



Iowa Fiscal Partnership

NEWS RELEASE

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EDITOR'S NOTE: The Iowa Fiscal Partnership today released the following statement regarding the report of the Governor's Tax Credit Review Committee:

IFP: Tax Credit Review Panel 'Did Its Job'

"The Governor's Tax Credit Review Committee did its job. The committee took an important step to make Iowa business subsidies more accountable and transparent.

"Most notable is the committee's rejection of the "refundability" of the research activities credit, or RAC, for large companies. As the Iowa Fiscal Partnership has often pointed out, this has cost Iowa's treasury many millions. RAC refunds are estimated to have cost the state treasury almost \$42 million last budget year, most of that (\$36 million) to only 10 companies. This proposal would end the practice of the state cutting secret checks to companies, not as "refunds" of taxes paid, but simply unbudgeted payments shielded from public view.

"We also note other important reforms proposed by the panel: a five-year sunset on all tax credits, and including all business-related tax credits under the \$185 million cap passed last year. Both moves would contribute to a much more accountable budget process.

"We need more information about the proposed "five-year carryforward" that large companies would be allowed for the RAC. Any change should not undo the good start on RAC transparency reforms adopted in 2009.

"The Iowa Fiscal Partnership and the state Department of Revenue have illustrated for some time that Iowa has a growing problem in the area of spending through the tax code. This has shortchanged critical services at a time they are most needed. Iowa taxpayers deserve to know they are getting the best bang for the buck, and the lack of attention to this kind of spending has prevented this.

"Today's recommendations from the review panel can help put Iowa on the right track."

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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. 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.

The Iowa Policy Project

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