



NEWS RELEASE

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EDITOR'S NOTE: The Iowa Fiscal Partnership released the following statement today:

IFP on Budget Cuts: Revenues Must Be Part of Solution

The problems with this budget came long before legislators arrived at the Capitol last January.

The Governor's decision today must be viewed as a stopgap measure. An across-the-board cut still allows the Legislature to come back and make more targeted decisions in January, and restore funding to essential services that cannot sustain the kinds of cuts we're talking about today.

In short, we simply must be willing to address revenues. It is disingenuous to view our budget imbalance as happening on one side of the ledger. All parts of the budget — spending, reserves built up for possible downturns, and taxes forgiven — must be part of the solution.

Our response will affect not only the state budget, but the state's economy as well. If we deal with this only by cutting spending, we will make it all the more difficult for the economy to recover, and for Iowans to return to work.

At the Iowa Fiscal Partnership, we have consistently shown Iowans that we must look not only at spending and how taxes are collected — but also at the taxes we don't collect at all. It's all part of Iowa's bottom line.

■ Tax credits to business have grown from \$180 million to \$421 million in just three years. That includes millions of dollars in secret checks written to corporations to do research they might have done anyway.

■ We continue to leave more — as much as \$80 million — uncollected from multistate corporations because we won't adopt better accounting rules to plug tax loopholes and assure Iowa profits are reported. Not only is that lost revenue, but it's unfair to Iowa businesses competing with those corporations.

Those are the kinds of spending we do that don't show up in the budget — and are going to be unaffected by the Governor's cuts announced today, cuts that could result in layoffs in education, corrections and other important services.

Iowa's revenue troubles are magnified by the serious recession. But make no mistake, they did not have to be as bad as they are today. Forward-thinking choices now can help us avoid more days like today down the road.

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The Iowa Fiscal Partnership is a joint budget and tax policy initiative of two nonpartisan, Iowa-based 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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