



Protecting Federal Deductibility: Taxpayer Priority Number One

This week, the Iowa Legislature reconvened and hit the ground running. Amid all of the news of the dreadful condition of the state budget, your Iowans for Tax Relief Team took the lead in outlining Iowa taxpayer priorities for the Legislature. On Thursday, January 14th, Iowans for Tax Relief held a press conference at the Statehouse confirming the increasing support from Iowans to protect federal deductibility and supporting the introduction of nine budget saving solutions by Iowa lawmakers. *(Read the full press release [here.](#))*

A [statewide Iowa poll](#) commissioned by the National Taxpayer Union Foundation found 77.2 percent of Iowans support maintaining federal deductibility. This poll reaffirms the importance of federal deductibility to Iowans. *(Watch TV news coverage [here.](#))*

There is no doubt the state budget is out of whack, state tax collections cannot keep up with the massive spending increases Governor Culver has approved. It is time for state government to change, and to operate more efficiently, not time for a tax increase on Iowans. The way to fix the state budget is not to make you pay a tax on a tax; it is through changing Iowa government.

Iowans for Tax Relief has proposed nine [budget savings measures](#) since last October, and these suggestions are now being drafted into legislation to be considered for debate. Instead of subjecting Iowans to property tax increases, reductions in services, and a bigger budget disaster for next year, these budget savings measures were created to think of new ways to reduce state spending, and make Iowa an even better state. These measures were also crafted with the following criteria for each recommendation:

- Cumulatively reduce state spending by 10%.
- Hold K-12 education funding harmless.
- Hold public safety funding harmless.
- No mass layoffs.
- No property tax or other tax increase.

With our nine proposals to trim the budget by \$762.8 million, we protect federal deductibility for all Iowans so you will not be forced to pay a tax on a tax. These proposals include: An amendment to the Iowa Constitution to limit state government spending to 99 percent of tax revenues from the previous year; combining the administration system of the Iowa Regent Universities; selling our state prisons to the private sector; and moving to a centralized information technology system. *(Read all the proposals [here.](#))*

Even though some Legislators at the Capitol look for any way to grab more money from Iowa taxpayers, forcing you to pay a tax on a tax is simply not fair. Iowans for Tax Relief will continue to fight for you, the taxpayer, and your right to deduct federal income taxes, as well as reduced state government spending.

Governor Culver's Condition of the State Address

On Tuesday, January 12th, Governor Culver delivered the Condition of the State address. If you would like to read the Governor's speech, it is available online [here](#). While the Legislature is operating on a shortened 80-day calendar, Governor Culver did not present his budget to the Legislature. However, the Governor did offer a preview of what Iowans can expect in his budget recommendations, to be presented later this month.

Iowans need to be extremely concerned with the recommendations which will be proposed for the state budget. The Governor plans to ask the Legislature to raid \$100 million out of the state reserve account to fund education. This will only make up for a small portion of the massive funding gap Iowa schools face, and it further sets our state on a fiscally irresponsible path.

Another item taxpayers need to be concerned with is the recommendation to scoop taxpayer dollars from the Road Use Tax Fund (a fund which is protected by the Iowa Constitution for road construction and road maintenance) to pay for state troopers. Playing this shell game does nothing but move the budget problem from one year to the next.

Unfortunately, Governor Culver chose to mislead Iowans by saying he has balanced the budget without raising taxes. This is simply false; the across the board cut in October increased Iowa property taxes, in addition to various increases in other taxes and fees over the past three years.

There was, however, one bright spot in the Governor's address. The Governor does recognize the need for state government to be more efficient and has called for major state government reorganization.

Iowans for Tax Relief will continue to work to limit total government spending and taxes for all Iowans. Watch upcoming editions of The Watchdog for details on the Governor's budget and proposed tax increases. *(Listen to Ed Failor, Jr. interviewed by Iowa Public Radio [here](#).)*

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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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