



Voters in Scott and Muscatine Counties Approve Extensions of Local Option Tax for School Infrastructure: The Current System Works!

TAXPAYERS IN BOTH COUNTIES VOTE TO SHARE REVENUE WITH STATEWIDE POOL TO PROVIDE ASSISTANCE TO SALES TAX POOR SCHOOL DISTRICTS:

On Tuesday, March 4, voters in Scott and Muscatine Counties voted to extend their participation in the local option sales tax for school infrastructure (SILO) for another 10 years. Nearly 78% of those voting in Scott County approved the tax extension while nearly 85% of those voting in Muscatine County said YES.

Perhaps more significant than the overwhelming approval percentages, voters were also giving their consent to sharing a portion of the local proceeds generated by SILO with school districts in sales tax poor areas to allow greater statewide equalization of SILO resources among school districts.

SCOTT COUNTY

Voters in Scott County originally approved the SILO for implementation on July 1, 1999 and it was set to expire on June 30, 2009. The vote last Tuesday extends the SILO through June 2019.

Scott County school districts received \$890 per student in FY 2007 (tax year ending June 30, 2007). Currently, the county keeps 100% of its locally generated resources and simply redistributes the proceeds on a per student basis to all county school districts.

The extension approved by voters no longer allows the county to keep 100% of its local SILO proceeds and, instead, shares a portion of the proceeds with a statewide pool for redistribution to school districts in counties that are sales tax poor.

State law allows a county that extends their participation in SILO for an additional 10 years to keep a maximum of \$575 per student, with the remainder going to a statewide pool. Thus, in actuality, voters in Scott County not only voted to extend the SILO for an additional 10 years, **they voted to voluntarily surrender 35% of their local proceeds to a statewide pool to assist school districts in sales tax poor areas beginning in FY 2010.**

MUSCATINE COUNTY

Voters in Muscatine County originally approved the SILO for implementation on July 1, 2000 and it was set to expire on June 30, 2010. The vote last Tuesday extends the SILO through June 2020.

Muscatine County school districts received \$590 per student in FY 2007 (tax year ending June 30, 2007). Currently, the county keeps 100% of its locally generated resources and simply redistributes the proceeds on a per student basis to all county school districts.

Beginning in FY 2011, Muscatine schools will receive a maximum per student amount of \$575. While much less significant in terms of dollars than Scott County, voters in Muscatine also voted to share a small portion of their local proceeds with a statewide pool to assist school districts in sales tax poor areas beginning in FY 2011.

WHY IS THIS SIGNIFICANT?: One of the major arguments put forward by those who would take away the local option sales tax for school infrastructure and mandate the tax on a permanent statewide basis is the need to provide equity between school districts in sales tax rich and sales tax poor areas.

Scott and Muscatine Voters Approve SILO extension, continued...

However, state law already provides the mechanism for statewide equity in that counties are only allowed to keep 100% of their local proceeds for the original 10 year implementation of SILO. Any county that extends the SILO for an additional 10 years must then participate in the statewide pool and share their revenue.

Thus, any county that extends SILO for an additional 10 years and is currently collecting more than \$575 per student must deposit its excess proceeds in the statewide equity pool to provide additional resources to school districts in counties that do not have the sales tax base to generate \$575 per student.

Last Tuesday's votes in Scott and Muscatine County are a clear indication that the current law works, in that voters in these counties voted to voluntarily participate in the statewide pool and donate resources for redistribution to other Iowa school districts.

However, the underlying fear of advocates of the permanent statewide sales tax is that voters in some sales tax rich counties will refuse to reauthorize their SILO beyond the original 10 year implementation -- that they would rather collect no SILO dollars than have to share their proceeds with the statewide pool.

In particular, the ugly little truth behind the statewide sales tax movement is the fear voters in Polk County will NOT vote to extend SILO and equity advocates desperately want those Polk County SILO dollars in the pool and redistributed to other areas of the state.

This begs the question, does it make sense to steal the right of local voters to make these decisions throughout the state of Iowa on an individual county basis just to force Polk County to participate in the statewide pool? Our answer at Iowans for Tax Relief is a resounding NO!

If Polk County voters are dissatisfied with the manner in which their local school boards used SILO funds in the past, they should have every right to express that dissatisfaction at the polls. **The ability to collect these sales tax dollars should be earned through effective partnerships and accountability at the local level, not through state mandates that rob voters of their rights and empower nonresponsive school boards and administrators to spend these dollars as they please.**

Legislature Passes First Funnel Deadline: Expect More Action on Tax and Spending Legislation in the Coming Weeks

Today marks the first funnel deadline for legislation before the General Assembly. Bills that have not made it out of their committee of origination by the end of business today will no longer be eligible for consideration during the 2008 Session.

The funnel is a multi-step tool used by the Legislature to gradually reduce the number of issues needing resolution before the Legislature finishes its business in mid- to late-April.

Exempt from the funnel deadlines are bills with either tax or spending subject matters. Legislation before either the Ways and Means or Appropriations Committees remains eligible for consideration throughout the entire Session.

Thus, during funnel weeks it is customary that exempt legislation receives little attention as the Legislature attempts to resolve other matters. This was certainly the case this week.

With the first funnel deadline reached today, it is likely the Legislature will turn more attention in the coming weeks to the tax and spending legislation of interest to Iowans for Tax Relief.

THANK YOU! Thank you to the thousands of our members and other Iowans who responded to our call to action on the statewide sales tax legislation (House File 2066). During the last two weeks the House switch board has been overwhelmed with calls from those opposing HF 2066. **Our members make the difference!**

The Watchdog is a weekly update of issues which are being considered by the Iowa Legislature. It is a service to members of Iowans for Tax Relief. Permission is granted to forward this to any interested individuals.

Comments or questions concerning The Watchdog should be directed to:
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