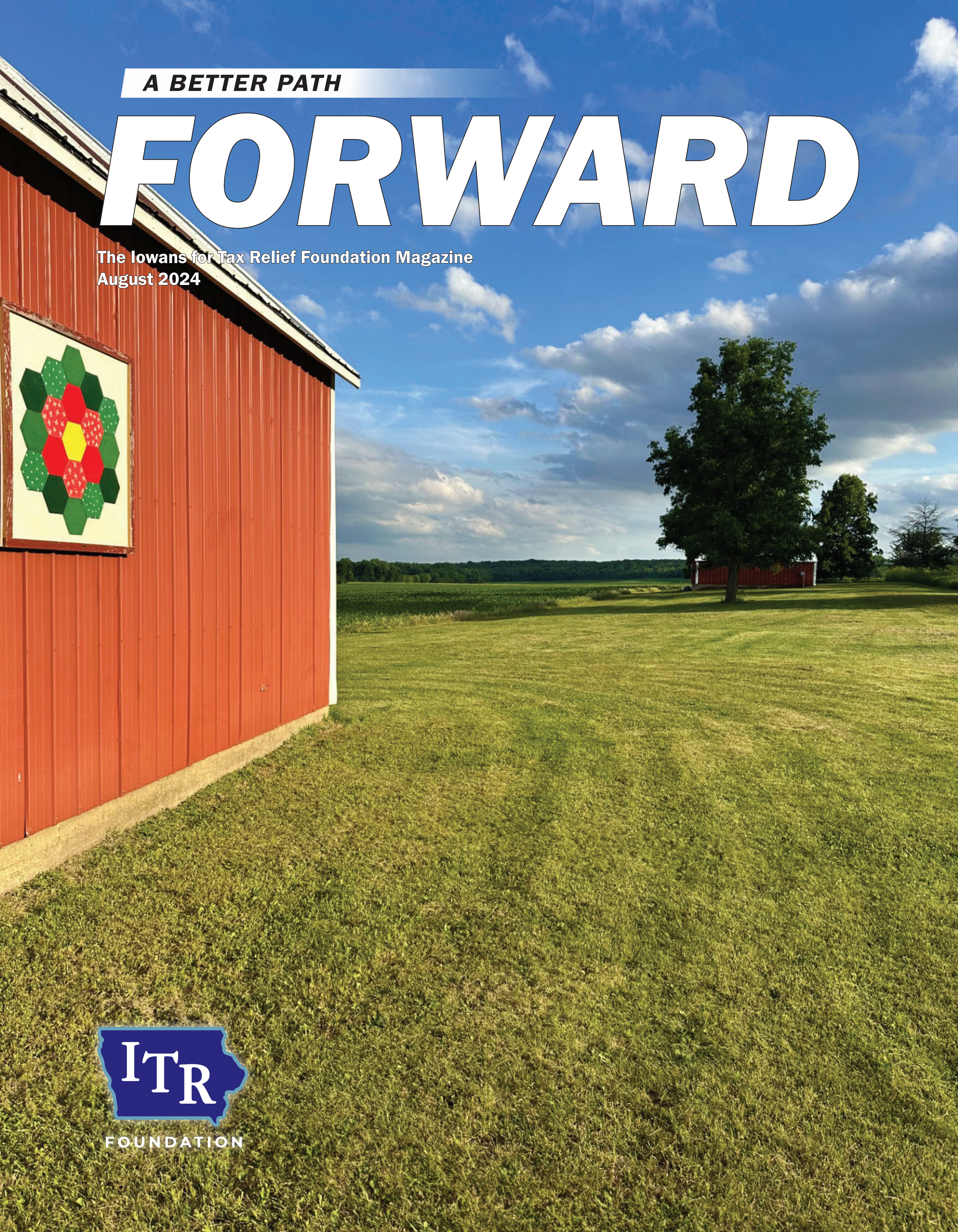
A BETTER PATH

FORWARD

The Iowans for Tax Relief Foundation Magazine
August 2024



ITR FOUNDATION

A Better Path Forward
The ITR Foundation Magazine
August 2024
Volume 2, Issue 2

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The Course Ahead

Iowans know how to make the most out of our summers. We squeeze all of the warm weather and sunlight we can out of each day. Experience tells us that what looked like an endless season of baseball and softball games, trips to the fair, and family vacations will come to an end all too quickly. Soon enough the back-to-school preparations will begin in full force.

Experience also tells us we are going to be on the hook for the spending desires of local governments. This edition of Forward identifies the problem with property taxes: they're set to increase by more than six percent across the state. Over the past 20 years property taxes have increased more than 110 percent, which outpaces both population growth and inflation. Iowans are being priced out of their homes and increasingly feel as if they are renting their property to the government.

Chris Ingstad
President

But there is an effective, voter-backed solution to property taxes: a cap that would limit those increases to only two percent.

In addition to property taxes, we bring you articles on taxpayer victories like more income tax cuts at the state level and the Supreme Court stripping power from bureaucrats. You can also read about government programs gone awry, like the Iowa tax credits John Deere is taking to Mexico and the shortcomings of the city of Des Moines's economic development efforts.

Our work can't happen without your support and for that, we thank you. We'll look forward to checking in with you again this fall. Enjoy the rest of your summer.

Property Taxes are a Big-Ticket Item in Everyone's Budget

By Sarah Curry, DBA

A strong, 2 percent cap on the growth of a local government's property tax collections from year to year should be instituted by the state legislature.

Gas is expensive, the cost of groceries continues to rise, and insurance companies say they need to charge more because of the weather. Plus, because we live in Iowa, there's another big-ticket item we all have to shell out our hard-earned dollars for: property taxes. Iowans are running out of room in our budgets when the spending spigots of local governments are left wide open. Fighting inflation at every step, too many of us have officials in our communities who keep demanding that families and businesses hand over increasingly more of their money in property taxes. These local government officials forget that taxpayers are also impacted by inflation and that the property tax dollars they are collecting come from Iowans.

This isn't sustainable, but there is a way forward. It comes down to one simple step, a few schemes to avoid, and one pitfall to watch for. The simple step to solving the property tax problem is going directly to the source of the problem, local government spending, and limiting the amount your city and county can spend.

One Simple Step: Hard Cap on Property Tax Growth

A strong, 2 percent cap on the growth of a local government's property tax collections from year to year should be instituted by the state legislature. Instead of monkeying with a solution that would get in the way of the market's ability to drive property valuations, or an effort that aims to provide relief for one class of taxpayer at the cost of another, local governments in Iowa need to be put on a strict diet. New York and Texas, two states that couldn't be farther apart on the political spectrum, both have a hard cap on the growth of local property taxes.

One Scheme to Avoid: Sending State Dollars to Local Governments

In 2023, the legislature passed a comprehensive property tax reform law, which made some positive reforms. As the legislature considers further property tax reform local governments and special interests will likely do all they can to prevent a spending cap. Policymakers may also be tempted with the siren song of using the state General Fund to buy down property taxes or shift local government responsibilities back to the state.

Local governments cannot be allowed to look to Iowa's legislators to subsidize their spending ambitions. State legislators have recognized the value in keeping the growth of Iowa's spending reined in, and in turn they have been able to deliver four rounds of income tax cuts since 2018. To keep that progress going, the state will not be able take on the obligation of sending dollars back to local governments.

Tying state revenue to local property taxes is an experiment that has failed repeatedly. Iowa's income taxes and sales taxes were instituted in 1934 in order to deliver property tax relief. 90 years later, Iowa's property tax system is still ranked as one of the ten worst in the country.

A more recent example comes from 2022. After legislators shifted the responsibility of mental health services from counties to the state, nearly half of Iowa's counties failed to pass on the savings to the taxpayer. It is clear that well-intentioned state support doesn't create sustained tax relief. In addition, tax shifts or the state buying down property taxes without property spending limits will only result in temporary tax relief as local governments will continue to spend.

One Pitfall to Watch For: Relying on Fee Income

In theory, government fees must be used to directly pay for the service for which the fee is being levied. In reality, local governments can get creative in their definitions and fees can start looking an awful lot like new taxes. Local governments can charge fees to recover the cost of a service. Nevertheless, local governments cannot charge excessive fees for the purpose of both covering the cost of a service and raising revenue. Trading lower taxes for higher fees has the same result: more dollars for government and fewer dollars for the taxpayer.

For too long, Iowans have voiced frustrations about their property tax bills that have fallen on deaf ears. Iowans complain about the cost of local government only to be handed a new bill even more expensive than the last. Now is the time to stop blaming assessors or shifting the burden to the state. Iowa needs to actually address the spending problem by instituting a 2 percent spending cap on local government budgets.

Property Tax Cap Would Save Taxpayers $250 Million

By Sarah Curry, DBA

In fiscal year 2025, local governments will grow property taxes by more than 6%.

The start of a new fiscal year on July 1 means the start of new property tax levies for cities, counties, and school districts across Iowa. ITR Foundation has compiled the year-over-year changes in both property taxes and population/enrollment for each of those taxing authorities in the state. In total, local governments will be increasing their property tax collections by more than six percent as cities (+6.6%), counties (+7.6%), and school districts (+5.4%) will combine to take in more than $6 billion in property taxes.

Since some local government officials make the claim that growth is driving up the amount of property taxes they collect, we have calculated property tax changes on a per person (and per student) basis. Those calculations show that in total, property taxes across Iowa have increased even faster on a per capita basis. It seems growth might not be the culprit to blame for more expensive tax bills after all.

Government budgets that grow faster than the taxpayers' ability to pay demand a policy response. ITR Foundation believes the Legislature should implement a strict two percent cap on the annual growth of local government property tax collections, and we've modeled the impact such a cap would have in the tables below. A two percent cap would have saved Iowans $250 million in this new budget year alone. In addition to its effectiveness, this solution was shown to be incredibly popular in our recent polling, with 70 percent of Iowans supporting it.

More information is available at ITRFoundation.org. Iowans can use searchable and sortable tables to learn about the changes in their own communities and see the impact of a two percent cap on the growth of property taxes.

City Population vs Property Tax Growth FY 2024 to FY 2025

City	Population Change	2025 Property Tax Revenue	Property Tax Growth (%)	Property Tax Change Per Capita (%)	Revenue with 2% Growth Cap	Savings with 2% Growth Cap
Total	0.3%	$1,743,752,295	6.6%	8.4%	$1,668,504,038	$75,248,257

County Population vs Property Tax Growth FY 2024 to FY 2025

County	Population Change	2025 Property Tax Revenue	Property Tax Growth (%)	Property Tax Change Per Capita (%)	Revenue with 2% Growth Cap	Savings with 2% Growth Cap
Total	0.2%	$1,555,203,663	7.6%	7.5%	$1,474,584,996	$80,618,667

School District Enrollment vs Property Tax Growth FY 2024 to FY 2025

District	Enrollment Change	2025 Property Tax Revenue	Property Tax Growth (%)	Property Tax Change Per Student (%)	Revenue with 2% Growth Cap	Savings with 2% Growth Cap
Total	-0.4%	$2,930,609,030	5.4%	7.3%	$2,836,850,498	$93,758,532

*Calculations by ITR Foundation
Source: U.S. Census Bureau and Iowa Department of Management

The Hendrickson Report: John Deere Runs to Mexico

By John Hendrickson

Midwest icon John Deere is the latest company to demonstrate the downside of "free trade" and tax credits.

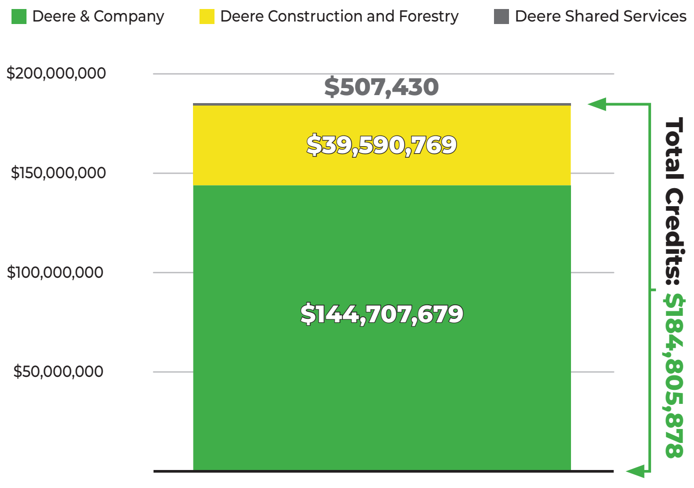
John Deere, established in 1837, is an iconic brand and a symbol of the American heartland. This is especially true in Iowa. John Deere machinery can be seen in fields, yards, and construction sites across the state, and their famous leaping deer logo is in itself a ubiquitous fashion choice. Quite simply, Deere often is seen as a representation of rural America.

But John Deere is also a major corporation and in anticipation of a potential decline in the agricultural economy, the company has recently announced layoffs. The impact of these layoffs will be felt by many Iowa families who depended on those jobs for their livelihood. Layoffs in the face of industrial headwinds are unfortunate, but understandable.

However, Iowans may find those layoffs particularly troublesome given the news that Deere is planning to build a manufacturing facility in Mexico and will be shipping Iowa-based jobs south of the border. On top of that, John Deere, is a major beneficiary of Iowa's Research and Activities tax credit. In fact, in 2023 Deere was the state's largest recipient of the tax credit, with Iowa taxpayers awarding Deere and Company over $15 million and Deere Construction and Forestry over $4 million. Reviewing data for more than a decade shows that Deere has consistently received generous taxpayer subsidies in Iowa.

Total Tax Credits by John Deere per Division FY 2010 - FY 2023

Iowa Research and Activites Tax Credits



*Credit minimum of $500,000 per year
Source: Iowa Department of Revenue: Research and Activities Report

The outsourcing of Iowa jobs rubs salt in the wound, especially for those workers who have been laid off and for Iowa taxpayers who help subsidize John Deere's billions in profits. Even as they prepare for a potential slowdown in the agricultural economy, the corporation is doing well; Deere earned over $10 billion in profits last year.

The outsourcing of jobs by John Deere and other corporations is nothing new and it has become all too common. Deere's justification for the new plant centers on not only rising manufacturing costs, but also a changing business model, and "operational efficiencies." Labor is another issue that factors into the decision.

Lower wage costs are attractive for corporations and a prime reason many companies have decided to setup their manufacturing base outside the United States. Wages in the United States, whether for workers or managers, are much higher than in Mexico.

"Despite new rules in the USMCA (United States Mexico Canada Agreement) that are trying to 'level the playing field' between workers in Mexico and the U.S., pay rates in Mexico, cost of living, and a dollar valued at 18 to 1 all make Mexico attractive," stated Kenneth Rapoza, who serves as an industry analyst with the Coalition for a Prosperous America.

Further, Rapoza argues that "with geopolitical headwinds increasing in China, Mexico is set to gain and American companies like John Deere can easily move there and have duty-free access to the U.S. Deere factories in northern Mexico are not any further from many U.S. customers as a Deere factory in Iowa. In effect, with the USMCA, Mexico is the 51st state."

Iowans have every right to be angry at the news of John Deere layoffs, especially when their tax dollars help subsidize a corporation that then outsources their production capabilities. Keeping jobs in Iowa will require policies that encourage businesses to remain here. This means lowering tax rates for all instead of tax credit handouts, restructuring trade agreements, and reducing the regulatory burden.

Supreme Court Returns Checks and Balances to Governing

By Kyle Wingfield

If Chevron itself sounds arcane, know that it has unleashed unelected bureaucrats to wield legislative powers never intended for them.

When the courts must settle a conflict between regulators (government agencies) and the regulated (citizens and businesses), common sense tells us there should be an equal playing field. Unfortunately, that hasn't been the case in this country for decades. Instead, our justice system has deferred to the regulatory agencies themselves when disputes arise, resulting in a very tilted scale of justice.

Fortunately for those of us who believe in limiting the powers of government, the U.S. Supreme Court recently stepped in to restore checks and balances. As he often does, our friend Kyle Wingfield of the Georgia Public Policy Foundation has done an excellent job of explaining why the concept of agency deference is such an important one. We'll let Kyle take it from here:

It's fitting that the U.S. Supreme Court released a highly anticipated opinion on the separation of powers just before this Independence Day.

On its face, Loper Bright Enterprises v. Raimondo concerns an esoteric dispute about whether a federal agency may levy a particular fee on fishing vessels. But the case was also an opportune time for the high court to take the final step toward overturning a precedent known as the "Chevron doctrine." Since 1984, courts have deferred to executive agencies' interpretations of the law when a statute was "silent or ambiguous with respect to the specific issue" so long as that interpretation was "permissible."

If Chevron itself sounds arcane, know that it has unleashed unelected bureaucrats to wield legislative powers never intended for them. Chevron's price can be counted not only in the billions of dollars of excessive regulations and fees heaped upon industry, but in the gradual erosion of the Constitution's separation of powers.

Yet, as Chief Justice John Roberts wrote for a six-member majority, "the Constitution assigns to the Federal Judiciary the responsibility and power to adjudicate 'Cases' and 'Controversies' – concrete disputes with consequences for the parties involved. … When the meaning of a statute was at issue, the judicial role was to 'interpret the act of Congress, in order to ascertain the rights of the parties.'"

For four decades, the judiciary has ceded that important power to executive agencies. Reasserting the court's preeminence in interpreting the law is a key step toward more constitutional balance with the executive branch, which is merely meant to carry out laws.

The Founders imagined those holding power would want to exercise it. They built checks and balances to ensure power was exercised appropriately and accountably. Instead, many of their political descendants find it more expedient to pass the buck and focus on petty squabbles that bring media exposure and campaign dollars.

Another key step rests with Congress, where legislative power belongs. Unfortunately, it has ceded power as well. Sometimes it passes laws that simply direct agency heads to make policy; the Affordable Care Act famously included more than a thousand such directives. Other times, Congress chooses not to act at all, knowing agencies will step in and do … something.

The Founders imagined those holding power would want to exercise it. They built checks and balances to ensure power was exercised appropriately and accountably. Instead, many of their political descendants find it more expedient to pass the buck and focus on petty squabbles that bring media exposure and campaign dollars.

The machine is out of order. Returning it to its original design is vital. This Fourth of July, we can thank a majority of Supreme Court justices for doing their part to fix it.

Excerpts from Mr. Wingfield's article are republished with the author's permission.

Iowa Completes a Pro-taxpayer Legislative Session: Over $1 Billion in Relief

By Chris Hagenow and Grover Norquist

Pro-growth tax reforms combined with conservative budgeting are strengthening Iowa's economy and creating a strong fiscal foundation.

Iowa is quickly becoming one of the most taxpayer-friendly states in the country.

On the heels of delivering a historic income tax cut just two years ago, Republicans used the 2024 Iowa legislative session to give more than $1 billion in additional tax cuts while also advancing two resolutions that will protect taxpayers from future tax increases. These accomplishments are a huge win for all Iowans.

It was not that long ago that Iowa was home to some of the nation's highest income tax rates. Prior to those rates being lowered, Iowa's top individual income tax rate — the part of the income tax that is used to make decisions about investment — was 8.98%. Just California, New York, New Jersey, Oregon, Minnesota, and Hawaii had higher top rates. Adding insult to injury, Iowa's corporate tax rate was a whopping 12%, the highest in the country.

Fortunately, Iowa's leaders have long prioritized tax cuts and have spent their time in office working to make their dream of low tax burdens a reality. Thanks to their hard work and conservative budgets, in 2022, Iowa was able to lead the nation by passing an extensive tax reform measure that put it on the path to having a flat income tax of 3.9%. So far, this pro-growth reform has already reduced the top income tax rate to 5.7%, a 42.37% decrease. In addition, the 2022 tax cut package also put Iowa's corporate tax on the path to a much more competitive 5.5%.

Growth driven by those lower tax rates and continued spending restraint has resulted in Iowa's budget remaining in surplus (meaning too much money is collected from taxpayers). In fiscal year 2023, Iowa ran a $1.8 billion surplus, and the Taxpayer Relief Fund had a $3.7 billion balance. In addition, Iowa's reserve accounts are filled to the maximum. Even with phased-in tax rate reductions, Iowa's revenue remains strong, and surpluses are projected into the future.

So, just two years after delivering the largest tax cut in state history, Gov. Kim Reynolds and the Legislature — on a bipartisan basis — used the 2024 legislative session to deliver additional income tax relief. Specifically, they approved legislation that accelerates the 2022 tax package and builds upon it, giving Iowa a flat income tax rate of 3.8% in 2025.

Making this great news even better, they are also working to make it harder for future politicians to increase taxes. The House and Senate advanced two taxpayer safeguards that, when ratified by voters, will be significant constitutional protections for taxpayers.

The first proposed constitutional amendment would require a two-thirds majority vote of the Legislature to approve an increase in the income tax. Seventeen states, including some progressive states such as California, have some kind of supermajority requirement for tax increases.

The second proposed constitutional amendment would protect the flat tax or guarantee that Iowa would only have one income tax rate. Not only is a single, low, flat-income-tax rate fair for all taxpayers, it also eliminates the politician's ability to divide taxpayers into groups and mug them one at a time. The Legislature will need to pass both resolutions during the next General Assembly in order for them to appear on the ballot by November of 2026.

Both of these amendments would bring certainty to individual taxpayers, families, and businesses across Iowa, reassuring everyone that Iowa will remain a low-tax state and, therefore, a great place to live, raise a family, and create jobs.

The evidence is clear that states that either do not have an income tax or low-income tax rates are doing better economically. Iowa only has to look to Minnesota to see the consequence of a tax-and-spend agenda. Minnesota is losing population and is potentially headed for a fiscal crisis as a result of reckless spending.

Buttressing this point, Iowans have made clear they support tax relief. Close to 68% of Iowans support a two-thirds majority requirement to increase taxes, according to the Iowans for Tax Relief Foundation poll, and the Des Moines Register/Mediacom Iowa Poll found that 62% favor gradually eliminating the income tax. The past several elections demonstrate that Iowans support the tax relief efforts of Reynolds and the Legislature.

Thanks to Iowa's leaders, it is a national leader in state fiscal policy. Pro-growth tax reforms combined with conservative budgeting are strengthening Iowa's economy and creating a strong fiscal foundation. Iowa's goal should be to continue to work toward a lower flat tax and even consider ways to eliminate the income tax while granting constitutional protections for taxpayers.

Des Moines Teaches a Lesson in Economic Development Failure

By John C. Mozena

Elected officials and bureaucrats always have big "economic development" plans. However, these plans are ineffective and cost taxpayers dearly.

The changing fortunes of downtown Des Moines, the people who live and work there, and the companies that call it home should teach us all a lesson on the limitations of local governments' economic development efforts. In the real world, even millions of dollars in subsidies from taxpayers are virtually powerless to overcome the fundamental business factors that truly control companies' site selection decisions.

The lesson begins in 2017, when Des Moines agreed to more than $3 million in subsidies plus additional tax breaks over 15 years for a project anchored by a Hy-Vee location. City officials argued the subsidies were necessary to attract a grocery store to downtown Des Moines, and they drafted the contract with politically helpful requirements the store has repeatedly resisted in response to the realities of supply, demand, and shopper demographics downtown.

For instance, the contract required the store to be open for business between 6:00 a.m. and 11:00 p.m. Nonetheless, earlier this year, Hy-Vee changed its hours to 8:00 a.m. to 6:00 p.m., later extending that to 7:00 a.m. to 7:00 p.m. A spokesperson for the company suggested the change in hours has economic and safety reasons, as Hy-Vee has reportedly called police more than 200 times in six months for theft and loitering complaints. Now it appears the city and the grocer have reached a new agreement on operating hours.

In 2021, Hy-Vee announced a change (since aborted) to a "HealthMarket" format that would have replaced beer, wine, deli, and other offerings with vitamins, health food, organic produce, and more-health-conscious products. That earlier plan may have been intended to make the store less attractive to an undesirable element.

The Hy-Vee saga demonstrates one of the biggest flaws with the way government-run "economic development" programs function in Iowa and across the country: Elected officials and bureaucrats always have big plans, but the marketplace often has different ideas. These taxpayer-funded subsidies are meant to cover over the gap and create incentive for businesses to locate in one place instead of another.

Subsidies have become such a valuable political tool for politicians wanting to claim they "created jobs" for their constituents that not getting money from taxpayers is now far more unusual for a project of any meaningful size than receiving it.

The problem is that subsidies have become so common — and are so valuable as a political tool for politicians wanting to claim they "created jobs" for their constituents — that not getting money from taxpayers is now far more unusual for a project of any meaningful size than receiving it. As expensive as they are, however, the real-world evidence is that these subsidies aren't big enough to change companies' decisions about where to go, what to build, and how many people to employ.

Researchers Alan Peters and Peter Fisher of the University of Iowa concluded, in a study published in the Journal of the American Planning Association, "there are very good reasons — theoretical, empirical, and practical — to believe that economic development incentives have little or no impact on firm location and investment decisions." Overall, they concluded, "the best case is that incentives work about 10% of the time and are simply a waste of money the other 90%."

In Des Moines and other Iowa cities and towns, as well as across the United States, the amount of money wasted on these deals is reaching crisis proportions and imposing very real and harmful costs to taxpayers. Consider Wells Fargo, which was approved in 2000 for $15 million in subsidies from Des Moines taxpayers through May 2024 and achieved another agreement in 2003 for $9.6 million through 2028.

Again, city officials insisted the subsidies were necessary to keep Wells Fargo from moving its employees elsewhere (or laying them off entirely). Nonetheless, the financial services company announced in January 2023 it would move most of its employees from downtown Des Moines to its campus in West Des Moines and proceeded to make multiple layoff announcements over the course of the year. In total, the company reportedly cut 300 workers from the Des Moines metro area over the past two years, adding up to 1,400 area job losses since 2018.

A city spokesperson described a "mutual termination" of the agreement with Wells Fargo, but that's public relations spin. Clearly, what happened was Wells Fargo's leadership made business decisions based on the company's current situation and future predictions, then went ahead and did what made the most business sense. The loss of future subsidies from Des Moines taxpayers was simply a cost to include in the equation.

In 2023, Wells Fargo reported $19.1 billion in net income. The $3.7 million of taxpayers' money the company reportedly left on the table with that "mutual termination" had a mere 0.019% impact on its bottom line that year.

Such figures obviously cannot play a huge role in a company's strategic site selection decisions. What they do, however, is raise inconvenient questions for elected and appointed officials: If the city's subsidies weren't enough to keep Wells Fargo in downtown Des Moines, then how much of a role did they truly play in the company's locating there in the first place? How much of a role did they really play in the site-selection decisions of Hy-Vee, Krause Group (Kum & Go and Maverik), EMC, Principal Financial Group, American Republic, or any of the other companies that have received subsidies from Des Moines' taxpayers?

Every year, Area Development Magazine surveys the people involved in such decisions — corporate site selectors — asking what factors are most important to them in the current environment. In this year's 38th annual iteration, "state and local incentives" ranked 11th, below business-critical factors such as labor costs and availability, Internet and road infrastructure, environmental and labor regulations, energy costs, quality of life, and the overall corporate tax climate.

These results match those of dozens of research studies of the real-world behavior of companies across the country. Fewer than one in every four state or local government subsidies does anything to change the site selection decision that a company would have made anyway.

The truth is that three out of four subsidy deals announced in government press or the news may be pure wasted taxpayer dollars.

Said more clearly, the truth is that three out of every four subsidy deals announced in government press releases and news stories may be pure wastes of taxpayer dollars.

If these deals are so bad, why do mayors, councils, supervisors, and other elected officials keep making them? The answer is in that word, "elected." While the evidence tells us these subsidies are terrible economic tools, it is even more clear they're amazing political tools.

For instance, around the country, politicians who make these deals are more likely to receive campaign donations, and they're more likely to be re-elected. On the flip side, companies that make political donations to relevant officials are four times more likely to enjoy subsidy deals than those that don't, and their deals are more than 60% bigger, to boot.

In short, these deals don't exist to create jobs. They exist to make voters believe politicians are responsible for creating jobs. Once you understand that the job being "created or retained" is a politician's, Des Moines' string of questionable, underperforming, and flat-out failed subsidy deals makes far more sense.

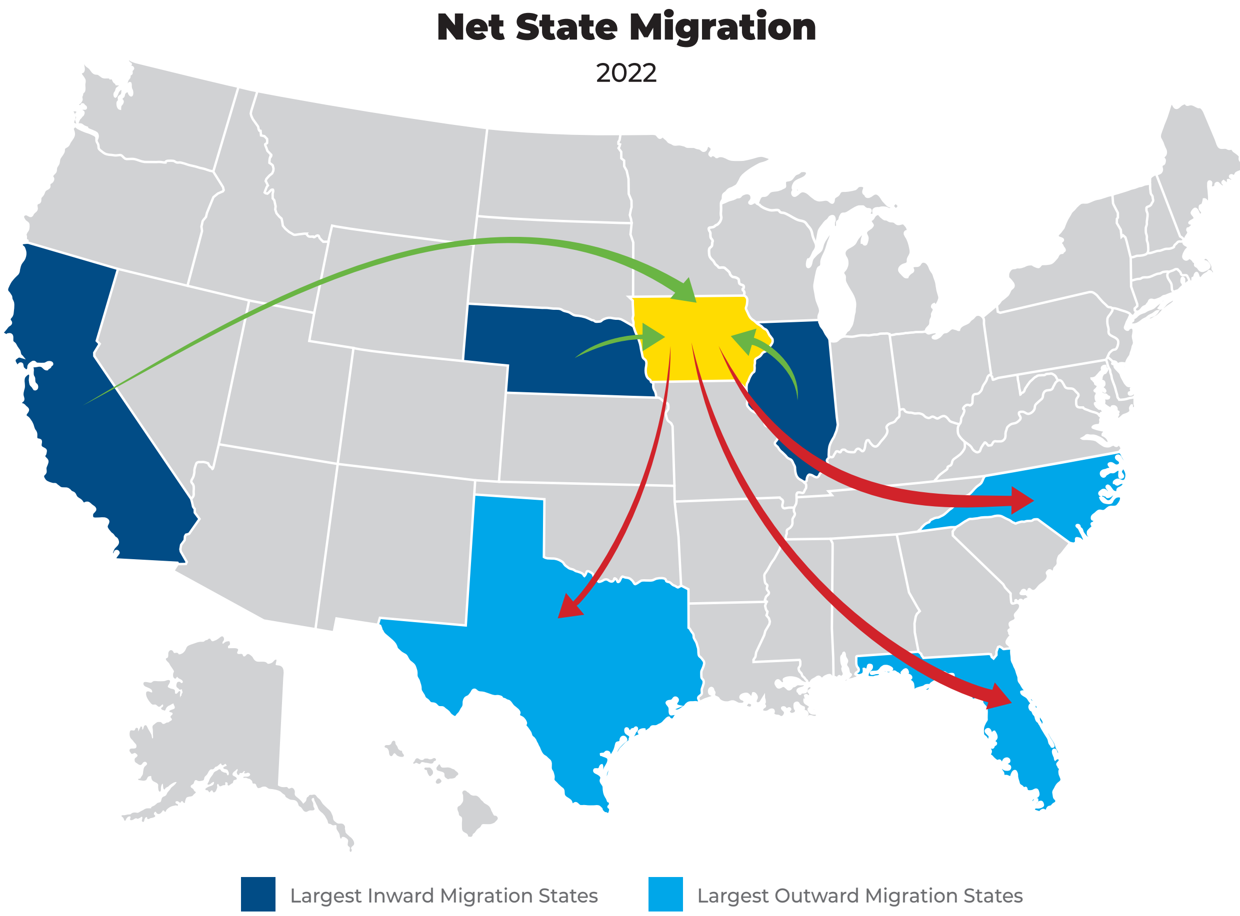
Of course, Des Moines taxpayers should not be forced to make what are effectively unregulated campaign donations to the city's incumbent elected officials, purchasing them spots at groundbreaking and ribbon-cutting ceremonies. But as long as these subsidy programs remain in place, and as long as voters keep believing the spin that they're "creating jobs" that wouldn't exist otherwise, the deals will keep coming… along with the eventual disappointments, failures, and broken promises.

Iowa's Migration Report for 2022

IRS Migration Data provides insight to where Iowa loses and gains residents.

The IRS has released their annual migration data that outlines how people, and their incomes, moved from state to state. The newest data, measuring changes from 2021 to 2022, tracks closely with last year's release. For Iowa, that means we again realized the most inward migration from Illinois, California, and Nebraska. On the other hand, Florida, Texas, and North Carolina were the most popular destinations for outward migration.

The net change of domestic migration was a loss of 5,444 individuals. The financial impact of that migration is the loss of nearly $517 million in income, highlighting why it is so important that Iowa continues to improve its tax and business climate.



What we wrote last year appears to still hold true:

Speculation can lead us to some conclusions of why people are moving from these states. Many believe California's high tax and cost of living environment are contributing to their out migration. While other states like Florida and Texas have the draw of zero income tax, a warm climate, and an affordable cost of living.

None of these explanations are grounded in concrete data (yet). However, policymakers need to be aware in today's economy that many of the decisions they make can make a difference as states are more in competition with each other than ever before. We cannot control Iowa's geography nor the weather, but we can control other things like taxes and regulations.

Before drawing any firm conclusions, it should be noted that Iowa's income tax code has been on a steady march toward lower rates and fewer brackets in recent years. These tax cuts will culminate in a single, flat rate of 3.8 percent in 2025. It is likely that a more welcoming tax code will impact the decision making of individuals and businesses, but even those trends may take time to develop.

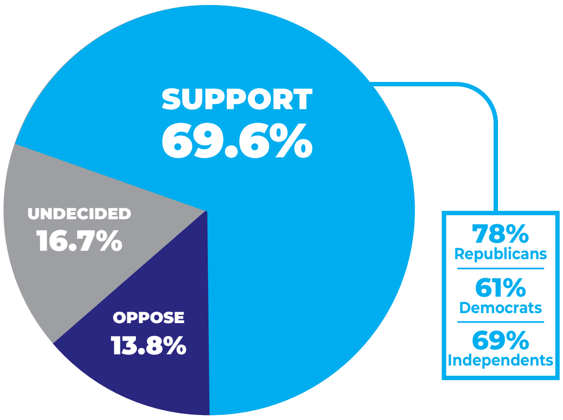
Iowans Seek Protection From Property Taxes and Income Taxes; Grapple with Inflation

The most recent Iowans for Tax Relief Foundation Poll shows a majority of Iowans want protections from property taxes and income taxes. Almost 70 percent (69.6%) of those surveyed want the State Legislature to limit the growth of property taxes to 2 percent annually, including a majority of Republicans (78%), Democrats (61%) and Independents (69%).

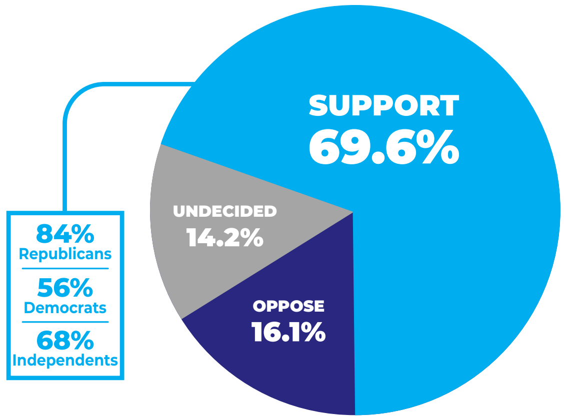
Similarly, support for amending Iowa's Constitution to require a supermajority vote of the State Legislature to vote yes on any tax increase transcends party lines with a majority of Republicans (84%), Democrats (56%) and Independents (68%) in favor of the proposal.

Inflation/Economy (21.1%) and Illegal Immigration/Border (15.7%) were identified as the most important issue in deciding who Iowans plan to vote for in Congress, with Threats to Democracy (14.6%) and Taxes/Spending (12.2%) following closely behind.

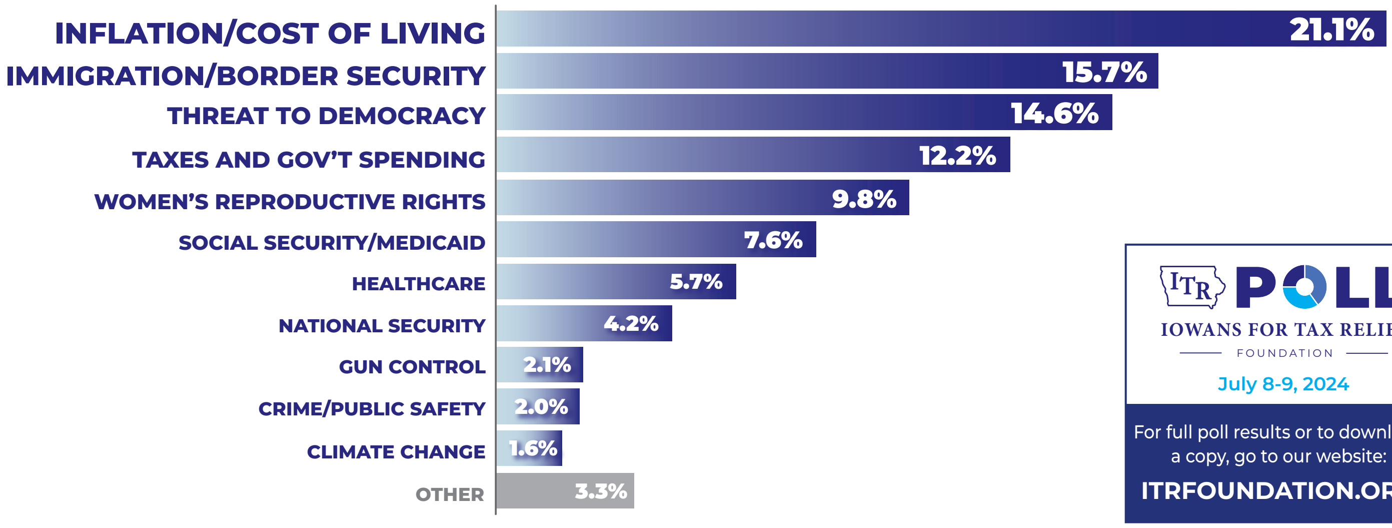
Iowans Want 2% Cap on Property Tax Increases



Iowans Support Income Tax Protection



Most Important Issues to Iowans



ITR POLL
IOWANS FOR TAX RELIEF FOUNDATION
July 8-9, 2024

For full poll results or to download a copy, go to our website:
ITRFOUNDATION.ORG

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Making a Difference Together

Our work won't be done until Iowa is a state where people can live their lives without government in the way, where they can keep more of their earnings and their dreams, and where elected officials think of the taxpayer first when making decisions.

Your support of Iowans for Tax Relief Foundation is crucial to this work. With your help, we can continue to develop and promote the gold standard of conservative policy solutions. Bolstering the case for tax and spending reforms ensures that Iowa remains a leader in economic freedom. Stand with us to keep building the arsenal of policy solutions.

Support ITRF today!

ITR Foundation gains strength and you gain influence when we work together!

Please consider making a tax-deductible donation today.

Your contribution makes more pro-growth wins possible, positioning Iowa as a stark contrast to the madness of Washington, D.C. Scan the QR Code or visit itrfoundation.org/contribute on our website.