

Iowa House of Representatives

State Representative Cecil Dolecheck

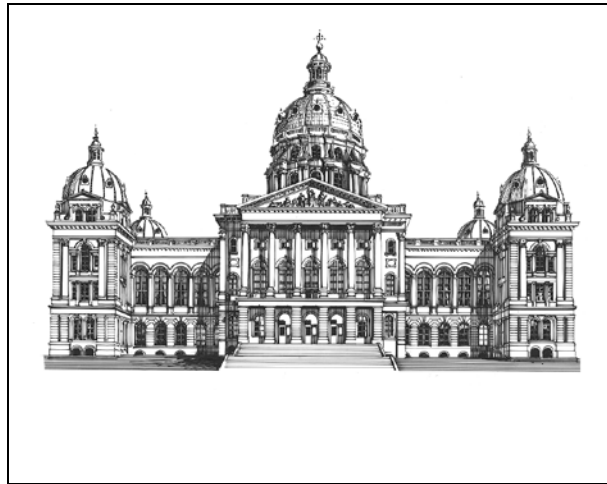
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For the week of January 17-21, 2011



Taxpayer's First Act

The House gave final approval Wednesday, January 19th at 11:15pm to HF 45(Taxpayers First Act) on a 60-40 party line vote.

The bill reduces state spending by over half a billion dollars (net) in the next three years; and in addition, sets aside \$327 million in a Tax Relief Fund so that any additional one-time money the state receives at year-end goes to the taxpayer first rather than more government spending.

This is the first step in the budget process that will align on-going revenue with expenses - delivering a budget for Iowans that lives within our means and meets priority needs. The bill also provides \$25 million to support the un-funded state commitment to remove Iowans from wait lists for mental health services - a core responsibility the state must deliver to Iowans in need of services.

Key elements of the Taxpayers First Act:

- **Creation of a Taxpayer Relief Fund (TRF):** This will change the law so the first dollar after the cash reserves are full will go to the taxpayer rather than more government spending. Essentially any excess tax collections will be returned to the taxpayer. Practically speaking, what is at stake with this component of the bill is the projected \$318 million ending balance. I believe this one time money should not be used for additional spending - but should be returned to the taxpayer who created the positive ending balance by paying increased taxes due to the state not fulfilling commitments.
- **Two-Year Budget:** Governor Branstad campaigned on a two-year budget and the House Majority have indicated that we will deliver a two-year budget after our budget reforms are signed into law - including a limit on transfer authority and a process that does not abdicate the legislative authority to appropriate funds. We will use the two-year budget to fund the long-term tax reductions made possible by the TRF and fund minimal growth in essential areas such as public safety, Medicaid and education.
- **Savings:** The bill de-appropriates just over \$500 million from all funds over a three year period. This is the first step to fiscal responsibility and eliminating the spending gap projected to be around \$700 million. These reductions are necessary to align on-going spending with on-going revenue
- **Establish Priorities:** The bill provides two supplemental appropriations - funded from reductions in the current year rather than spending down the ending balance. The bill puts in place a \$25 million appropriation for 18 months to eliminate the Mental Health wait lists in Iowa - and at the same time puts in motion the process that will be started immediately in the House to re-design the mental health delivery system in Iowa. The second supplemental will fund the underfunded expense for indigent defense. Both areas are priority needs to deliver necessary services to Iowans within the resources we have available. These supplemental appropriations are needed because of the failure to fully fund indigent defense and deal with the issues involving the mental health programs.

110,000 Iowans are out of work. Spending taxpayer money, picking winners and losers and starting more government programs obviously is not working. Employers, big and small, need certainty and they need to keep more of their own money. Simpler regulations and lower taxes, not taxpayer bailouts, get government out of the way and allow employers to start hiring again.

Pre-School:

The debate and questions about the current pre-school program are not about the value of pre-school. The problem is that current pre-school program is simply too expensive. The state does not have the money to maintain the current system.

Save Our Small Business Program:

The Save Our Small Business program was an attempt at the very end of the 2010 session to do something for small businesses. In fact, out of the \$5 million appropriated for this program, less than a half million had been spent. If program were worthwhile, the entire \$5 million would have been committed. We are deappropriating the remaining \$4.5 million not committed.

Smoking Cessation:

No one wants children to start smoking. Spending taxpayer money on t-shirts, banners and other non-essential items isn't feasible anymore when there is a huge spending gap.

The Power Fund:

The Power Fund is a stimulus program the state can't afford mainly due to the spending gap created by the use of over \$700 million in one-time dollars in state's budget. With that kind of hole, many programs will have to be changed or eliminated. When the Governor talks about creating 8,000 green-collar jobs he's referring to projections from the Power Fund regarding "potential" jobs between 2014 and 2033.

Model Core Curriculum:

Before any additional funding is spent on the *implementation* of model core (it is not being eliminated), the legislature must be sure it is the best way to improve student performance. Governor Branstad must also be given the opportunity to review model core and give the legislature his views. Administrators and teachers across the state have concerns that model core is inefficient and confusing. It is not scheduled to go into effect until 2012, therefore now is a good time to stop and review the effort.

Why is the Taxpayers First Act Necessary?

Gov. Culver signed the 4 largest budgets in state history, forced a \$500 million property tax increase, borrowed over \$800 million that will cost double that to pay back and left a \$700 million spending gap for the new governor and legislature.

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Branstad's First Executive Order Focuses on labor

Governor Branstad had not even been in office for one full day when he issued his first executive order of his new term. The executive order, which is Branstad's 69th over the course of his time as governor, reverses a Culver directive that "request[ed] all state departments and agencies to consider using Project Labor Agreements on large-scale construction projects ..." In doing so, Governor Branstad has promised not to use Project Labor Agreements (PLAs) on future state construction projects.

A PLA is a contract among a project manager, the contractors on a project, and the unions representing the various crafts. In theory, it is supposed to provide a blueprint for standardization and agreement throughout the entire course of the construction. PLAs supplant collective bargaining agreements that may be in existence and are meant to provide efficiency and a means of quickly solving problems. However, this is not always the case. PLAs add cost to the taxpayer and also mandate how each contractor will run his/her own business.

What do you think? Email me your thoughts. My e-mail address is : cecil.dolecheck@legis.state.ia.us

House Visitors include : Gary Boswell of Corning.

Information about my legislative forum schedule, past newsletters and biography can be found at www.iowahouserepublicans.com/members/cecil-dolecheck

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