



Federal Deductibility Under Attack; Contact Your Legislators Now!

This week at the Capitol, Iowa Senate Democrat Leaders announced at a press conference they may attempt to eliminate federal deductibility this Legislative Session. No legislation has been introduced, however, tax and revenue bills are a live round until the Legislature adjourns in May.

One specific detail released was the wrongly labeled tax simplification scheme which **would eliminate federal deductibility**. Income tax simplification should NOT come in the form of a tax increase on Iowa taxpayers.

The deduction of federal tax payments on state income tax returns is the largest way some Iowans may lower their tax burden. For instance, lower and middle income taxpayers who rent their homes cannot deduct mortgage interest or property taxes, and federal deductibility is the largest deduction these Iowans have on their state income taxes. Federal deductibility helps reduce the state tax burden on lower-income and middle-income Iowans who have few other ways to lower their tax bill.

Federal deductibility has been a cornerstone principle of Iowans for Tax Relief and we have successfully turned back numerous attempts to take this deduction away from Iowans. We support federal deductibility as a matter of simple fairness – you should not pay a tax on a tax.

In the January 2009 ITR Statewide Poll, 72.5% of Iowans SUPPORT keeping federal deductibility.

We need your help, please contact your legislators immediately!
Tell them to protect federal deductibility!

How to contact your Senator and Representative:

Phone: You can call the Senate Switchboard at 515-281-3371 and the House Switchboard at 515-281-3221 and leave a message for your Senator and Representative letting them know you want them to stand up for Iowa families and protect federal deductibility.

Email: You can also email your Senator and Representative. To find your Senator's and Representative's e-mail address, visit the "Legislator Lookup" feature on the ITR website at: <http://www.taxrelief.org/legislators>.

Our Message to Iowa Legislators:

- ✓ It is not fair to pay a tax on a tax. Iowans should NOT pay an income tax on money they have already been required to pay to the IRS – money taxpayers never even get to see or use.
- ✓ Iowans support federal deductibility. In the January 2009 ITR Statewide Poll, 72.5% of Iowans support keeping the deduction of federal tax payments on state income tax returns.

- ✓ Federal deductibility helps reduce the state tax burden on lower-income and middle-income Iowans who have few other ways to lower their tax bill.

Transparency Act Hits Bureaucratic Roadblock - Your Voice of Support Needed

This week, the Iowa Transparency Act hit the first bureaucratic roadblock in subcommittee. The Director of the Iowa Department of Management provided an initial cost estimate to the state of nearly \$500,000, simply for the set-up of a taxpayer transparency website!

The estimate provided from the Department of Management is wildly disproportionate to the actual costs to other states, as well as the federal government, for creating transparency websites. For example, in 2006, when then-Senator Obama proposed a federal transparency website, the Congressional Budget Office estimated the implementation would cost \$4 million in 2007 and about \$15 million over the following four years. After the Office of Management and Budget purchased the software and technology from a third-party, the federal government was able to build www.USAspending.gov for less than \$1 million.

For OpenBooks (<http://www.ok.gov/okaa/>), the Oklahoma Transparency website, the initial estimate was \$300,000. However, since the implementation of the website, Oklahoma purchased the software for \$8,000 and built and loaded the website by reallocating staff time at no extra cost.

It is interesting while providing a hefty cost estimate for an Iowa transparency website, the Director of the Iowa Department of Management has stated the Executive Branch has an interest in developing a database of Iowa's budget and expenditures.

The Iowa Transparency Act (House File 74) creates a publicly available website for Iowans to track state spending and taxation. Iowans for Tax Relief strongly SUPPORTS the Iowa Transparency Act of 2009. We believe all Iowans should be able to easily access the details on how we are taxed and how our money is spent.

The subcommittee on House File 74 will meet again on Monday, February 23rd at the Capitol; this meeting is crucial for the bill to move forward this year.

Please contact your Representative! Tell them you want the Iowa Transparency Act to move forward!

Here are two ways you can contact your Representative:

1. You can call the House Switchboard at 515-281-3221, and leave a message for your Representative letting them know you want them to help pass House File 74, the Iowa Transparency Act.
2. You can also send an email to your Representative using the following sample message:

Dear Representative,
Please support House File 74, which creates a state tax and spending website! Iowa taxpayers, like me, want to track our tax dollars.

We want to see how and where our taxes are being spent!

You can find your Representative's e-mail address using the "Legislator Lookup" feature on the ITR website at: <http://www.taxrelief.org/legislators>.