

## **Eliminating Federal Deductibility – A Live Round**

To kick off the 2010 legislative session, House Democrats sent a message to Iowa taxpayers: the effort to eliminate your ability to deduct your federal taxes paid from your state income tax liability is on the table. In other words, a massive income tax increase is looming.

On January 27, the House Ways and Means Committee met for the first time of the 2010 legislative session. The meeting was short and to the point. Several bills were assigned to subcommittee, including House File 807 the highly controversial bill to eliminate federal deductibility, and then the meeting adjourned.

As you know, federal deductibility gives taxpayers the ability to fully deduct 100% of all federal tax payments on their state income tax returns. This is extremely important for low and middle class income earners. For many of them, this is the only and largest deduction available to them. For example, low and middle income taxpayers who do not own a home or have children cannot utilize income tax deductions and credits available to others; such as mortgage interest, property taxes and child and dependent care tax credits. Moreover, it is an issue of fairness. It is not fair to taxpayers to be required to pay state taxes on income never realized. Eliminating federal deductibility is a tax on a tax plain and simple.

If enacted, House File 807 will create winners and losers in every tax bracket. Taxes will increase for some taxpayers at all income levels. The cumulative tax increase on Iowa taxpayers over the next five years, if approved, is over \$400 million.

It is no surprise that Iowans are outraged over the proposal. Last year, hundreds of concerned citizens filled the House chamber to convey their displeasure with the tax increase. In addition, the National Taxpayers Union released a poll on January 12, 2010 that states 77% of Iowans support keeping federal deductibility. Your cards and letters specifically underscore that sentiment.

I will stand by Iowa taxpayers and continue to fight against this fundamentally flawed proposal that seeks to increase taxes on hardworking Iowa families. While it is never wise to allow the government to increase the amount of hard earned dollars it takes from your back pocket, it is especially destructive to do so during tough economic times. Iowans know better than government on how to spend and invest their money, and I am committed to allowing you to do so.

## **Regents Propose 6 Percent Tuition Increase**

This week the Iowa Board of Regents plans to raise next year's tuition by six percent. This amounts to a \$346 tuition increase for every in-state undergraduate student. In-state students will pay \$5,782 at the University of Iowa and \$5,756 at ISU and UNI. Out-of-state undergraduates will see an increase of 3-6% tuition increases.

The Regents acknowledge that the Higher Education Price Index will only increase 2.7 percent but claim that the \$162 million in reduction in state aid this year justifies the six percent increase.

These tuition increases will net the Regents \$33.6 million in new revenue next year. This sounds like "taxation without representation" from the legislature or the people.

Student fees are another matter. At the University of Iowa student fees will jump from \$219 from \$1,042 to \$1,289 in order to fund the new Campus Recreation and Wellness Center. Student fees at the other two universities will remain stable with ISU student fees at \$894 and fees at UNI at \$906.

**Upcoming legislative forums with Senator Randy Feenstra and Rep. Dwayne Alons:**

Saturday, February 13, Pizza Ranch, Sioux Center, 12:00 noon

Saturday, February 20, Sheldon Tea Party, Iowa State Bank, 9:00 am

Saturday, February 20, Hull Pizza Ranch, 12:00 noon

Saturday, February 20, Boyden Public Library, 2:00 pm

Saturday, February 27, "Eggs and Issues," Forster Community Bldg, Rock Rapids, 8:00 am

Saturday, February 27, George Pizza Ranch, 10:30 am