



Monday, April 27, 2009

End of Session

## **Federal Deductibility is Intact; Otherwise Lawmakers Bankrupt the Future**

The 2009 Legislative Session adjourned with one piece of great news, federal deductibility for Iowa taxpayers is intact and unchanged! Yet there is bad news, and plenty of it.

The state budget sent to Governor Culver is the LARGEST budget in state history, a whopping \$6.258 billion. Which is amazing considering all of the talks about the across the board budget cuts. How is it possible to have budget cuts all around state government, yet still spend more money than last year?

The state also did not have enough money to pay for additional projects so they approved a plan to borrow \$765 million dollars over the next 20 years. What is more frightening than borrowing the dollars this year is the process of paying them back; with interest payments the total amount to be owed will be nearly \$1.1 billion! What will be done next year to make the budget work?

For taxpayers it feels like the house was robbed, taking everything except for your favorite reclining chair. Taxpayers are not forced to pay a tax on a tax, but state spending went completely out of control!

If you do not like the feeling of a nearly empty house, beware because it is not quite over. This same group of Legislators will be back next year to work on policy and budget changes. The favorite recliner is the coveted item, and if taken it will break the back of all Iowans.

So we must remain vigilant. The budget spending is out of control and tax increases are not the way to fix the problem. The out of control spending of the past three years is jeopardizing the future of Iowa taxpayers.

The phrase "Thank You" does not quite cover the necessary gratitude to each person who took the initiative to participate in the process to protect federal deductibility. With the collective voice of the vast majority of Iowans we are all protected for another year from paying a tax on a tax.

As Governor Culver begins to give his final approval to the legislation, we will keep you informed.

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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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