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COMMITTEES

Commerce, Ranking Member
Labor and Business Relations
State Government

Transportation, Infrastructure, and Capitals
Appropriations Subcommittee

The Senate
State of Iowa
Eighty-fourth General Assembly
STATEHOUSE
Des Moines, IA 50319

The Anderson Report

Last week we began the discussion on the Taxpayer Trust Fund and how those dollars would be returned to Iowa taxpayers. Those of us in government must remember it isn't our money; it belongs to Iowans and their families.

Senate Republicans proposed legislation that would remove the current cap to the Taxpayer Trust Fund and transfer the ending balance into the fund. This will protect more of the taxpayers' money from being used for increased spending. To reach this goal, the bill creates an income tax credit to return the funds to Iowa families. For example, if the fund contains \$800 million, it is estimated that the credit would be approximately \$375 per taxpayer or \$750 per family. Taxpayers can expect to see the credit on their 2013 tax return.

Property taxes are a hot topic again this year. Current property tax rates are 57.5% on agriculture, 50.8% on residential and 100% on commercial. It is important to note that the state does not collect or spend property tax. The cities, counties and school districts are the primary entities that collect and use property tax funds. Community Colleges also use property taxes as a funding source.

Our goal as Senate Republicans is to level the playing field for all businesses, allowing Iowa to retain and attract new businesses. The governor's proposal would rollback commercial property taxes by 5% a year for 4 years reducing the evaluation by 20% taking the rate from 100% to 80%. The state will backfill this 20% to local entities (approximately \$400 million). Then we will cap residential and agriculture growth at 2% rather than 4%. The legislation will also tie agriculture, residential, and commercial together so no class will grow faster in taxable value than the slowest growing class. This is merely a starting point, and I expect there will be changes as the proposal is negotiated.

Thank you for the honor of representing you in the Iowa Senate. Please feel free to contact me with your questions, comments and ideas. I can be reached by phone at 712-898-2505 or email at bill.anderson@legis.iowa.gov. Have a great week.