

Iowa House of Representatives

State Representative Cecil Dolecheck

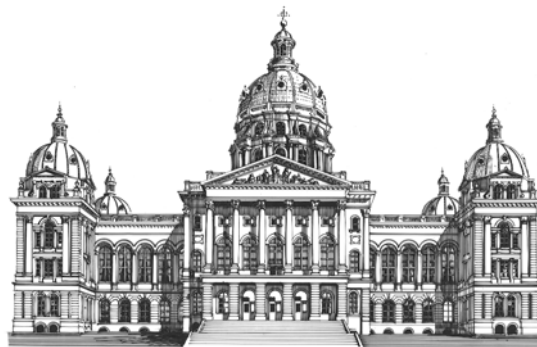
Dolecheck's Details

Address: State Capitol, Des Moines, IA 50319

Phone: 515-281-3221 Seat 65

E-Mail: cecil.dolecheck@legis.state.ia.us

**For the week of March 15th-March 19th,
2010**



Tax Credit Bill Moves Forward

On March 15, 2010, the House Ways and Means Committee approved House Study Bill 738 (now House File 2527) on a party line vote. The bill now awaits further consideration by the full House.

The bill is the result of Governor Culver's Tax Credit Review Panel's recommendations issued in January, which makes a number of changes to Iowa's tax credit programs. Specifically, the bill creates a tax credit review committee, established by the legislative council that is tasked with reviewing a handful of Iowa's tax credit programs and their effectiveness.

Furthermore, the bill repeals the Venture Capital Fund investment tax credit, the Value Added Agricultural Products investment tax credit and the Economic Development Revolving Loan. The bill also cuts funding for a handful of tax credit programs, the majority of which by approximately 10%. These include: the Accelerated Career Education Job tax credit, the Beginning Farmer Asset Transfer tax credit, the Endow Iowa Charitable Contribution tax credit, the School Tuition Organization tax credit and the Historical Building and Entertainment District revitalization tax credit.

In addition, the bill suspends the Film Tax Credit Program until July 1, 2012, and cuts the Iowa Fund of Funds venture capital investment contingent tax credit program by \$40 million. HF 2527 also reduces the supplemental Research Activities Credit from 6.5% to 3% for companies that make more than \$20 million per year. It also modifies the supplemental Research Activities Credit for businesses that make less than \$20 million per year by adjusting the credit from 6.5% to 10%.

I support any effort to review state tax credits to ensure they are doing what they were intended to do. Iowans are dealing with job losses, employers are struggling to stay open and the last things they need are higher tax bills. I believe that any legislation crafted to address tax credits should not result in a tax increase. Any "savings" through the repeal or capping of tax credit programs should go back into the pocket of the taxpayer, not into the pocket of the state government to satisfy the majority party's spending appetite. This bill is a tax increase. When the state's tax liability goes down – as it does under this bill – someone's tax liability goes up. The tax credit bill raises taxes by \$115 million. Instead of using that \$115 to bail the legislature out of a budget hole it should be returned to the taxpayers through broad based tax relief.

Education Funding Bill

The House Appropriations Committee gets its first look at SF 2376, the education funding bill. Yesterday the Senate added an open meetings and open records requirement for the embroiled Iowa Association of School Boards and language granting special PPEL privileges for five Iowa school districts.

The bill exempts Teacher Quality Salary, Educational Excellence, Class Size and Professional Development from any future across the board (ATB) cut. The community college salary appropriation is also exempt from an ATB.

Yielding to the outcry of an inevitable property tax increase, the Senate Democrats removed the retroactive applicability of the ATB provisions. They, however, voted down our amendment to strip all preferential treatment provisions from the bill. An amendment to re-open contract negotiations in the event of an ATB also failed on a party line vote.

The Senate's new PPEL provision applies to five Iowa school districts who want to use their local PPEL property tax dollars outside the school district. These five districts want to lease a facility for Hawkeye Community College to offer courses. This marks the first time in Iowa law that local property tax dollars can be shipped out of the district where the taxes were levied. The five school districts involved are Grundy Center, Dike-New Hartford, Gladbrook-Reinbeck, AGWSR, and Aplington-Parkersburg.

The IASB controversy touches the Education Appropriations bill in three ways. First, SF 2376 makes IASB subject to Iowa's open meetings and open records law. In addition, the bill requires school districts to report dues and fees paid to IASB. Finally, IASB must provide the legislature with copies of all its federal compliance reports.

This story broke last weekend with an article describing nepotism, fraud, misuse of taxpayer dollars, financial crisis, and conflicts of interest. The currently suspended executive director, Maxine Kilcrease, is on leave from the board for increasing her salary to well over \$300,000 without approval and for keeping board members in the dark on the association's financials. While she has been a large part of the focus, for good reason, the story goes much deeper and starts long before Kilcrease was hired in July 2009.

The House is expected to debate HF 2376 this afternoon in the House Appropriations Committee and as early as Monday of next week on the House floor.

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

House Visitors include : Phil Kinser, Carrol Baker, John Allen, and Duane Schafer of Southwest Iowa REC, and David & Mary Robinette of Montgomery County

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

The number for the House switchboard is (515) 281-3221, Seat 65