



## Major Income Tax Relief Approved by House of Representatives

### *Twenty percent income tax cut moves to Iowa Senate Committee*

On Wednesday, February 16<sup>th</sup>, the Iowa House of Representatives approved a twenty percent personal income tax cut. The House passed this significant income tax reduction, [House File 194](#), on a bi-partisan vote of 62-33.

House File 194 reduces all nine Iowa Personal Income Tax rates by twenty percent, which will bring the top rate down from 8.98% to 7.18%. The income tax cut would begin on January 1, 2012 and would result in a \$700 million tax cut for Iowans.

This income tax relief is long overdue; it has been more than a decade since Iowa taxpayers have seen any kind of income tax reduction. The last time the Iowa income tax was reduced was in 1998, when the rates were lowered by ten percent. Then-Governor Terry Branstad signed the bill into Law in 1997 with the support of a Republican controlled House and Senate.

Iowans for Tax Relief has continued to strongly support House File 194, because it will put more of your hard-earned money into your hands. This week, Iowans for Tax Relief President, Ed Failor, Jr. issued a statement on the twenty percent income tax cut:

"House File 194 is a bold move and an excellent start to help all Iowa income taxpayers by cutting the personal income tax by twenty percent across the board.

Lowering the tax burden on all Iowans will help spur growth, investment, and jobs in our great state. Reducing the Iowa personal income tax rates by twenty percent will directly put Iowans hard-earned money back into their hands," said Failor. (*Read the rest of the Press Release, 'Proposed Twenty Percent Income Tax Cut is Good for Iowa Taxpayers' [here](#).*)

The twenty percent income tax cut is now in the Iowa Senate Ways and Means Committee. Your Iowans for Tax Relief Team is at the Statehouse every day and continues to support reducing the tax burden on you! We believe you are able to spend, save, and invest your money better than the government.

This income tax relief bill still must clear the Senate Ways and Means Committee, as well as the full Senate. Please contact your Senator today, and encourage them to support the income tax cut bill, House File 194.

### **Contact your Senator at the Capitol:**

- **Telephone:** You can call your Senator at the Capitol. The telephone number for the Iowa Senate Switchboard is 515-281-3371.
- **Email:** You can also email your Senator. To find your Senator's

email address; visit the “Legislator Lookup” feature on the ITR website at:  
<http://www.taxrelief.org/legislators>.

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## **Senate Approves Changes to the Taxpayers First Act**

*Iowans for Tax Relief Taxpayer Transparency Act clears another Legislative hurdle*

The Iowa Senate approved House File 45, the Taxpayers First Act, with 48 voting in favor of the bill and 1 voting in opposition on Thursday, February 17, 2011. The Senate made some significant changes to the original version of House File 45. The original Taxpayers First Act would have saved Iowans more than \$500 million over the next three budget years and would have created a Tax Relief Fund to return any state surplus to Iowa taxpayers.

The Senate Amendment, S-3009, removed a considerable portion of the budget savings within House File 45 and also removed the creation of the Tax Relief Fund.

While debating House File 45 in the Iowa Senate, Senate Republicans offered several amendments to add several of the budget savings measures which were approved by the House. The amendments which failed to pass the Senate included:

- Eliminating the Iowa Values Fund and the Iowa Power Fund.
- Charging state employees for health insurance premiums.
- Creating the Tax Relief Fund to return any excess state tax collections to Iowa taxpayers.

However there is good news – several measures, which Iowans for Tax Relief has enthusiastically supported, are part of the Senate version of the bill. These taxpayer-friendly measures include:

- Eliminating taxpayer funded lobbyists.
- Ending state benefits for adult illegal immigrants.
- Creating a publicly available database website for taxpayers to access state government spending and taxation, more commonly known as the Taxpayer Transparency Act.

The Senate version of the Taxpayers First Act will save Iowans approximately \$10 million over the next three state budget years. This is a sizable difference from the House bill, and with the record debt and spending increases approved by the Iowa Legislature over the past four years, lawmakers still have a lot to do this Legislative Session to get the state’s fiscal house in order.

Because the Senate made changes to the Taxpayers First Act, the bill will head back to the House, where it may be debated as early as Monday, February 21<sup>st</sup>. Continue to look for updates in *The Watchdog* on this important piece of legislation.

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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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