service Program Bonds, Iowa Code Section 34A.20(6)
- Interstate Bridges Bonds, Iowa Code Section 313A.36
- Iowa Board of Regents Bonds for buildings and facilities, Iowa Code Chapters 262.41, 262.51 and 262.60
- Iowa College Super Savings Plan Bonds, Iowa Code Chapter 262A
- Iowa Higher Education Loan Authority, Iowa Code Section 261A.27
- Iowa Municipality Urban Renewal Bonds, Iowa Code Section 403.9(2)
- Iowa Rural Water District Revenue Bonds and notes, Iowa Code Section 357A.15
- Local Government Flood Damage Program, Iowa Code Section 16.183(4)
- Low Income Housing Bonds, Iowa Code Section 403A.12
- Municipal Investment Recovery Bonds, Iowa Code Section 16.173(4)

- Prison Infrastructure Revenue Bonds, Iowa Code Section 16.177(8)
 - Regents Institutions Medical and Hospital Buildings at University of Iowa Bonds, Iowa Code Section 263A.6
 - Soil Conservation Districts Revenue Bonds, Iowa Code Section 161A.22
 - Quad Cities Interstate Metropolitan Authority Bonds, Iowa Code Chapter 28A.24
 - Sewage Treatment Works Revenue Bonds, Iowa Code Section 16.131(6)
 - Underground Storage Tank Fund Revenue Bonds, Iowa Code Section 455G.6(14)
 - Vision Iowa Program, Iowa Code Section 12.71
 - Warehouse Project Revenue Bonds, Iowa Code Chapter 123.159
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B. Deduct interest received from Federal securities (for example U.S. Savings Bonds, U.S. Treasury Notes). Do not subtract interest from repurchase agreements of U.S. Government securities.

The following are exempt:

a. United States Government obligations: United States Treasury - Principal and interest from bills, bonds, and notes issued by the United States Treasury exempt under 31 USCS Section 3124[a].

1. Series E, F, G, and H bonds
2. United States Treasury bills
3. U.S. Government certificates
4. U.S. Government bonds
5. U.S. Government notes

b. Territorial obligations:

1. Guam - Principal and interest from bonds issued by the Government of Guam (48 USCS Section 1423[a]).
2. Puerto Rico - Principal and interest from bonds issued by the Government of Puerto Rico (48 USCS Section 745).
3. Virgin Islands - Principal and interest from bonds issued by the Government of the Virgin Islands (48 USCS Section 1403).
4. Northern Mariana Islands - Principal and interest

from bonds issued by the Government of the Northern Mariana Islands (48 USCS Section 1681(c)).

c. Federal agency obligations:

- 1.** Commodity Credit Corporation - Principal and interest from bonds, notes, debentures, and other similar obligations issued by the Commodity Credit Corporation (15 USCS Section 713a–5).
- 2.** Banks for Cooperatives - Principal and interest from notes, debentures, and other obligations issued by Banks for Cooperatives (12 USCS Section 2134).
- 3.** Farm Credit Banks - Principal and interest from systemwide bonds, notes, debentures, and other obligations issued jointly and severally by Banks of the Federal Farm Credit System (12 USCS Section 2023).
- 4.** Federal Intermediate Credit Banks - Principal and interest from bonds, notes, debentures, and other obligations issued by Federal Intermediate Credit Banks (12 USCS Section 2079).
- 5.** Federal Land Banks - Principal and interest from bonds, notes, debentures, and other obligations issued by Federal Land Banks (12 USCS Section 2055).
- 6.** Federal Land Bank Association - Principal and interest from bonds, notes, debentures, and other obligations issued by the Federal Land Bank Association (12 USCS Section 2098).
- 7.** Financial Assistance Corporation - Principal and interest from notes, bonds, debentures, and other obligations issued by the Financial Assistance Corporation (12 USCS Section 2278b–10[b]).
- 8.** Production Credit Association - Principal and interest from notes, debentures, and other obligations issued by the Production Credit Association (12 USCS Section 2077).
- 9.** Federal Deposit Insurance Corporation (FDIC) - Principal and interest from notes, bonds, debentures, and other such obligations issued by the Federal Deposit Insurance Corporation (12 USCS Section 1825).
- 10.** Federal Financing Bank - Interest from obligations issued by the Federal Financing Bank. Considered to be United States Government obligations (12 USCS Section 2288, 31 USCS Section 3124[a]).

11. Federal Home Loan Bank - Principal and interest from notes, bonds, debentures, and other such obligations issued by any Federal Home Loan Bank and consolidated Federal Home Loan Bank bonds and debentures (12 USCS Section 1433).

12. Federal Savings and Loan Insurance Corporation (FSLIC) - Principal and interest from notes, bonds, debentures, and other such obligations issued by the Federal Savings and Loan Insurance Corporation (12 USCS Section 1725[e]).

13. Federal Financing Corporation - Principal and interest from notes, bonds, debentures, and other such obligations issued by the Federal Financing Corporation (12 USCS Section 2288(b)).

14. Financing Corporation (FICO) - Principal and interest from any obligation of the Financing Corporation (12 USCS Sections 1441[e][7] and 1433).

15. General Services Administration (GSA) v Principal and interest from General Services Administration participation certificates. Considered to be United States Government obligations (31 USCS Section 3124[a]).

16. Housing and Urban Development (HUD).

- Principal and interest from War Housing Insurance debentures (12 USCS Section 1739[d]).
- Principal and interest from Rental Housing Insurance debentures (12 USCS Section 1747g[g]).
- Principal and interest from Armed Services Mortgage Insurance debentures (12 USCS Section 1748b[f]).
- Principal and interest from National Defense Housing Insurance debentures (12 USCS Section 1750c[d]).
- Principal and interest from Mutual Mortgage Insurance Fund debentures (12 USCS Section 1710[d]).

17. National Credit Union Administration Central Liquidity Facility - Income from notes, bonds, debentures, and other obligations issued on behalf of the National Credit Union Administration Central Liquidity Facility (12 USCS Section 1795k[b]).

18. Resolution Funding Corporation - Principal and

interest from obligations issued by the Resolution Funding Corporation (12 USCS Sections 1441[f][7] and 1433).

19. Student Loan Marketing Association (Sallie Mae) - Principal and interest from obligations issued by the Student Loan Marketing Association. Considered to be United States Government obligations (20 USCS Section 1087-2[1], 31 USCS Section 3124[a]).

20. Tennessee Valley Authority - Principal and interest from bonds issued by the Tennessee Valley Authority (16 USCS Section 831n-4[d]).

21. United States Postal Service - Principal and interest from obligations issued by the United States Postal Service (39 USCS Section 2005[d][4]).

22. Treasury Investment Growth Receipts.

23. Certificates on Government Receipts.

The following are not considered Federal securities and are taxable:

Federal Agency Obligations:

- Building and Loan Associations
- Credit Unions, Federal or State
- Export-Import Bank of the United States
- Farmers Home Administration
- Federal Home Loan Mortgage Corporation (Freddie Mac) Securities
- Federal Housing Administration
- Federal income tax refunds, interest
- Federal National Mortgage Association
- Federal National Mortgage Association (Fannie Mae) Securities
- Government National Mortgage Association (Ginnie Mae) Securities
- Merchant Marine (Maritime Administration)
- Money Market Certificates
- Mortgage Participation Certificates
- Postal Savings Account
- Savings and Loan Associations, Federal or State
- Small Business Administration

Obligations of International Institutions:

- Asian Development Bank
- Inter-American Development Bank
- International Bank for Reconstruction and Development (World Bank)

Other Obligations:

- Washington D.C. Metro Area Transit Authority

MARRIED SEPARATE FILERS: Divide interest income based on ownership of the account or certificate.

- a. Jointly held: Divide equally between spouses.
- b. Held in the name of only one spouse: Allocate interest wholly to that spouse.

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3.DIVIDEND INCOME. Attach a copy of your Federal or Iowa Schedule B if your Iowa taxable dividends are more than \$1,500. Report the same dividends as you reported on your Federal return with the following modifications:

a. Add all dividends from mutual funds, investment trusts, or regulated investment companies investing in state and municipal bonds.

b. Deduct that portion of any net dividends from a mutual fund, investment trust, or regulated investment company that is attributable to Federal securities. You cannot take this deduction unless you are provided a statement from the fund giving the percentage of net dividends attributable to Federal securities. A copy of the statement must be attached to the return to take this deduction.

Interest income from repurchase agreements involving Federal securities cannot be deducted.

Dividends from certain Iowa state and municipal securities are exempt from Iowa tax and should not be included on this line. **The following securities are exempt.** This list is taken from [Iowa rule 40.3](#).

- Aviation Authority Bonds, Iowa Code Section 330A.16
- Beginning Farmer Loan Program Bonds, Iowa Code Section 175.17
- Community College Bond Program Bonds, Iowa Code Section 260C.71(6)
- Community College Residence Halls and Dormitories Bonds, Iowa Code Section 260c.61
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- Iowa College Super Savings Plan Bonds, Iowa Code Chapter 262A
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- Sewage Treatment Works Revenue Bonds, Iowa Code Section 16.131(6)
- Underground Storage Tank Fund Revenue Bonds, Iowa Code Section 455G.6(14)
- Vision Iowa Program, Iowa Code Section 12.71
- Warehouse Project Revenue Bonds, Iowa Code Chapter 123.159

MARRIED SEPARATE FILERS: Divide dividends based on registered ownership of stock.

- a. Jointly held: Divide equally.
- b. Held in the name of only one spouse: Allocate dividends wholly to that spouse.