

Iowa House of Representatives

State Representative

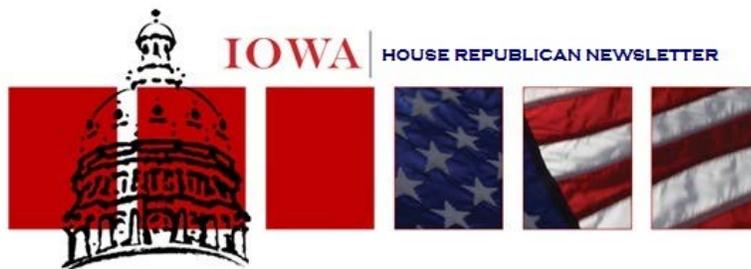
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Are Higher Taxes the Answer to State Revenue Problems? Not So Far For Three States

Some advocates are trying to use sluggish revenue growth in Iowa as the launching pad to increasing taxes for various priorities. But a survey of three states that raised taxes last year shows that this approach is not an effective prescription for higher revenue.

South Dakota is one of the states that do not impose an income tax on their citizens. Instead, state revenue is primarily generated through sales tax. This was set at 4 percent until the 2017 legislative session, when the state raised the tax to 4.5 percent. Advocates and some legislators expected money to come rolling into to the state's coffers. But that hasn't happened.

In December, Governor Dennis Daugaard announced that tax collections were actually coming in \$33.7 million below what been projected when the state budget had been developed. As a result, Daugaard announced that salary increases for state employees would not be implemented.

Connecticut was the last state to adopt a budget for the fiscal year, not completing their work until the end of October. After several rounds of significant tax hikes in previous years, the Nutmeg State saw a steadily declining tax base as individuals and businesses chose to leave the state. Instead of raising income taxes again, Connecticut legislators chose a different approach by raising the state's cigarette tax by 45 cents, imposing a \$10 per vehicle surcharge on car registration, and instituting a 25 cent tax on Uber rides. Legislators believed that these revenue changes, along with a number of spending cuts (like a \$130 million funding reduction for the University of Connecticut) would enable the state to have a balanced budget in Fiscal Year 2018.

Less than a month after adoption of the budget, state officials were already sounding the alarm bells about facing

another deficit. As the state's 2018 legislative session began, members already knew that they were facing a \$224 million deficit for FY 2018.

A habitual violator of good budgeting practices has been the state of Illinois. With billions of dollars of unpaid bills and going two years without a state budget, legislators put together a FY 2018 budget plan that included a 32 percent increase in personal income tax rates. This plan was only implemented after the Legislature overrode Governor Bruce Rauner's veto. Legislators believed that they had created a spending framework that would enable the state to borrow up to \$6 billion to significantly reduce the multi-year backlog of unpaid bills while also balancing the budget. That hasn't been the case.

Problems in the plan quickly emerged as state assets were sold at prices lower than what had been projected. Additionally, legislators had assumed that the creation of a third option for state employee pensions would generate significant savings for Illinois this fiscal year. But pension officials have now said that such a plan could not be implemented until next fiscal year, at the earliest. Now Governor Rauner is informing residents of the Land of Lincoln that their state is facing a budget deficit of at least \$1.5 billion for this year, even after the dramatic rise in personal income tax rates.

Social Studies Requirements in Our Schools

Social studies as a topic in our schools has become a topic at the state level recently. With new academic standards being adopted by the Iowa State Board of Education recently and bills adding new requirements for teaching history and government, it's worth reviewing the current status of our laws.

The basis of what our students need for graduation is found in Iowa statute under 257.7. Subsection 26 lays out the state's graduation requirements, having students complete four years of English, three years of math, three years of science, and three years of social studies.

Grades first through sixth require that social studies as a subject be taught to all students. The same goes for grades seven and eight. In high school it gets more prescriptive in statute. Iowa Code 256.11 lays out the “offer and teach” requirements for districts, as in, what schools must offer, at a minimum, in terms of courses for students:

- 5 units of social studies instruction including:
 - Voting statutes and procedures, including voter registration requirements, the use of paper ballots and voting systems in the election process, and the method of acquiring and casting an absentee ballot.
 - United State government, including the voting procedure and study of the Constitution of the United States and the Bill of Rights

Requirements on students include:

- Completing instruction in American history (minimum of one unit) and the governments of Iowa and the United States (minimum one-half unit)
- Taking an assessment on the Constitution and the Bill of Rights as part of the Government class

Iowa Code 280.9A specifically mentions that as part of the government classes that voting equipment and sample ballots can be brought into the classroom, provided by the County Auditor, to aid in teaching the process.

Additionally, schools are required to make available the opportunity to register to vote for students who are eligible.

On the academic standards side of things, a recent report put out by the Iowa Department of Education (Social Studies: A Call to Action) led the state board to update the standards last year. What had been in place was put there in 2008 when Iowa’s academic standards were called the Iowa Core. The new standards were put under review in January 2016, public input was gathered on revised standards in January 2017, and the state board adopted the review team’s recommendations in May 2017.

As far as what’s expected of students in this topic area when attending one of the state’s universities, the answer can be found in the Iowa Board of Regents “Regents Admission Index” (RAI) which Iowa, Iowa State and UNI use to determine if a student has met minimum qualifications to attend.

Their recommendation for the “Optimum Recommendations for Success” includes a minimum of 3 years of social studies, stating that 4 is better. Variations

within the different colleges of the universities exist, but generally they require 3 years with at least one year each of US and World History.

Des Moines Register Editorial Concerning DNR Misses Other Funding Sources

On Wednesday, January 24, 2018, the Des Moines Register printed an editorial board opinion criticizing the Iowa legislature for ‘...Starving DNR’ in recent budget. That opinion piece highlighted that general fund appropriations to DNR had fallen from \$22 million in FY 2009 to \$11.37 million in the current fiscal year. Unfortunately, the opinion writers missed the fact that during this time frame significant funding from other sources, primarily the Environment First Fund (EFF) and creation of a new separate general fund line for a DNR function had occurred. Between the 2009 fiscal year appropriation, and the FY 2018 (current year) the EFF allocation to Department of Natural Resources (DNR) increased by \$3.5 million and an additional 960,000 from the EFF is appropriated to DNR for livestock regulation above the FY 2009 amount as well as \$200,000 to support DNR’s geological and water survey. Additionally, air regulatory fees were increased and broadened in the 2015 session, Senate File 488 to generate an estimated at that time of more than \$1 million in fees by FY 2018 and over this timeframe and the legislature created a new separate general fund line item of \$1.885 million to DNR for Floodplain Management and Dam Safety.

The editorial also criticizes the Legislature for not acting upon DNR user fee legislation to bolster state Fish and Game trust fund balances. The opinion piece somehow missed that the Iowa House had passed legislation that could help DNR increase and fish and game revenue (House File 631) by a 92-aye to 6-nay vote. Additionally, the House Natural Resources and Ways & Means Committee had reported out legislation to give DNR dynamic pricing of camping and rental fees with House File 612, but disinterest from the other chamber at the close of session resulted in the measure not being considered. The opinion also missed an important aspect that of the state 78 state parks, more than 20 of them are operated by local county conservation boards under 28E agreement as they have been for many years.