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Sweet Talk? Advocates Make Strong Point 'Making Pie Bigger' Event Draws Attention to Wasteful Tax Breaks

DES MOINES, Iowa (Jan. 26, 2008) — Iowa Human Needs Advocates will take a sweet approach to draw attention to an issue that leaves a sour taste in their mouths: wasteful tax breaks caused by loopholes in the Iowa code.

“This is a very real problem, and it’s to the credit of the Iowa Human Needs Advocates that they are drawing extra attention to it with their event Monday at the Capitol,” said Victor Elias, senior associate of the Child & Family Policy Center (CFPC).

CFPC and the Iowa Policy Project (IPP) have reported in recent years on a number of tax loophole issues in Iowa that are costing the state over \$100 million a year. Their reports for the Iowa Fiscal Partnership are available at <http://www.iowafiscal.org>.

The Iowa Human Needs Advocates, a coalition of Iowa service-oriented groups, are sponsoring “Making a Bigger Fiscal Pie” at the Capitol on Monday to draw attention to the need for Iowa legislators to make human needs services a priority in this legislative session.

Coalition members will serve legislators homemade pie, along with policy recommendations — “recipes” — for anti-poverty services and revenue options.

“What makes Monday’s event so important is that it draws the clear lines that connect issues that are important to so many Iowa families, lines between resources for services, delivery of those services, and fair tax policy,” said Victor Elias, senior associate for CFPC.

“You can’t effectively meet needs for essential services — whether for education, health care, workforce development, or human services — if you are giving money away for no justifiable reason. Lawmakers have an opportunity to review and control wasteful tax spending, and to ensure that essential services are maintained in Iowa,” Elias said. “These loopholes are costly, wasteful, and simply not fair.”

Kristi Lohmeier, outreach coordinator for the Iowa Policy Project, indicated that one loophole that needs to be closed allows large corporations to transfer profits they make in Iowa to shell companies in states that have no corporate income tax. Governor Culver’s budget closes this loophole through corporate income tax combined reporting, with the \$75 million helping to balance the state budget.

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“This loophole puts Iowa-based, Iowa-focused businesses at a competitive disadvantage against big multistate corporations that shift profits out of state, reducing their Iowa taxes. The locally oriented businesses don’t have that option,” she said.

Lohmeier said the human needs event is a good opportunity to engage legislators, particularly as several misleading claims have been made by the business lobby in an attempt to once again thwart the closing of corporate tax loopholes.

“This issue will not go away until it is corrected,” Lohmeier said. “Twenty-one other states already use combined reporting to stop the problem in their states. It would let us gain new revenues without raising taxes, allowing the tax law to capture the taxes it is designed to collect, but which tax accountants and tax lawyers have helped big firms avoid.”

The Iowa Fiscal Partnership is a joint budget- and tax-policy initiative of CFPC and IPP, two nonpartisan, nonprofit organizations based in Iowa. For more information, visit the Iowa Fiscal Partnership website at www.iowafiscal.org.

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