



NEWS RELEASE

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Tax-Credit Review Hearings Opportunity to Boost Iowa Economy

IOWA CITY, Iowa (Dec. 14, 2009) — An examination of Iowa tax credits this week could not come at a better time, Iowa Fiscal Partnership analysts said today.

“Everything needs to be on the table in balancing next year’s budget. That includes tax credits,” said Charles Bruner, executive director of the nonpartisan Child & Family Policy Center. “As thousands of Iowans have lost jobs in 2009 through no fault of their own, state revenues have fallen — at the very time those Iowans need help.

“One reason for this is the explosion of tax credits that benefit corporate bottom lines but have not been required to show they benefit Iowans. Showing a public benefit for the use of public money is an essential test for this kind of spending through the tax code to continue.”

The hearings, scheduled by Governor Chet Culver, are Tuesday in Cedar Rapids and Wednesday in Urbandale. Culver called for a review of all state tax credits in the wake of revelations about management issues regarding the state’s film tax credit, which has resulted in an investigation and staff changes at the Iowa Department of Economic Development.

“Iowa has a serious problem of balance in its approach to budgeting. As revenues have fallen, some have looked only to cut spending,” said David Osterberg, executive director of the nonpartisan Iowa Policy Project. “But that is not realistic, nor is it good economics.

“Iowa needs to spend its tax dollars wisely, on proven strategies that will boost the economy and put Iowans back to work. We cannot afford to spend hundreds of millions of dollars on subsidies to businesses that aren’t paying their way in Iowa.”

IFP reports have shown — as have reports from the Department of Revenue — that big corporations not only in many cases do not pay corporate income tax due to the generous credits offered by the state, but in many cases receive multimillion-dollar checks from the state.

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Hearing Sites

Cedar Rapids

Tuesday, Dec. 15, 9 a.m.

Kirkwood Center for Continuing Education, Room 159 D and E, 7725 Kirkwood Blvd SW.

Urbandale

Wednesday, Dec. 16, 1 p.m.

Urbandale Public Library, Meeting Room A/B, 3520 86th St.

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“If Iowa lawmakers consider it necessary to subsidize businesses and can show it is returning a benefit to the state that otherwise would not occur, they should demonstrate it to the taxpayers who are paying their share,” Bruner said. “This is a tremendous opportunity to provide real reform in the way we do budgeting in Iowa.”

The Iowa Fiscal Partnership is a joint budget analysis initiative of two nonpartisan, nonprofit organizations, the Iowa Policy Project in Iowa City and the Child & Family Policy Center in Des Moines. IFP reports are at www.iowafiscal.org.

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For more information about Iowa’s state fiscal situation, see the [Iowa Fiscal Partnership](http://www.iowafiscal.org) website: www.iowafiscal.org.