

The Senate Side

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by State Senator John Putney

This week a subcommittee in the House of Representatives passed a bill that would replace the current local option sales tax for school infrastructure (SILO).

Currently, all 99 counties in Iowa have adopted SILO and are collecting the additional one cent tax to pay for school infrastructure updates. This local option, which is approved locally every ten years, is currently scheduled to sunset in 2022. The House plan would replace the current SILO plan with a statewide penny from sales and use tax and deposit Iowans money into an account in Des Moines. The state would also collect an additional one cent from all motor vehicle sales to be put into the state's road use tax fund.

This would result in a \$450 million permanent tax increase on the taxpayers of Iowa with over \$100 million of new taxes on individuals and businesses. And there is no way to protect this windfall from the spending tendencies of legislators and lobbyists because of a simple word that is inserted in many tax and spend bills. That word - "***notwithstanding***" which means "***even though the law says that we are not going to do it, we are going to do it anyway***".

History tells us that when the taxpayers send their money to Des Moines, politicians and lobbyists will stop at nothing to spend that money on anything else but its intended purpose. This process of diverting funds to pay for other priorities has happened to the lottery fund, tobacco fund and the senior living trust fund.

Remember, the purpose of the SILO tax was to address school infrastructure needs throughout our state. But, now the Iowa State Education Association (ISEA) in a Des Moines Register article stated they would like part of the additional SILO money for additional educational programs not just infrastructure. Quoting Brad Hudson, an ISEA lobbyist, "We would probably have difficulty supporting statewide tax if it can't address these other issues".

Finally, Iowans were hit with an additional \$170 million of additional taxes last year alone - do we really need to raise taxes again? The national economy has begun a slide towards recession and there are now new indicators that Iowa is moving in that direction. According to the latest figures sales tax receipts for the month of January compared to January of 2007 fell by 7%. This is troubling to many of us as a decline in sales tax receipts is historically the first indicator of a slowdown in the economy.

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