



For Immediate Release
December 6, 2017

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Meaningful tax reform and continued support for economic development programs essential for growth

Iowa Chamber Alliance announces 2018 legislative priorities

DES MOINES, IOWA (December 6, 2017) – The Iowa Chamber Alliance highlighted the importance of economic development incentives and programs and the role they play to best achieve tax reform during their annual news conference. The Alliance also outlined other policy proposals aimed at near and long-term economic growth for Iowa including:

- Smart and comprehensive investment in developing and retaining world-class talent and workforce through broad support of the Future Ready Iowa Initiative.
- Support for high-quality K-12 education which prepares graduates with career ready skills or post-secondary education.
- Strong fiscal prudence and spending restraint across all levels of government.
- Long-term infrastructure planning and mindful allocation of resources to fund these critical, capital-intensive projects.
- Predictable and responsive regulatory environment.

“The 2018 legislative session will allow the Iowa Chamber Alliance the distinct opportunity to improve Iowa’s economic landscape,” said Chris McGowan, 2018 ICA Chair and President of the Siouxland Chamber of Commerce. “This year the Alliance will focus its efforts on improving Iowa’s overly complex and burdensome tax structure while advocating for the economic development tools we utilize to encourage capital investment, create quality jobs and wages, and enhance our quality of life.”

2018 PRIORITY ISSUES

Taxes

The 2018 legislative session offers an opportunity for the Iowa legislature to enhance Iowa’s tax code in a meaningful way. The Alliance has developed a series of principles to guide them as they review, analyze, and advocate for tax reform. Those principles focus on:

- **Competitiveness:** Tax reform ought to be geared to make Iowa more competitive: fewer brackets, limited exemptions, effective credits, and lower rates for both personal and corporate income taxes.
- **Growth:** Programs, credits, and incentives should be focused toward spurring economic growth across diverse industry categories. These incentives have a demonstrated return on investment and need to be encouraged and treated differently than other tax credits.

- **Simplicity:** Iowa's tax code is unnecessarily complex and any changes must make it simpler. Iowa's tax code must be understandable to taxpayers and attractive to outside investment.
- **Permanence, Predictability, and Certainty:** A well-crafted tax policy will have permanence, avoid short-term changes, and ensure the predictability of Iowa's tax landscape so businesses can make long-term investments in Iowa. Any changes ought to require minimal interpretation by the Department of Revenue. Clarity and certainty need to be in the Code.
- **Fairness and Responsibility:** Tax policy should be equitable and not favor one classification of business over another. Any changes to the tax code should not undermine the fiscal health of the state.
- **Transition Path:** How Iowa transitions from the tax code of today to the tax code of tomorrow is as important as the reform itself.

Economic Development

Investing in job-creating incentives and programs remains a top Alliance priority. The Chamber Alliance supports tax credits and programs that have a documented return on investment which tend to fall in three categories:

- **Innovation:** Credits like the Research Activities Credits and Angel Investor Tax Credits allow qualified businesses to strategically plan for the long-term investment and innovation and encourage investments in start-up companies, respectively.
- **Workforce:** To help grow and retain Iowa's workforce, programs like the High-Quality Jobs Credits, Workforce Housing Tax Credits, and Iowa Jobs Training Programs are all necessary. The credits and programs will encourage job growth and strengthen local economies.
- **Revitalization:** Community investment is paramount to the retention of businesses. The Historic Preservation Credit and Redevelopment Tax Credit, or Brownfields/Grayfields Tax Credit, allows the improvement of property in communities which can increase general economic health.

Other economic development initiatives supported by the Alliance include an initiative on rural and small economic development to be coupled with existing incentives and programs to further economic development opportunities statewide, and the continued support of tax increment financing (TIF) as an invaluable and integral local economic development tool. The Alliance will vigorously work to ensure TIF's continued strength, flexibility, and availability.

Workforce Development & Education

Iowa's workforce development strategy must address three broad areas: training, schools, and talent attraction and retention.

- **Training:** The Alliance applauds Governor Reynolds for recognizing the need to prioritize workforce training. Future Ready Iowa will align education, workforce, and economic development to improve the educational attainment and training required for Iowa's future workforce to better meet employer demands.
- **Schools:** Iowa's future workforce must be prepared with a quality education that readies high school graduates for either a four-year college education or a vocational training course, without need for academic remediation. The Alliance supports the continued implementation of the education reforms adopted in 2013. Additionally, the Alliance encourages those in education to understand the needs of the employment marketplace to help create a solid talent pipeline.

- **Talent Attraction and Retention:** Iowa leaders must develop strategies to attract and retain talent by making Iowa a desirable place to live. Securing sustained, reliable funding of the Enhance Iowa initiative must be part of this strategy.

General Business & Regulations

The Alliance understands that revenue levels and prediction remains challenging for Iowa’s upcoming budget year and urges fiscal prudence at all levels of government. The fiscal health of state and local governments is a determining factor in attracting and retaining businesses. The Alliance encourages a concerted effort to modernize and reform budget practices which include multi-year budgeting, review of expenditures, and fully fund existing budget obligations – including tax credits and the promised backfill to local governments related to the property tax reforms of 2013. Additionally, the Alliance continues to support periodic review and cost-benefit analysis of agency rules and regulations.

Transportation, Infrastructure, & Communications

Iowa’s critical infrastructure continues to have significant needs for updating and investment. High quality and reliable infrastructure is central to economic growth. Prioritization of infrastructure investment should include water, roads, and broadband infrastructure:

- **Water:** Infrastructure related to water, waste water, and storm water is critical to economic development. The Alliance supports additional funding sources and flexible policies to sufficiently address needed water infrastructure improvements.
- **Roads:** Given the capital-intensive nature of transportation infrastructure, long-term funding and distribution issues remain. The Alliance supports a reexamination of current fund allocations to stay true to the TIME-21 formulas. Additionally, the Alliance remains committed to leveraging federal dollars to invest in passenger rail and other strategic transportation infrastructure.
- **Broadband:** Iowa’s broadband infrastructure must pursue investment just as any other industry. Iowa’s commitment to a positive business climate, appropriate incentives, and competitive taxes will permit Iowa’s broadband infrastructure to be an engine for economic growth in the 21st century.

About Iowa Chamber Alliance and Members

The Iowa Chamber Alliance is a non-partisan coalition representing the 16 largest chambers of commerce and economic development organizations throughout Iowa. Its mission is to put forth and enact an agenda to grow the state’s economy through support of proactive programs that stimulate economic growth opportunities for the entire state and its residents.

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| • Ames Chamber of Commerce/Ames Economic Development Commission | • Greater Muscatine Chamber of Commerce & Industry |
| • Cedar Rapids Metro Economic Alliance | • Iowa City Area Chamber of Commerce |
| • Council Bluffs Area Chamber of Commerce | • Marshalltown Area Chamber of Commerce |
| • Dubuque Area Chamber of Commerce | • Mason City Chamber of Commerce |
| • Greater Burlington Partnership | • North Iowa Corridor Economic Development Corporation |
| • Greater Cedar Valley Alliance & Chamber | • Quad Cities Chamber of Commerce |
| • Greater Des Moines Partnership | • Siouxland Chamber of Commerce |
| • Greater Fort Dodge Growth Alliance | |

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