



Largest Budget in State History and High-Priced Borrowing Plan Receive Final Approval from Governor Culver

Biggest State Budget in Iowa History.

Last month, when the Iowa Legislature adjourned for the year, lawmakers had approved the single largest budget in the history of the state.

On Tuesday, May 26, Governor Culver gave his signature of approval on the largest state budget in Iowa history. For the budget year beginning on July 1, 2009 the state will spend \$6.297 BILLION.

The state budget this year is largely balanced on one-time money from the federal government and one-time funding from the state Cash Reserve Fund because state tax collections have not come in at the same rapid pace as state government leaders are spending them.

State Auditor David Vaudt, in a recent review of the budget, estimates the gap between spending and current tax revenue to be over one billion dollars! *(For more information on the condition of the Iowa budget, Auditor Vaudt's review of the adopted Fiscal Year 2010 budget is available online at: http://auditor.iowa.gov/press/Briefing_05-18-09.pdf.)*

Because lawmakers used one-time funding to balance the budget this year, when lawmakers return to the Capitol in January, the state financial situation will be more disastrous. With a budget gap over one billion dollars, lawmakers will have to make decisions on major reductions in spending, massive tax increases, or a combination of spending reductions and tax increases.

State spending has grown out of control and tax increases are not the way out of the budget disaster.

The same lawmakers who proposed eliminating federal deductibility this year will be back in January and it is expected they will make another attempt to force you to pay a tax on a tax. We must remain steady in our fight and remind our Legislators "No Tax on a Tax."

High-Priced Borrowing Plan Mortgages the Future of Iowa.

The legislation establishing the newly created I-Jobs Program also gained final approval from Governor Culver this month. The I-Jobs Program was created for various infrastructure, road, and technology projects and is funded by borrowing \$765 million to be repaid over the next 25 years.

This borrowing program will cost taxpayers a total of \$1.664 billion when the borrowed dollars are fully repaid in 2034.

The 2009 Legislature left a budget hole over one billion dollars and put Iowans in debt for the next 25 years. Iowans have many reasons to be wary of the 2010 Legislative Session.

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.

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